

# Business Turnaround and Recovery

2024 | 2025 ANNUAL REPORT

## *Recovery, Rebirth and Resilience*



## ***Objectives of the Business Turnaround and Recovery Programme***

The Business Turnaround and Recovery Programme (BT&R) originated in the Declaration of the Presidential Jobs Summit in October 1998. Its mandate is derived from the Employment Services Act, specifically Section 32(g), which empowers initiatives aimed at preventing job losses, and further strengthened by Section 5(d) of the Unemployment Insurance Act, as amended.

The vision of BT&R is to save jobs and create conditions conducive to both job retention and job creation. The programme enables companies and employees to remain vigilant about issues affecting job security and to mitigate poor performance or productivity decline that could increase the risk of job losses.

It also equips employees to act as agents of change by identifying early-warning signs. The programme provides turnaround strategies to support organisations across all sectors facing economic distress – whether financial or operational – that may lead employers to contemplate retrenchments. The focus on saving and retaining existing jobs by, amongst other means, improving productivity and profitability.

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we assist companies to  
compare in the global  
market and encourage  
employment security  
through growth

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# Message from the CEO

I am pleased to present the 2024–25 Business Turnaround and Recovery (BT&R) Annual Report. Despite the challenging economic environment that South Africa experienced over the past year, the BT&R Programme has made a significant impact, achieving two of the three Key Performance Indicator (KPI) targets and commitments set out in 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 complete solutions. 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 Institutions (FDIs). We believe that continuous collaboration with our strategic stakeholders is vital to ensure the success of the BT&R Programme and the sustainable transformation of South Africa's micro economic environment.

The Business Turnaround and Recovery Programme also successfully established systems and processes that improved the efficiency and effectiveness of programme delivery.

Some notable highlights for the year include:

- Signed a three-year funding agreement with the Unemployment Insurance Fund.
- Improved execution of the BT&R Acceleration Plan to ensure sufficient and effective delivery of BT&R services despite delayed funding.
- The highlight of Productivity Month (October) was the National Productivity Recognition and Awards. The purpose of Productivity Month is to emphasise the importance of productivity in enhancing economic growth, and to showcase and share ideas, methods and perspectives on how companies can improve productivity. This is achieved through a series of productivity workshops and seminars. The Productivity SA

National Productivity Recognition and Awards Ceremony now recognises and rewards BT&R clients that have participated in the programme and have recovered from decline or distress. The BT&R Programme looks forward to rewarding even more companies in the near future for successfully completing the programme, sustaining their businesses, saving jobs, and creating new employment opportunities.

- The implementation of turnaround strategies not only preserved existing jobs but also led to the creation of 1 857 new jobs.
- The BT&R Programme publishes the BT&R Newsletter on a quarterly basis to provide relevant and valuable information to clients, stakeholders, customers, prospects and subscribers. The newsletter raises awareness of the programme and highlights successful projects implemented. The link to the newsletters is:  
<https://productivitysa.co.za/business turnaround-and-recovery/>
- Continued revision and updating of the Standard Operating Procedure (SOP) for improved governance and compliance.
- Embedding of the monitoring and evaluation system and processes, enabling the effective tracking and assessment of the BT&R Programme performance.
- Increased focus on internal implementation, taking ownership of our projects and outcomes.

The three main indicators of the BT&R Programme's performance are the number of companies nurtured, the number of jobs retained, and the number of Future Forums members and champions trained. Since the inception of the funding agreement with the Unemployment Insurance Fund (UIF) in 2020, BT&R has nurtured 297 companies, saved 28 196 jobs and capacitated 2 965 Future Forum members on turnaround solutions.

It is important to note that, despite these achievements, the year was not without challenges:

- The funding agreement, signed in July 2024, could only be implemented once funds were transferred in November 2024. As a result, eight months of the financial year were lost, as no new work could commence without a valid funding agreement.

In the current economic climate, meeting legislative and compliance obligations – such as maintaining good standing with the UIF and South African Revenue Service (SARS) – remains a significant challenge. Distressed businesses continue to prioritise financial relief over non-financial solutions.

In the 2025/26 financial year, the following areas will be prioritised:

- 1) Strengthening relationships with FDI strategic partners to ensure clients can be introduced to financial support options.
- 2) Co- developing a new funding agreement with the UIF.
- 3) Strategically positioning the BT&R Programme to ensure it remains agile and flexible in responding to market demands.
- 4) Reviewing and updating BT&R products to ensure that best practices are embedded in BT&R Programme solutions, setting clients up for success.

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



**Ms Amelia Naidoo**

Productivity SA Acting Chief Executive Officer (ACEO)



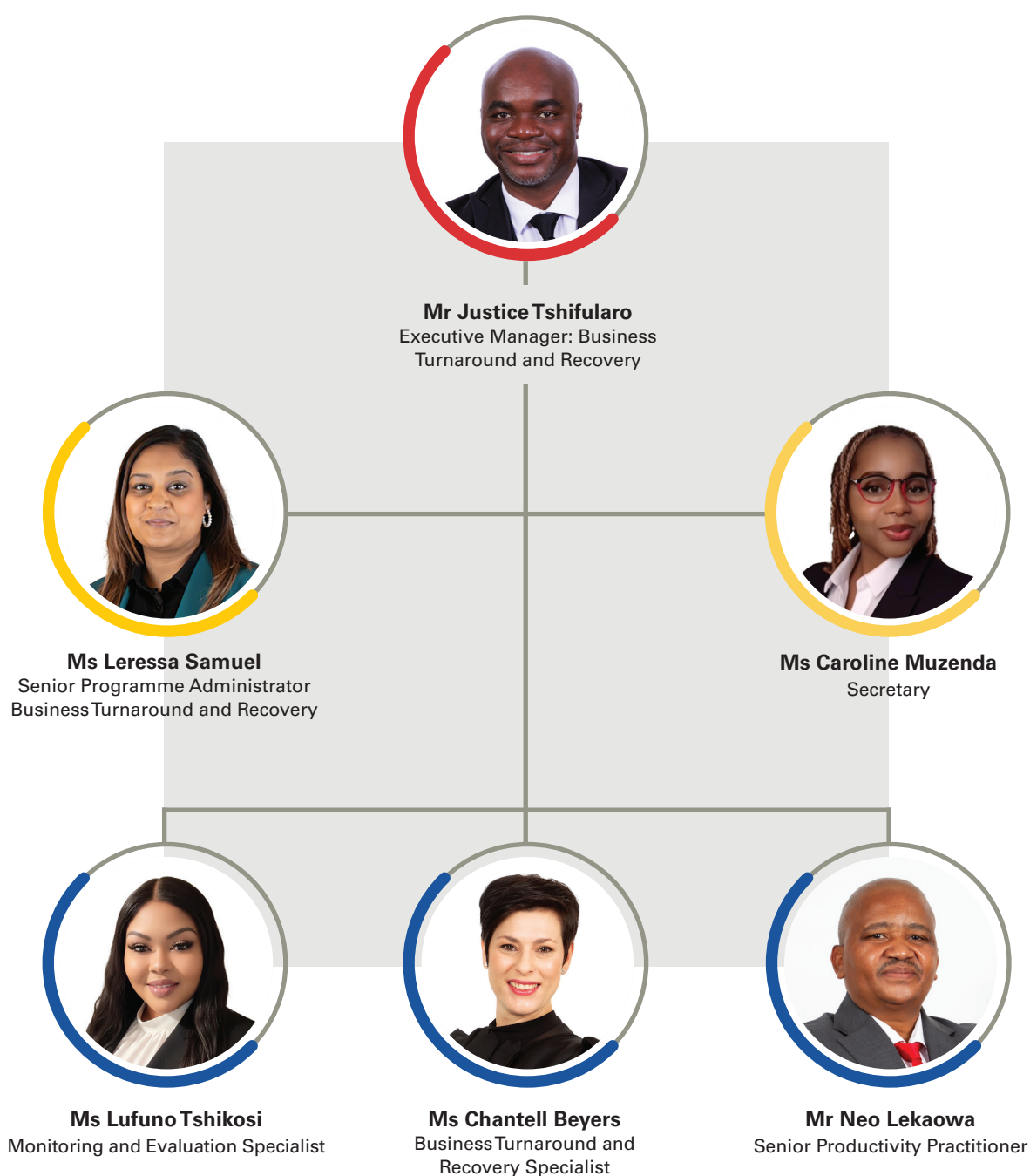
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We believe that continuous collaboration with our strategic stakeholders is vital to ensure the success of the BT&R Programme and to promote sustainable transformation

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# ***Business Turnaround and Recovery Team***

## **HEAD OFFICE TEAM**





**REGIONAL OPERATION 1**  
(Gauteng, Limpopo and North West)



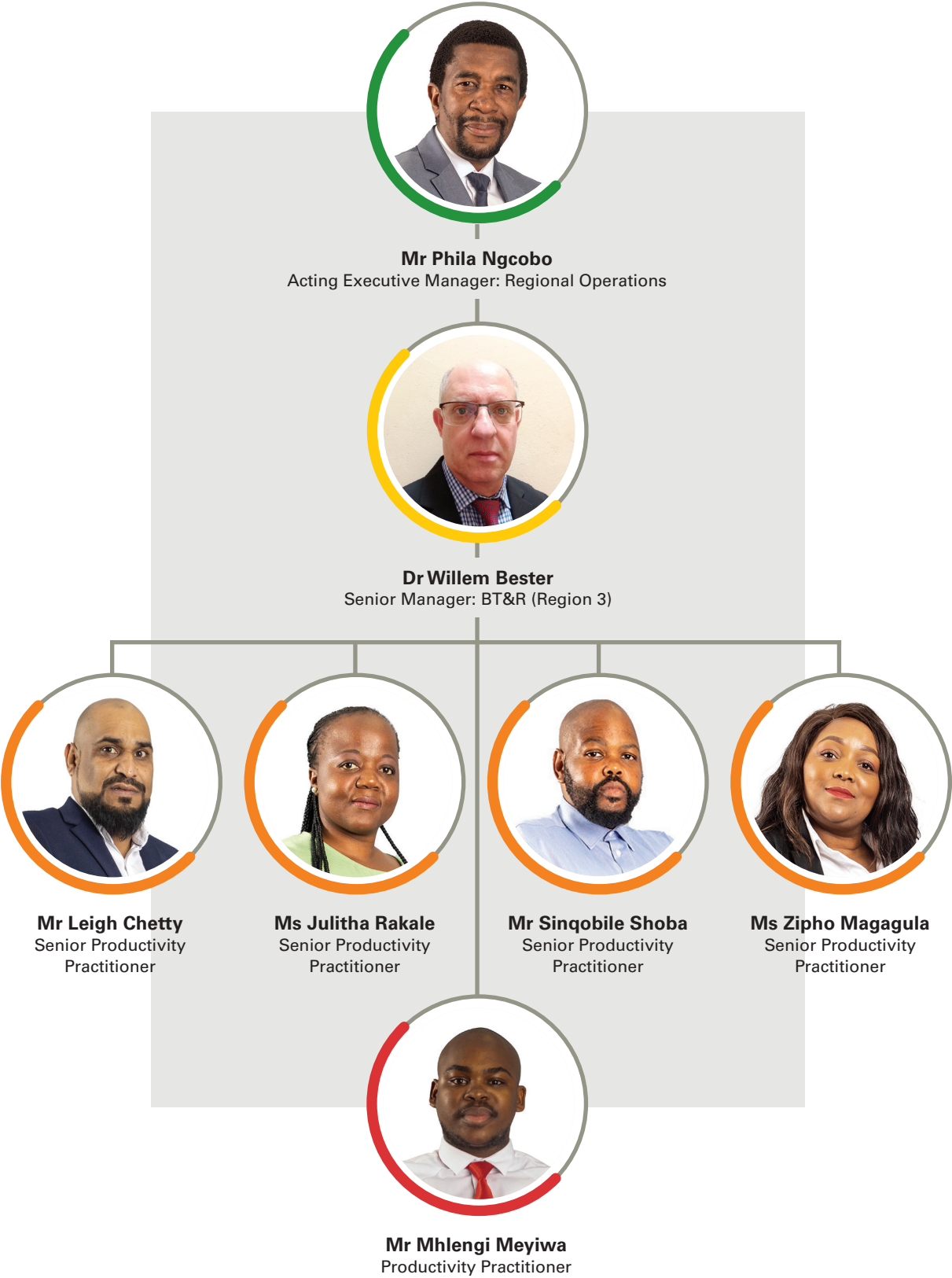
## REGIONAL OPERATION 2

(Western Cape, Northern Cape and Free State)



# REGIONAL OPERATION 3

(KwaZulu-Natal, Eastern Cape and Mpumalanga)



# Overview of Business Turnaround and Recovery Programme

## Background

### Economic Overview

South Africa's economy is beginning to reflect the combined effects of a more stable global environment, structural reforms, uninterrupted electricity supply and cautious confidence in the new Government of National Unity. Although the 2024 growth forecast has been revised downward, medium-term prospects have improved somewhat. GDP growth is projected to average 1,8% from 2025 to 2027. A tentative return to confidence is evident in a rebound in financial markets, a stronger rand and comparatively lower sovereign borrowing costs.

However, this comes in the wake of more than a decade of economic underperformance, during which the economy has been weighed down by a range of structural constraints.

The depth of these challenges, including weak state capacity, underscores the need to accelerate reforms to make the economy more productive and competitive, to boost inclusive economic growth and foster much-needed job creation.

Over the medium term, government's growth strategy will be anchored by the following pillars:

- Maintaining macroeconomic stability
- Implementing structural reforms
- Building state capability
- Supporting growth-enhancing public infrastructure investment

The National Treasury has lowered its 2024 economic growth forecast to 1,1%, down from 1,3% projected in the 2024 Budget Review. This revision reflects stop-start economic activity and stubborn inflation in the first half of the year. The economy has since strengthened in response to the suspension of power cuts since March 2024, improved confidence following the formation of the Government of National Unity in June, better-

than-expected inflation outcomes in recent months and reduced borrowing costs. All these factors are expected to continue supporting the economy over the period ahead.

GDP growth is projected to average 1,8% from 2025 to 2027, up from 1,2% in the preceding three years. The pace of growth continues to be constrained—though gradually easing—by persistent weaknesses, particularly in logistics infrastructure. Faster growth depends largely on maintaining macroeconomic stability, continuing the implementation of structural economic reforms, improving state capability and supporting higher infrastructure investment.

## Sector performance and outlook

### Agriculture

Gross value added in the agriculture sector contracted by 10,1% over the first six months of 2024, compared with the same period in 2023. This was due to the summer drought brought on by El Niño and animal disease outbreaks. Logistics and transport constraints offset improved electricity availability and lower production costs. Sector growth is expected to remain depressed during the second half of 2024 given contractions in grain production and a slow recovery in the livestock subsector. Agriculture is expected to rebound during 2025 with the return of La Niña, improved crop yields, an uptick in animal production and growth in export opportunities.

### Mining

Gross value added in the mining sector contracted by 0,1% in the first half of 2024 compared with the same period in 2023. Production remains below pre-pandemic levels, due largely to poor rail and port performance, and regulatory bottlenecks. Strikes, illegal mining and crime also continue to strain the sector. These non-energy-related constraints offset gains from improved power supply.

## Manufacturing

Gross value added in the manufacturing sector contracted by 0,7% in the first six months of 2024 compared with the same period in 2023. Manufacturing production rebounded from a 1,2% contraction in the first quarter to 0,5% growth in the second quarter supported by stable electricity supply. Although weak demand and competition from imports persist, consistent energy supply, lower borrowing costs, and the prospect of faster reform implementation in key network industries are causes for cautious optimism in the sector.

## Construction

The construction sector recorded a 7,8% contraction in the first six months of 2024 compared with the same period in 2023, due to slowdowns in the residential, non-residential and construction works subsectors. The sector remains well below pre-pandemic levels, and activity indicators continue to be subdued. Lower interest rates and improved sentiment are expected to support a modest recovery, but sustained growth depends on increased investment from both the private and public sectors.

## Utilities

The electricity, gas and water sector grew by 3,4% in the first six months of 2024 compared with the same period in 2023. This reflects the improved performance of Eskom's generation fleet, owing to the continued repair and maintenance of key power stations. Ongoing energy reforms are critical for restructuring the sector to achieve long-term energy security and supply. However, risks related to grid constraints and structural challenges within the distribution industry need to be addressed to ensure sustained performance.

## Transport, Storage and Communication

The transport, storage and communication sector expanded by only 1,0% in the first six months of

2024 compared with the same period in 2023, due to poor road and rail conditions, inefficient port operations and reduced demand. Rail improvements are possible but depend on sizeable investments over the medium term and continued restructuring. In telecommunications, the sector is expected to grow, supported by the continued expansion of 5G networks and the proposed introduction of spectrum trading.

## Finance and Business Services

The finance, real estate and business services sector grew by 2,9% in the first six months of 2024 compared with the same period in 2023. Credit risk remains elevated, but banks are profitable in line with historical trends and capital adequacy levels remains above the minimum requirements. Over the remainder of 2024, the sector is set to expand. Upside risks include consecutive interest rate cuts, strengthening real income, and lower borrowing costs.

Despite the downward revision to growth for the current year, there is cautious optimism for the medium-term outlook as the early benefits of reform implementation continue to materialise. The stabilisation of electricity supply has improved the overall investment climate. This positive momentum will be sustained by a new phase of Operation Vulindlela, which aims to accelerate the implementation of structural reforms. To support these efforts, it will be essential to maintain clear and stable macroeconomic policies while strengthening state capability and supporting investment in growth-enhancing public infrastructure.

Source: National Treasury Budget Review Report



## Employment Overview

After averaging 32,4% in 2023, the official (narrow) unemployment rate worsened to 33,2% during the first half of 2024. Structural reforms are needed to increase job creation significantly and sustainably, to address the country's low employment intensity of growth, its comparatively low contribution from informal and self-employment, and to improve the effectiveness of government's employment initiatives. Ongoing economic policy analysis by the National Treasury will address these issues in more detail.

Total employment decreased by 74 000 or -0,7% quarter-on-quarter, from 10 653 000 in December 2024 to 10 579 000 in March 2025. This was due to decreases in the following industries: trade (-52 000 or -2,2%), community services (-17 000 or -0,6%), mining (-4 000 or -0,9%), business services (-1 000 or -0,04%), construction (-1 000 or -0,2%) and electricity (-1 000 or -1,6%), while the transport industry remain unchanged. However, manufacturing increased by 2 000 or 0,2%.

Total employment decreased by 95 000 or -0,9% year-on-year between March 2024 and March 2025.

Full-time employment decreased by 55 000 or -0,6% quarter-on-quarter, from 9 503 000 in December 2024 to 9 448 000 in March 2025. This was due to decreases in the following industries: trade (34 000 or -1,6%), business services (-11 000 or -0,5%), community services (-10 000 or -0,4%), mining (-4 000 or -0,9%) and electricity (-1 000 or -1,6%), while manufacturing and transport remain unchanged. However, the construction industry increased by 5 000 or 0,9%.

Full-time employment decreased by 40 000 or -0,4% year-on-year between March 2024 and March 2025.

Part-time employment decreased by 19 000 or -1,7% quarter-on-quarter, from 1 150 000 in December 2024 to 1 131 000 in March 2025. This

was due to decreases in the following industries: trade (-18 000 or -6,9%), community services (-7 000 or -1,4%), and construction (-6 000 or -8,3%), while electricity and transport remain unchanged. However, increases were reported by the following industries: business services (10 000 or 4,4%) and manufacturing (2 000 or 2,4%).

Part-time employment decreased by 55 000 or -4,6% year-on-year between March 2024 and March 2025.

Gross earnings paid to employees decreased by R47,3 billion or -4,6% from R1,03 trillion in December 2024 to R983,1 billion in March 2025. This was due to decreases in the following industries: community services, manufacturing, trade, construction, transport, electricity and mining. However, business services reported an increase.

Year-on-year gross earnings increased by R26,1 billion or 2,7% between March 2024 and March 2025.

Basic salary/wages paid to employees decreased by R9,4 billion or -1,1%, from R890 billion in December 2024 to R881 billion in March 2025. This was due to decreases in the following industries: community services, trade, manufacturing, construction, business services, transport and mining. However, electricity reported an increase.

Year-on-year basic salaries and wages increased by R33,1 billion or 3,9% between March 2024 and March 2025.

Bonuses paid to employees decreased by R36,5 billion or -32,5% from R112 billion in December 2024 to R75,8 billion in March 2025. This was due to decreases in the following industries: community services, manufacturing, trade, construction, transport and electricity, while business services reported an increase.

Year-on-year bonus payments decreased by R5,7 billion or -6,9% between March 2024 and March 2025.

Overtime paid to employees decreased by R1,4 billion or -5,1% from R27,7 billion in December 2024 to R26,3 billion in March 2025. This was due to decreases in the following industries: business services, manufacturing, construction, transport, and trade. Electricity remained unchanged, and community services, showed an increase..

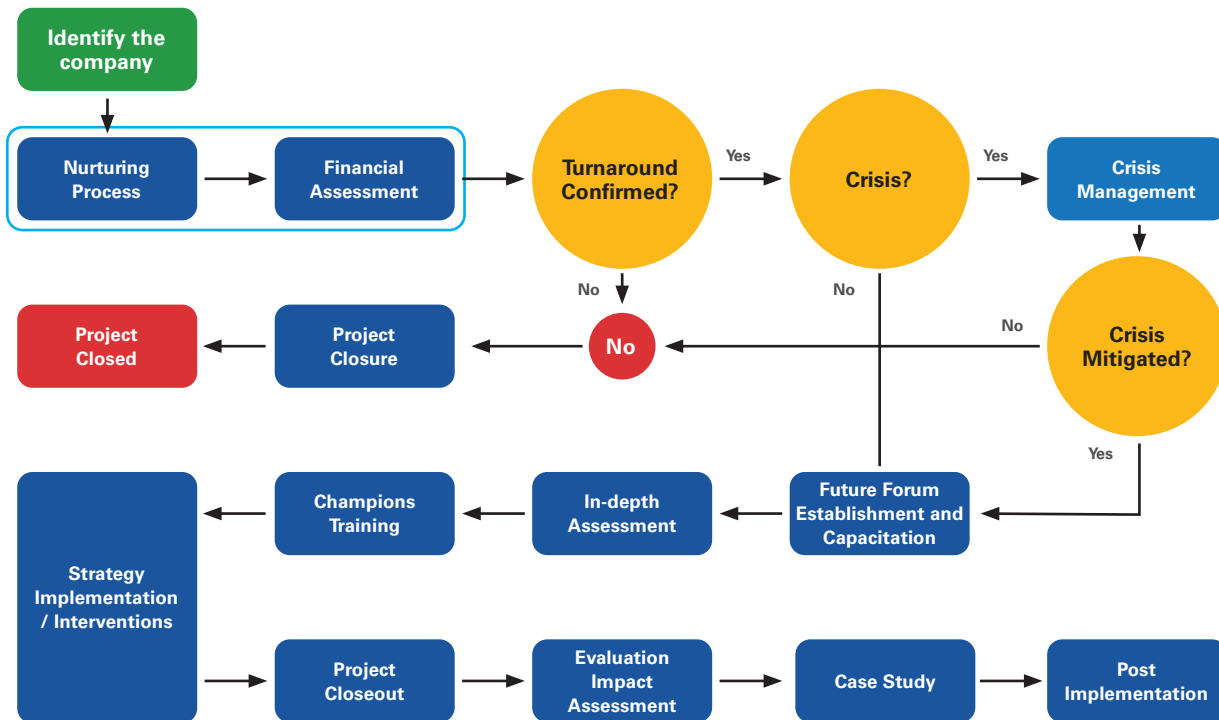
Year-on-year overtime payments decreased by R1,2 billion or -4,7% between March 2024 and March 2025.

Average monthly earnings paid to employees decreased by 0,1 % from R28 316 in November 2024 to R28 289 in February 2025. Year-on-year average monthly earnings paid to employees increased by 5,6% between February 2024 and February 2025.

Source: Stats SA

# Business Turnaround and Recovery Process

## MONITORING SYSTEMS



Timeframe from beginning to end is a maximum of 12 months.

Timeframe from the workplan approval to closeout is a maximum of 9 months.

## Nurturing

The nurturing process consists of an exploratory conversation with a potential client to determine whether the client meets the requirements of the BT&R Programme. The objective is to identify the nature of organisational distress and to evaluate the likelihood of a successful turnaround.

## Financial Assessment

The company's turnaround viability is assessed before time and resources are committed to processes that are likely to fail. A financial assessment compares the applicant's shortcomings with those of similar businesses in the same sector and identifies any immediate crises that must be addressed through a crisis-management procedure. In addition to financial challenges, operational obstacles and sustainability concerns also indicate the level of distress a company is experiencing and are therefore considered in this preliminary phase.

## Crisis Management

If an applicant's company is already 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, immediate action must be taken to prevent business closure 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 structured and open setting to discuss issues related to job retention. Within this forum, stakeholders collectively identify problem areas and formulate and debate strategies for saving jobs, and where possible, the company itself. During this process Productivity SA 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 establishes early warning systems and meets regularly to identify emerging problems, formulate appropriate responses and, if necessary, develop turnaround or redeployment strategies. This level of engagement among stakeholders also ensures that the organisation is in a position to motivate for support in the form of government funding to subsidise further consultations or interventions.

## Capacity Building

Capacity building is an integral and important component of the BT&R Programme. It ensures that members of the Future Forum are empowered to contribute meaningfully, with a sound understanding of business operations and of the factors that make an organisation profitable and sustainable. Future Forums undergo a full day of training. The main objectives of the training are to enable the Future Forum to:

- Understand the elements of successful business performance
- Improve profitability
- Enhance productivity
- Collaborate effectively to build relationships
- Promote transparency and trust in decision-making processes.

## Productivity Champions Training

Elected Productivity Champions undergo a three-day intensive training course covering productivity concepts and organisational performance. The training equips each Champion to take ownership of, facilitate, and ensure the sustainability of the interventions recommended and implemented within their organisation. The main objective of the training is to enable the Productivity Champion to lead the Future Forum and assist with turnaround and productivity improvement projects in their 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 work plan identifies the key challenges causing distress within the organisation and outlines the recommended interventions to address them.

## Strategy Implementation

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

- implement the planned or amended strategy and achieve a successful turnaround
- address the challenges experienced in the company
- ensure the company's ability to continuously improve productivity and competitiveness and to collaborate on issues of job security
- ensure that the company has clear strategies for exploiting opportunities and attracting investments.

## Monitoring and Evaluation

Monitoring and evaluation are two distinct but related organisational activities. Monitoring involves the systematic collection and analysis of information as a project progresses. It aims to improve the efficiency and effectiveness of a project or organisation and is based on the targets set and activities planned during the planning phase. Monitoring helps to keep work on track and alerts management when corrective action is required. Evaluation involves comparing the actual project outcomes with the agreed strategic plans. It considers what was set out to be done, what was accomplished, and how it was achieved. To manage the performance of the BT&R Programme, monitoring and evaluation systems have been established to design tools, collect and collate data, analyse results, and use the information to support evidence-based decision-making.

## Monitoring

The BT&R Programme applies monitoring methods across all departments and regions to gather information from client acquisition through to the strategic implementation and project close-out phases. Systematic data collection and analysis throughout these stages ensure that project results and performance are presented accurately and based on verified data.

## Evaluation – Impact Assessment

Evaluation compares the actual project impacts with the agreed strategic plans. The BT&R Programme applies impact-assessment methods to measure the impact achieved through the implemented interventions. The purpose of impact assessment is to determine whether the BT&R Programme interventions made a measurable difference to the identified problem situation. Did the implemented strategies bring about efficient and effective change within the organisation?

## Project Closure

Once the project is completed, a close-out report is compiled to provide a detailed account of accomplishments gaps identified. The report is presented to the Future Forum for input and sign-off, which formally brings the project to a close.



# Executive Summary

The Business Turnaround and Recovery Programme has made a remarkable impact over the past five years. The Programme concluded the fourth quarter of the financial year on a bittersweet note. The new funding agreement between Productivity SA and the Unemployment Insurance Fund to the value of R165 649 420 (one hundred and sixty-five million, six hundred and forty-nine thousand, four hundred and twenty rand) for a period of three years was only finalised on 25 July 2024.

During the thirty-six-month period, Productivity SA will provide technical support and turnaround strategies to a minimum of two hundred and twenty-six (226) companies facing economic distress, to prevent at least eleven thousand three hundred (11 300) job losses.

The funds will be paid to Productivity SA in three annual tranches. However, the organisation did not have the head start it had anticipated, as the first tranche was released only on 13 November 2024, eight months late. Tranche 1, valued at R52 168 800 (fifty-two million, one hundred and sixty-eight thousand, eight hundred rand), was delayed considerably.

The administrative delays in releasing Tranche 1 had a significant impact on the Business Turnaround and Recovery Programme, placing it under severe strain. This delay adversely affected the Programme's reputation, the trust clients have in the organisation and overall performance. The targets set in the Annual Performance Plan and those committed to in the Funding Agreement's implementation plan were not fully achieved. A lack of funding completely paralyses the Programme and simultaneously affects many distressed companies enrolled in it, placing additional jobs at risk.

Despite these challenges, an acceleration plan remains in place, and the Programme has made tremendous progress in regaining momentum.

As at the end of Quarter 4, forty new companies had been signed on saving 7 094 jobs and training and capacitating 365 Future Forum members. The

underachievement in acquiring new companies can be attributed to the eight-month delay and the release of funds shortly before the December shutdown period.

Some challenges that affected BT&R performance:

- No new projects could start between 1 April 2024 and 31 July 2024 due to the absence of a Funding Agreement, as the previous one expired on 6 June 2024.
- Active projects could not be serviced fully, and new acquisitions slowed during the same period due to limitations arising from the lack of a valid funding agreement.
- Due to uncertainty around funding, high staff turnover constrained BT&R's capacity to deliver effectively on its mandate, goals and objectives.

Compliance remains a challenge in executing the Programme. To qualify, participating businesses must be compliant with UIF and SARS requirements. This often serves as a barrier for distressed companies seeking access to turnaround solutions. Failure to meet these compulsory compliance requirements disqualifies applicants from the BT&R Programme. The BT&R team continues to work on finding a balance that reduces this entry barrier while ensuring that compliance standards are not compromised.

Over time, BT&R has successfully forged strategic partnerships with:

- The National Bargaining Council for the Clothing Manufacturing Industry and the CCMA, focusing on section 189A processes to prevent retrenchments
- Proudly SA, the IDC and the Land Bank, to identify and support ailing entities across the country

The Programme is also seeing more service providers with relevant skills joining to add value in sustaining enterprises. The database shows that most referrals to the Programme come from approved service providers, accounting for 40% of all referrals. These partnerships have significantly extended the Programme's reach and coverage, enabling assistance to more entities in distress.

The past years have shown that meeting legislative and compliance obligations, such as remaining in good standing with the UIF and SARS, continues to be challenging. Distressed businesses still tend to prioritise financial relief over non-financial support.

Despite delays in the 2024/25 financial year, the BT&R Programme continued to recover, supporting firms and industries already in distress. Globally, over the past 25 years, the number of workers living in extreme poverty has declined dramatically, despite the lasting effects of the 2008 economic crisis and global recession. In developing countries, the middle class now makes up more than 34% of total employment – almost triple the level recorded between 1991 and 2015.

The Sustainable Development Goals (SDGs) promote sustained economic growth, higher productivity and technological innovation. Encouraging entrepreneurship and job creation is central to achieving these aims, as are effective measures to eradicate forced labour, slavery and human trafficking. With these targets in mind, the goal is to achieve full and productive employment, and decent work, for all women and men by 2030, (UNDP, 2025).

To date, the BT&R Programme has: [bullet] nurtured 297 companies

- saved 28 196 jobs
- trained 2 965 Future Forum members in turnaround solutions

Of the jobs saved:

- 41% belong to women
- 59% to men
- 8 605 (31%) to youth
- 1 405 (5%) to people living with disabilities

By sector (from highest to lowest), most clients participating in BT&R came from:

- Manufacturing (31%)
- Clothing, Textiles and Footwear (CTLF) (12%)
- Construction and Engineering (11%)
- Food and Beverages (10%)
- Metals and Machinery (7%)
- Agriculture and Farming (5%)
- Transport, Storage and Communication (4%)
- Pharmaceutical (3%)

In the 2024/25 financial year, despite only having five active months of funding, the Programme made significant progress. It signed on more than 50% of its targeted number of companies and built a strong pipeline that continues to grow.

Of the three annual performance indicators:

- 40 companies were nurtured (56% of the target of 71)
- 7 094 jobs were saved (200% of the target of 3 850)
- 365 Future Forum members were trained (171% of the target of 213)

The Programme is grateful to the team, service providers and partners who continue to collaborate in fulfilling its mandate. Unmet 2024/25 targets will be carried over into the new financial year.

In 2024/25, BT&R continued to build partnerships with stakeholders implementing processes to prevent retrenchments and job losses. The Programme also identified new Service Providers who add value by sourcing clients and implementing strategic solutions. These partnerships have yielded significant benefits in extending reach and coverage to those entities that are in dire need of our support.

While compliance challenges persist, the BT&R Programme now collaborates with TERS to provide integrated financial and non-financial support. All clients approved under the TERS scheme are automatically enrolled in the BT&R Programme.

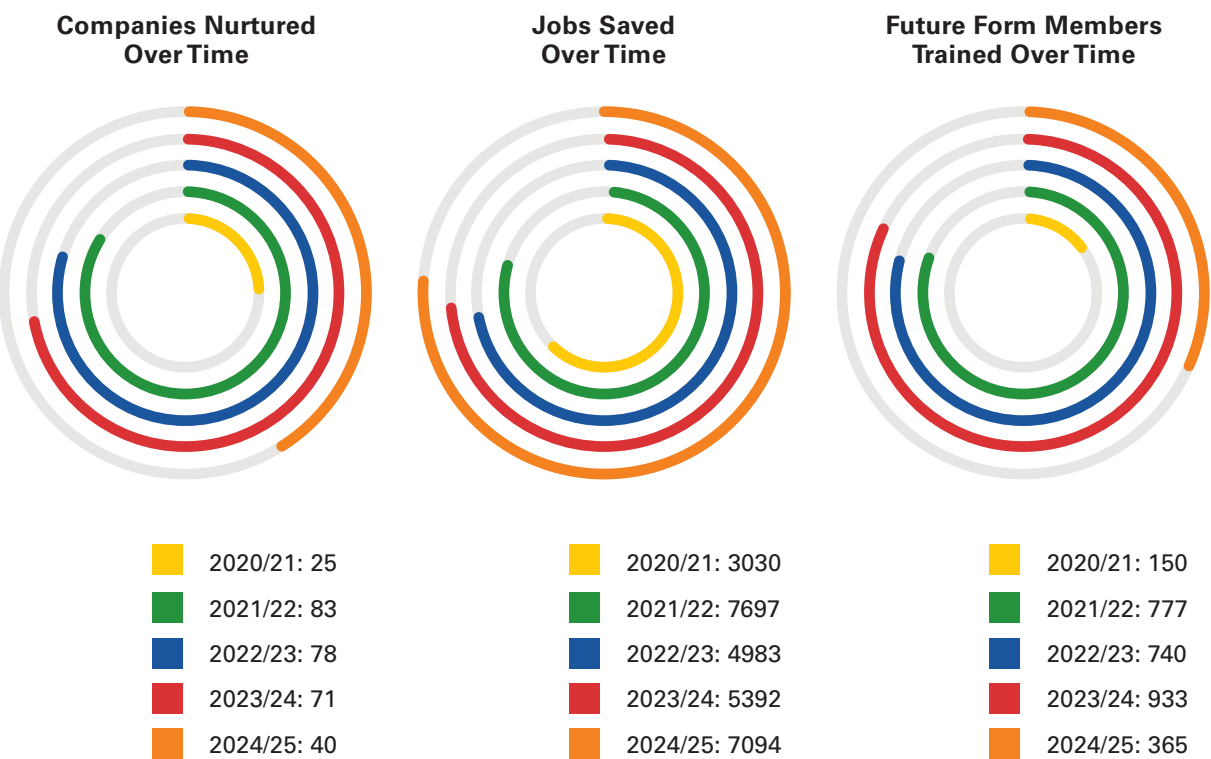
The BT&R Programme is designed to run over a 12-month cycle. The implementation of the turnaround interventions an average of nine months to complete. Productivity SA supports distressed organisations through the following turnaround processes:

- a) Nurturing of clients
- b) Financial assessment
- c) Establishment of Future Forums
- d) Capacity building of Future Forums
- e) Capacity building of Productivity Champions
- f) Development of the turnaround strategies (work plans)
- g) Implementation of the turnaround strategies in companies
- h) Close-out reports at the end of the turnaround implementation
- i) Impact assessment for quality turnaround and service delivery
- j) Post implementation monitoring and evaluation

# Impact of the Business Turnaround and Recovery Programme

## Business Turnaround and Recovery Programme Performance

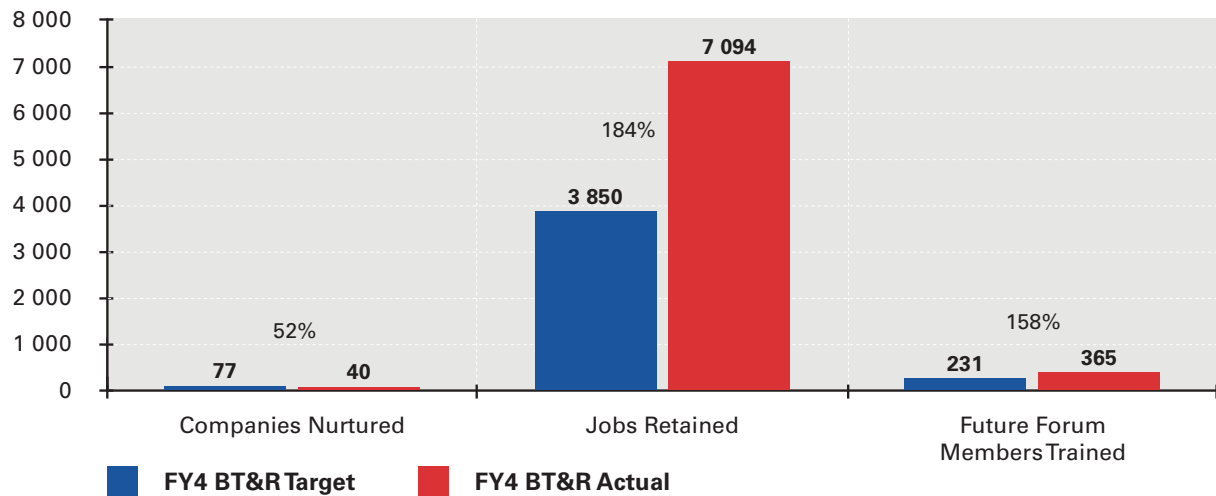
### BT&R Cumulative Performance Over Time 2020-2025



The Business Turnaround and Recovery (BT&R) Programme has performed strongly from 2020 to 2025. Although the programme began at a slow pace while establishing the Head Office and Regional Operations, the completion of the personnel establishment enabled performance to reach new heights, with results far exceeding the set targets. By March 2025, the programme had nurtured 297 companies by March 2025, saved 28 196 jobs and trained 2 965 Future Forum Members business operational skills. In addition to the jobs saved, a further 1 857 jobs were created as a direct result of the Programme’s impact. Region 1 (Gauteng, North West and Limpopo) nurtured 111 companies, saved 13 341 jobs and trained 900 Future Forum members; Region 2 (Western Cape, Northern Cape and Free State) nurtured 75 companies, saved 8 084 jobs and trained 1 074 Future Forum members; and Region 3 (KwaZulu-Natal, Eastern Cape and Mpumalanga) nurtured 111 companies, saved 6 771 jobs and trained 991 Future Forum members.

## BT&R FY5 2024/25 Q1-Q4 Performance

### BT&R - FY5 Target vs Actual 2024/2025

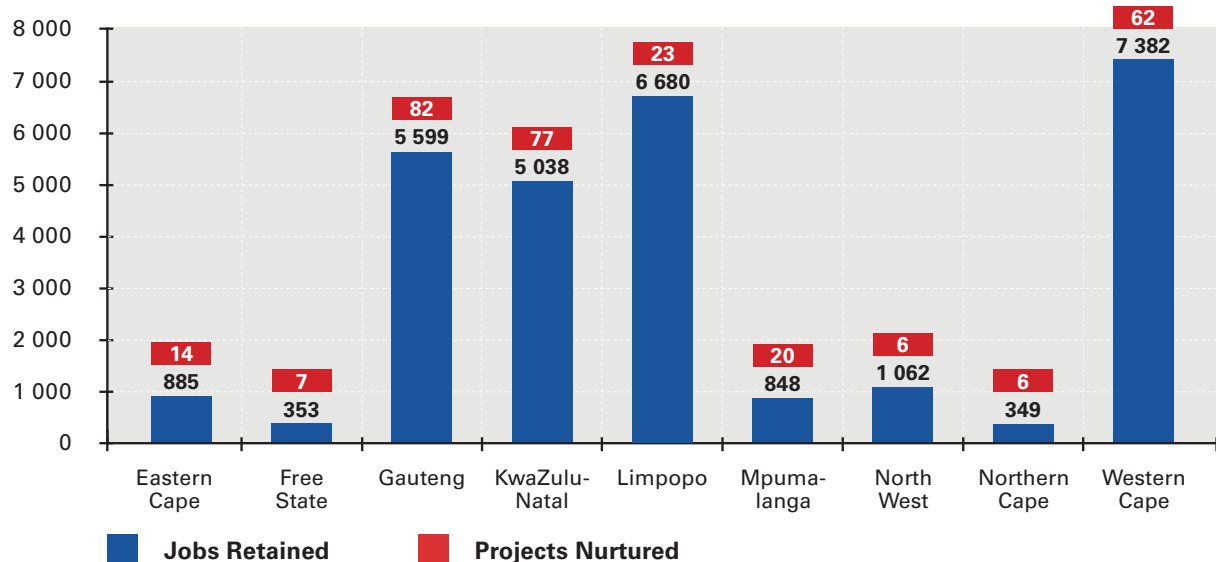


In its fifth financial year (2024/25), the Business Turnaround and Recovery (BT&R) Programme achieved two out of three Annual Performance Plan (APP) indicator targets. This was due to significant delays in finalising the funding agreement and the disbursement of Tranche 1, which resulted in the loss of eight months of the financial year. In the remaining months, the Programme forged ahead and managed to nurture 40 companies out of a target of 77 (52%), save 7 094 jobs out of a target of 3 850 (184%) and train 365 Future Forum members out of a target of 231 (158%).

## Demographics

### Projects Nurtured and Jobs Retained

#### Projects Nurtured and Jobs Retained, 2020 to Date

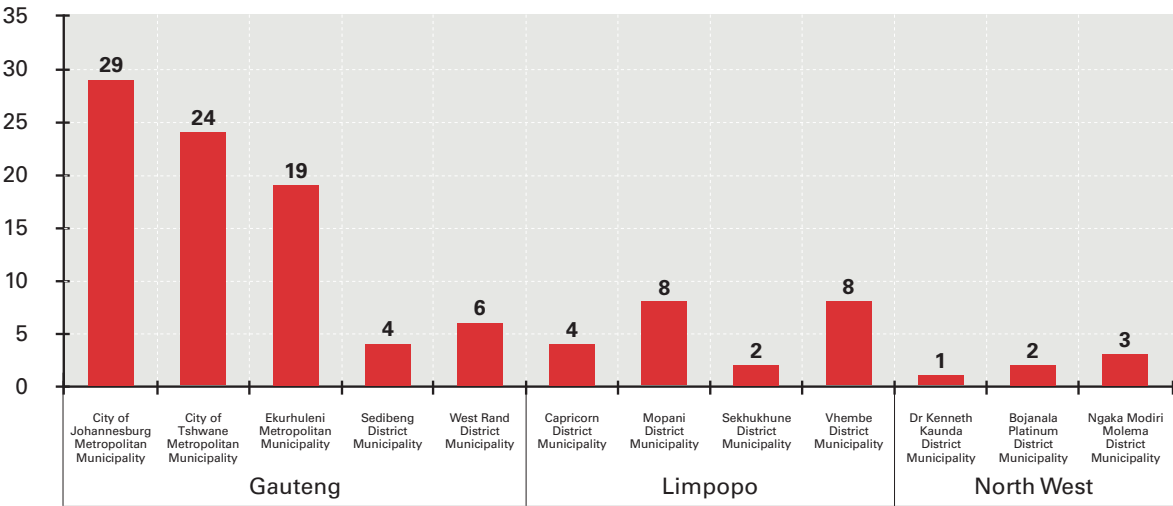


The Business Turnaround and Recovery (BT&R) Programme operates across all nine provinces of South Africa. During 2024/25, the Programme made significant progress in establishing a full national footprint. The BT&R Programme places no restrictions on the types of enterprises it supports. Where internal capacity is insufficient, Approved Service Providers (ASPs) from the organisation's approved database, with the relevant expertise, are engaged to meet the specific needs of each client. Gauteng, KwaZulu-Natal, Limpopo and the Western Cape recorded the highest number of jobs saved during this reporting period.

### BT&R Projects by Districts

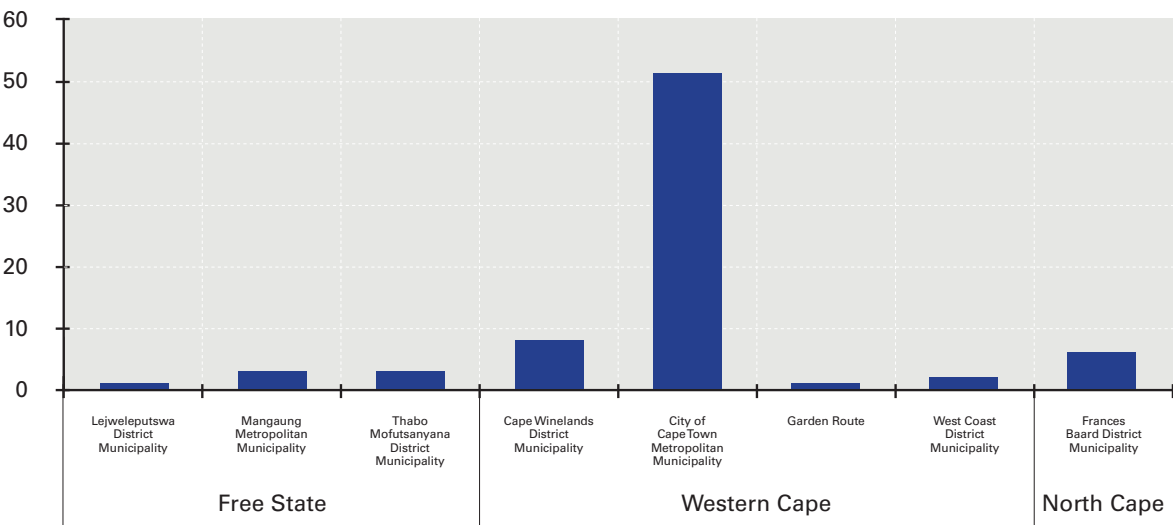
The Business Turnaround and Recovery (BT&R) Programme is proudly South African and operates across all provinces and districts. Over the years, the Programme has established full coverage in all provinces, as well as in metropolitan and district municipalities. This coverage reflects the geographical distribution of clients served.

#### Cumulative Region 1 Projects by Districts, 2020 to Date



In Region 1, which includes Gauteng, Limpopo and North West provinces, the Programme has developed a strong presence. Gauteng, being the most populated province, recorded the highest concentration of clients, with 29 in the City of Johannesburg Metropolitan Municipality, 24 in the City of Tshwane Metropolitan Municipality and 19 in the Ekurhuleni Metropolitan Municipality. In Limpopo, most clients are based in the Mopani District Municipality (8), Vhembe District Municipality (8) and Capricorn District Municipality (4). In the North West Province, clients are located in the Bojanala Platinum District Municipality (2), Ngaka Modiri Molema District Municipality (2) and Dr Kenneth Kaunda District Municipality (1).

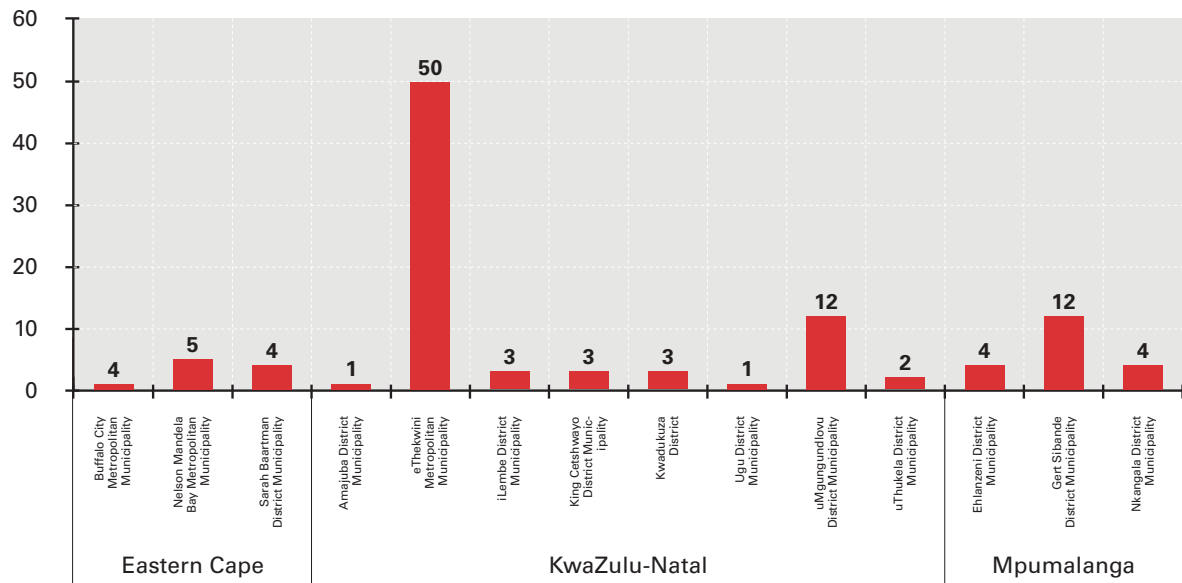
#### Cumulative Region 2 Projects by Districts, 2020 to Date



The Business Turnaround and Recovery (BT&R) Programme in Region 2 operates in the Free State, Western Cape and Northern Cape provinces. The Western Cape, being the most populated, recorded the highest number of clients, with 51 in the City of Cape Town Metropolitan Municipality and 8 in the Cape Winelands District Municipality. In the Free State, most clients are based in the Mangaung Metropolitan Municipality (3) and the Thabo Mofutsanyana District Municipality (3). In the Northern Cape, clients are located in the Frances Baard District Municipality (6).



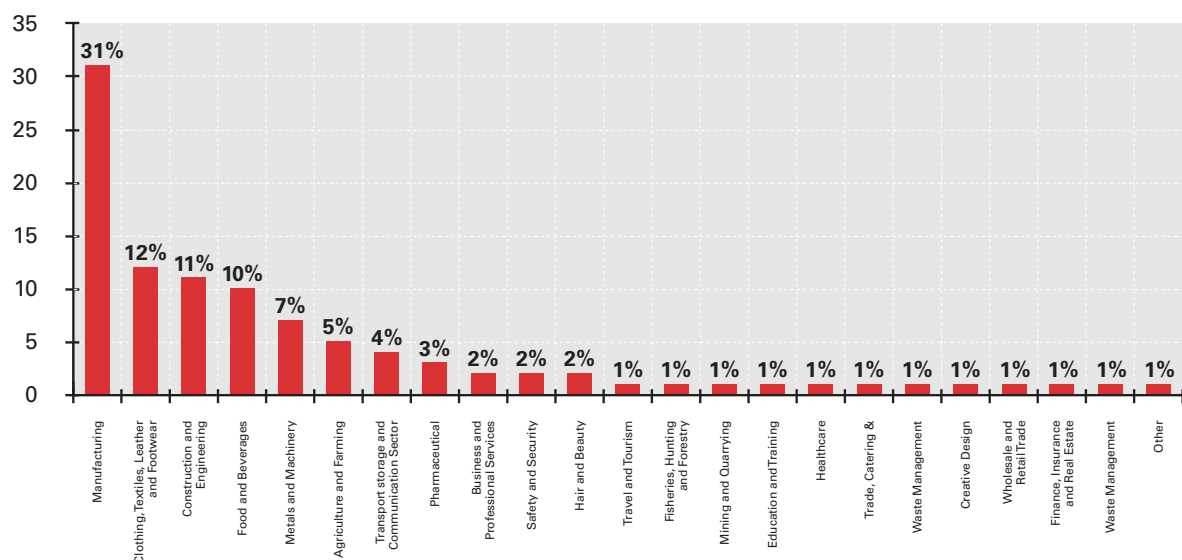
### Cumulative Region 3 Projects by Districts, 2020 to Date



The Business Turnaround and Recovery (BT&R) Programme in Region 3 operates in the Eastern Cape, KwaZulu-Natal and Mpumalanga provinces. KwaZulu-Natal, being the most populated, recorded the highest number of clients, with 50 in the eThekweni Metropolitan Municipality, 12 in the uMgungundlovu District Municipality, and 3 each in the iLembe, King Cetshwayo and KwaDukuza district municipalities. In the Eastern Cape, most clients are based in the Nelson Mandela Bay Metropolitan Municipality (5), the Buffalo City Metropolitan Municipality (4) and the Sarah Baartman District Municipality (4). In Mpumalanga, clients are located in the Gert Sibande District Municipality (12) and the Ehlanzeni and Nkangala district municipalities (4 each).

### Operational Sector

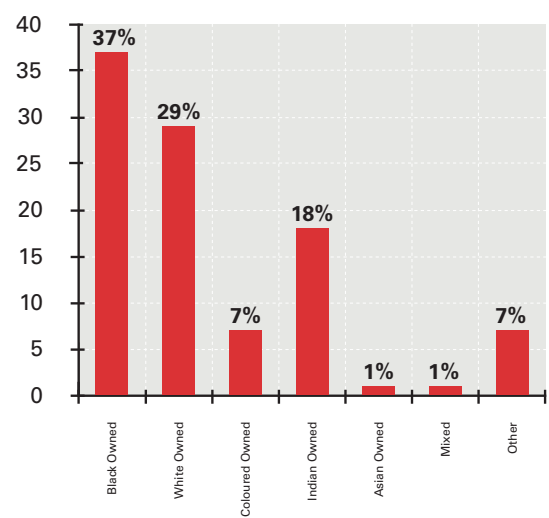
#### Cumulative BT&R Operational Sector, 2020 to Date



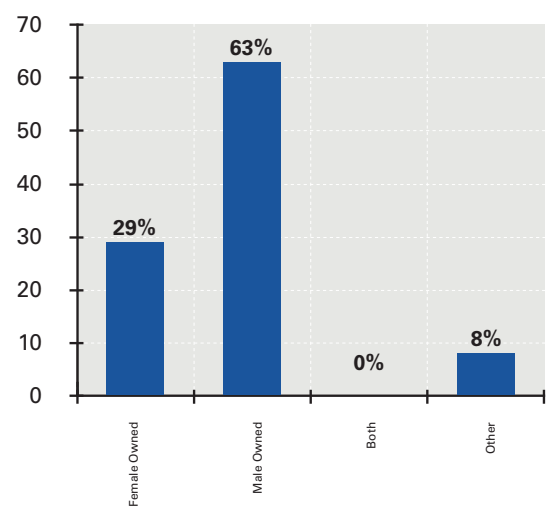
As indicated, the Business Turnaround and Recovery (BT&R) Programme is available to support enterprises across all sectors in South Africa. It places no limitations on the range of services required to drive business turnaround and sustainability. Where additional expertise is required, the Programme leverages its database of qualified service providers to deliver the necessary interventions. From highest to lowest, current BT&R clients come from the following sectors: manufacturing (31%), CTLF (12%), construction and engineering (11%), food and beverages (10%), metals and machinery (7%), agriculture and farming (5%), transport, storage and communication (4%) and pharmaceuticals (3%).

Economic Transformation

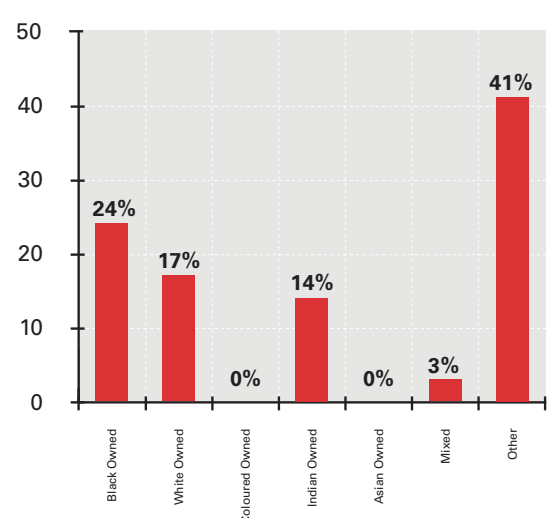
Business Ownership by Race %



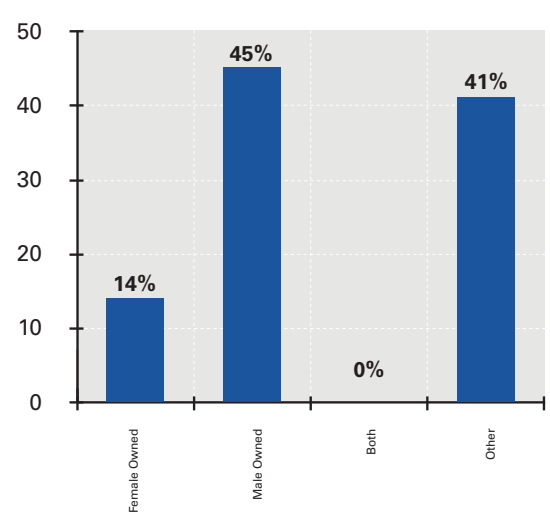
Business Ownership by Gender %



People Living with Disabilities  
Business Ownership by Race %



People Living with Disabilities  
Business Ownership by Gender %

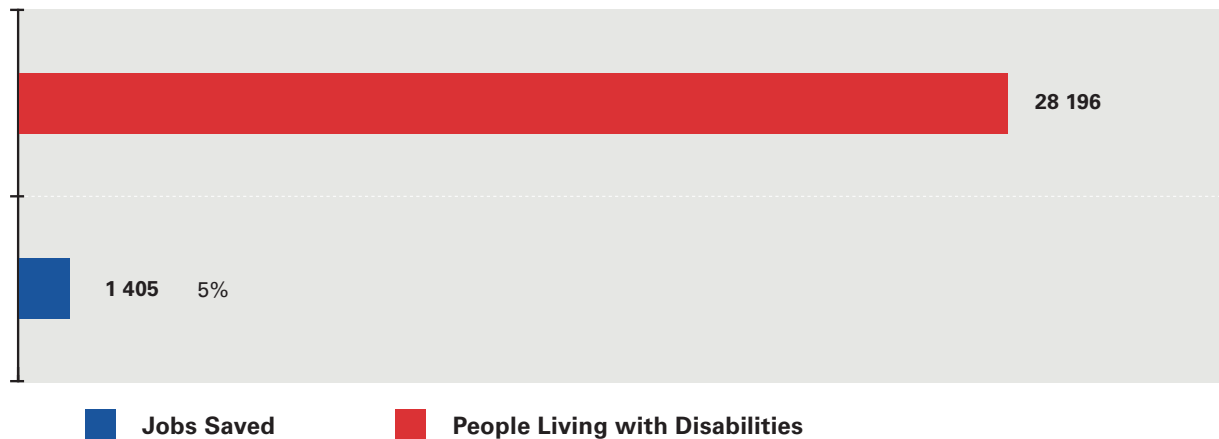


All businesses play a vital role in driving transformation and contributing to the growth of the South African economy. Broad-Based Black Economic Empowerment (B-BBEE) is a key policy mechanism aimed at expanding the country’s economic base. It promotes inclusive economic growth and job creation by fostering equal opportunities across all sectors. The core objective of B-BBEE is to empower previously disadvantaged individuals to recover from the legacy of exclusion and participate actively in the mainstream economy. Ultimately, the success of South Africa’s economy depends on meaningful inclusion and equitable contribution from all citizens. In support of this objective, the Business Turnaround and Recovery (BT&R) Programme actively monitors of B-BBEE-related indicators using client data to track progress and impact. Data for this reporting period indicates that 63% businesses are owned by men, 29% by women and 8% by multiple shareholders. Of these, 37% are black-owned, 29% white-owned, 18% Indian-owned, 7% Coloured-owned, 1% Asian-owned, 7% multi-shareholder-owned and 1% mixed ownership.

With regards to people living with disabilities (PWDs), 45% of businesses are owned by men, 14% by women and 41% by multiple shareholders. Of these PWD-owned businesses, 24% are black-owned, 17% white-owned, 14% Indian-owned, 41% multi-shareholder-owned and 3% mixed ownership.

## Jobs Saved for People Living with Disabilities

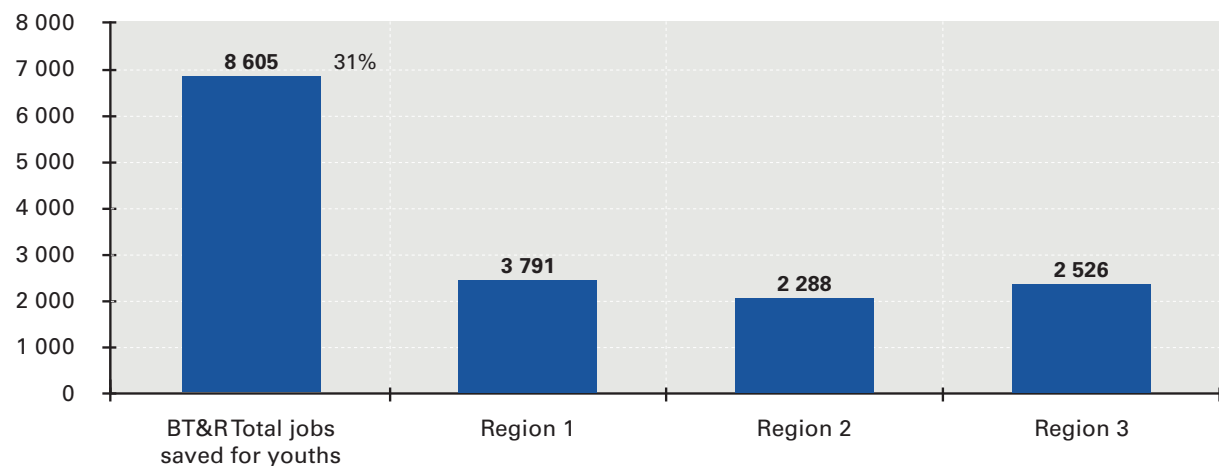
### Cumulative BT&R Overall Jobs Saved vs Jobs Retained for People Living with Disabilities, 2020 to Date



It is paramount for the Business Turnaround and Recovery (BT&R) Programme to provide a detailed breakdown of previously disadvantaged groups, including women, youth and people living with disabilities. With specific reference to people living with disabilities, the BT&R Programme has saved 5% (1 405) of the total 28 196 jobs saved to date. The Programme remains open to working with all citizens of South Africa and will continue to contribute to the growth in employment opportunities for people living with disabilities.

## Jobs Saved for the Youth

### Cumulative BT&R Jobs Retained for Youths, 2020 to Date

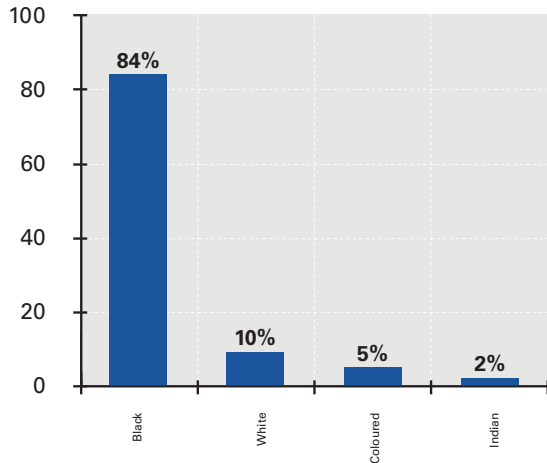


At the Business Turnaround and Recovery (BT&R) Programme, it is critical to analyse South Africa's unemployment statistics, as this represents the core of our work. The official unemployment rate was 31,9% in the fourth quarter of 2024. According to the Quarterly Labour Force Survey (QLFS) Q4: 2024, there was an increase of 132 000 in the number of employed persons to 17,1, while the number of unemployed persons decreased by 20 000 to 8,0 million. This resulted in a net increase of 112 000 (up by 0,4%) in the labour force during the same period. These changes in employment and unemployment led to a 0,2 percentage point decrease in the official unemployment rate, from 32,1% in the third quarter of 2024 to 31,9% in the fourth quarter. The expanded unemployment rate for the fourth quarter of 2024 remained unchanged at 41,9%, compared with the third quarter of 2024. The number of persons employed in the formal sector increased by 90 000 in Q4: 2024, while employment in the informal sector increased by 34 000 over the same period (Statistics South Africa, 2025).

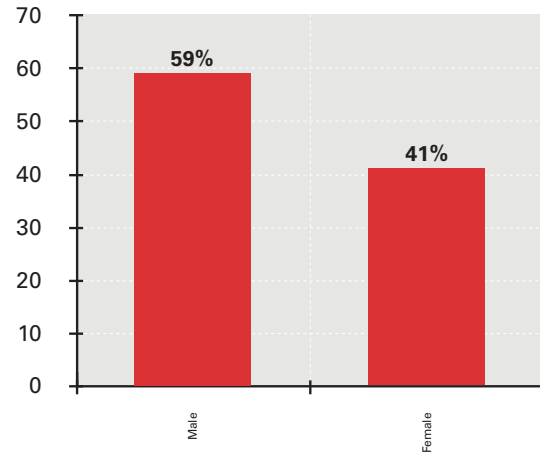
The BT&R Programme continues to play a key role in creating and saving jobs for youth. To date, 8 605 jobs (31%) belonging to young people have been saved through the interventions implemented by the Programme.

## Jobs Retained by Race and Gender

Cumulative Jobs Retained by Race, 2020 to Date



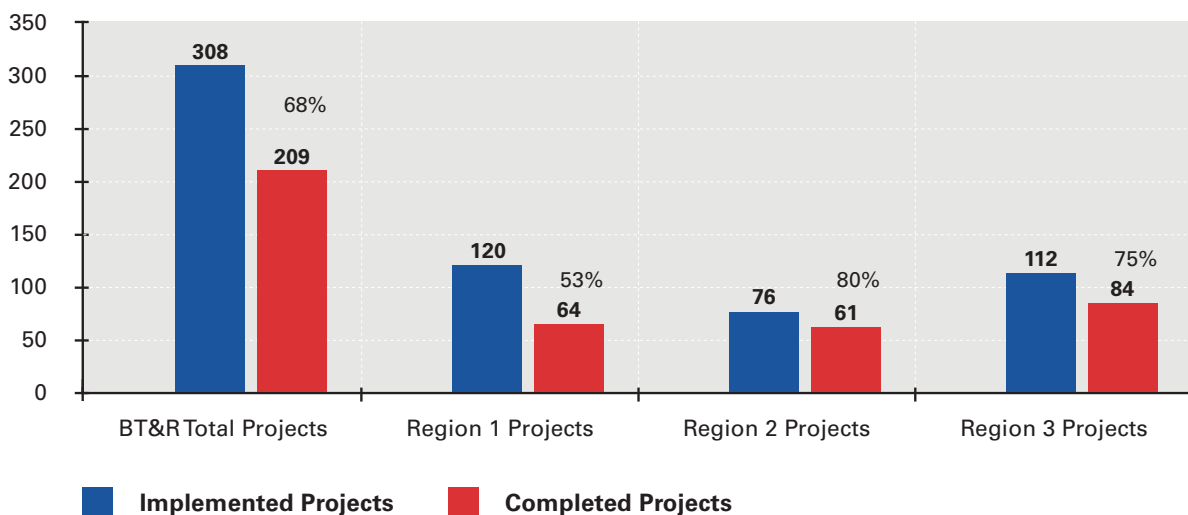
Cumulative Jobs Retained by Gender, 2020 to Date



It is equally important for the Business Turnaround and Recovery (BT&R) Programme to monitor race and gender representation among the jobs saved. As at March 2025, 59% of the jobs saved were held by men and 41% by women. In terms of racial demographics, 84% of the saved jobs belonged to black individuals, 10% to white individuals, 5% to Coloured individuals and 2% to Indian individuals.

## BT&R Completed Projects

Cumulative BT&R Completed Projects to Date



All projects within the BT&R Programme reach completion once the necessary skills transfer and turnaround solutions have been implemented. The ultimate goal is to establish sustainable, productive and profitable companies that not only retain jobs but also create new employment opportunities. To date, 308 companies have participated in the BT&R Programme, of which 209 projects (68%) have been completed. Of these completed projects, 64 were in Region 1, 61 in Region 2 and 84 in Region 3.

# Case Studies



| Case Studies                  | Project Completed | Jobs Saved | Jobs Created | Total | Employment Growth |
|-------------------------------|-------------------|------------|--------------|-------|-------------------|
| <b>Region 1</b>               |                   |            |              |       |                   |
| Africa Rise Fashion           | Yes               | 10         |              | 10    | 0%                |
| Makhoba Professional Services | Yes               | 9          |              | 9     | 0%                |
| Drill Rod Specialist          | Yes               | 17         |              | 17    | 0%                |
| <b>Region 2</b>               |                   |            |              |       |                   |
| MX Versfeld                   | Yes               | 22         |              | 22    | 0%                |
| Staupro Engineering           | Yes               | 22         |              | 22    | 0%                |
| Bilionetworks                 | Yes               | 98         | 57           | 155   | 37%               |
| <b>Region 3</b>               |                   |            |              |       |                   |
| Rock Agencies                 | Yes               | 24         |              | 24    | 0%                |
| Laundry Dynamics              | Yes               | 24         |              | 24    | 0%                |
| Smart Dynamics                | Yes               | 6          | 3            | 9     | 33%               |

REGION 1

Africa Rise Fashion (Pty) Ltd



COMPANY DETAILS

|                                     |                                                |
|-------------------------------------|------------------------------------------------|
| Company name:                       | Africa Rise Fashion                            |
| Region:                             | 1                                              |
| Province:                           | Gauteng                                        |
| District:                           | City of Johannesburg Metropolitan Municipality |
| City of operation:                  | Johannesburg                                   |
| Project manager:                    | Yvonne Magodi                                  |
| Service provider/s: (If applicable) | X Spark ATx Africa                             |
| Case study written by:              | Yvonne Magodi                                  |

THEME OF THE CASE STUDY

Improved online sales through an e-commerce website upgrade.

ACRONYMS

|      |                                            |
|------|--------------------------------------------|
| BT&R | Business Turnaround and Recovery Programme |
| KPIs | Key Performance Indicators                 |
| ARF  | Africa Rise Fashion                        |



### INTRODUCTION

#### COMPANY BACKGROUND

AfricaRise Fashion (ARF) is a proprietary company established in 2017 by renowned fashion designer Thula Sindi. It is a multi-brand retail store that showcases the best of South African and African fashion, accessories, art, books and beauty products. ARF stores are located across Gauteng, with the flagship store, Shop U63, situated in the heart of Sandton City Mall. Additional permanent stores are located in Menlyn Mall and Johannesburg City.

The brand's first fashion emporium in Sandton City was opened in October 2019. The retail store features a variety of leading South African fashion brands created by a dynamic collective of designers. In August 2020, AfricaRise launched a second store in Magnet House, Marshalltown, in the heart of Johannesburg.

AfricaRise Fashion operates on a business model that houses multiple creatives and designers under one roof. Each designer is allocated a designated area in the store to showcase their unique aesthetic, creating a vibrant and inclusive shopping environment. Designers are not restricted in terms of how or when they supply products; items are sent directly to the store or delivered via courier where necessary. African fashion, jewellery, fine art, crafts, and accessories are all available at Thula Sindi's AfricaRise concept store

#### COMPANY VISION

To grow the company's presence locally and, in time, internationally.

#### COMPANY MISSION STATEMENT

To mainstream the presence of African fashion enterprises and brands within the South African retail spaces. We are dedicated to breaking barriers, championing diversity, and promoting a rich tapestry of styles that reflect the dynamic essence of the African continent.

“

AfricaRise Fashion is a multi-brand retail store showcasing the best of South African and African fashion, accessories, art, books and beauty products.

”

# Case Studies: Region 1

## COMPANY PRODUCTS AND SERVICES

The store features a variety of top South African fashion brands made by a talented line up of designers. African fashion, jewellery, fine art, crafts, and accessories are all available at Thula Sindi’s AfricaRise concept store, which also serves as an incubator for small enterprises. Thula Sindi is a strong advocate of local creatives and entrepreneurship.



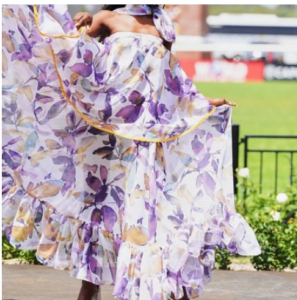
The Queen Dress  
R 6,500.00 ZAR



Ducthess Satin Flared Shirt Dress  
with Tie Sleeves  
R 7,500.00 ZAR

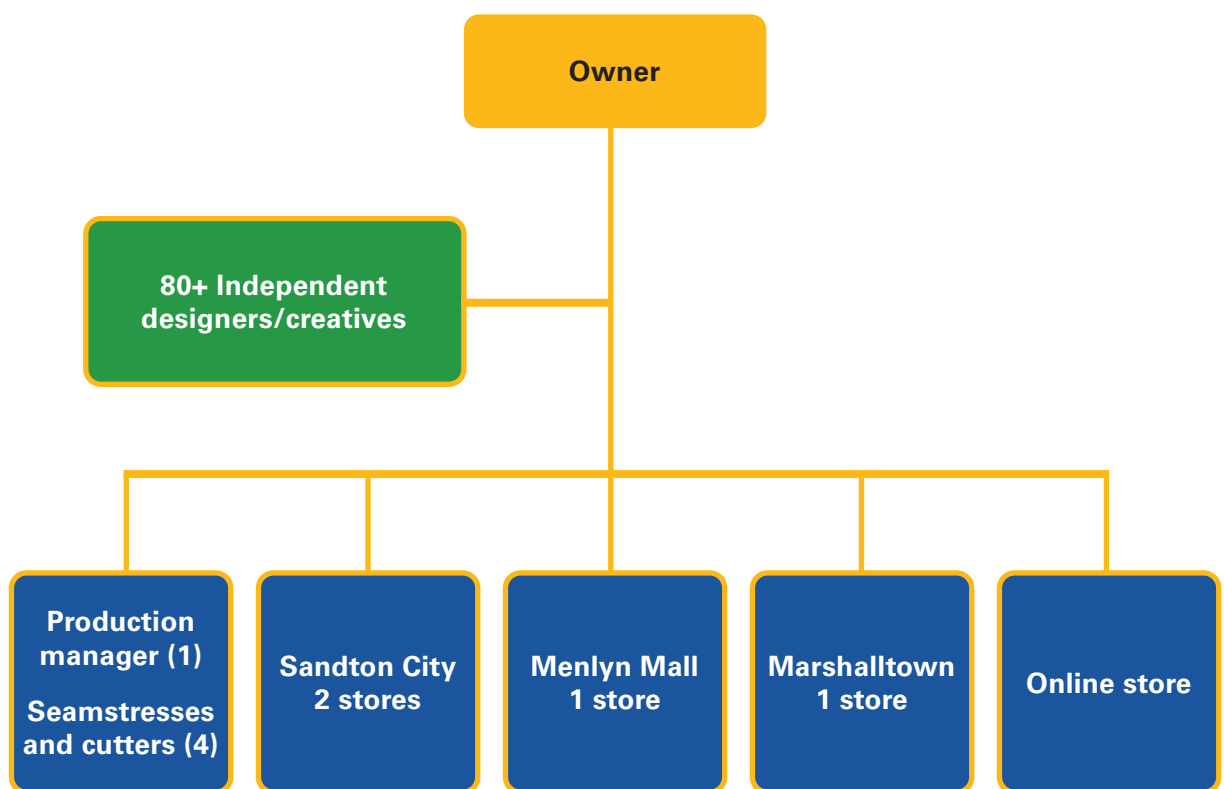


Emulsion Dress  
R 2,800.00 ZAR



Layered Circle Dress  
R 6,200.00 ZAR

## COMPANY STRUCTURE



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

An analysis of the company’s annual financial statements concluded that it was experiencing financial distress. The review covered the financial years ending February 2021 and February 2022. The company’s operating profit margin declined significantly during this period, primarily due to the adverse impact of the national lockdown.

THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY

During the in-depth assessment, an upgrade of the company’s e-commerce website was identified as a key intervention to boost online sales. A service provider was appointed to implement the solution. The upgraded e-commerce platform included the following features:

- Website development (large site: 15–25 pages)
- Content management system (CMS) enabling the client to update and edit the product catalogue
- Domain registration or transfer

Integrated shopping cart functionalityCredit card payment pluginSix months of hosting

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

|                                        | Issue/Challenge                          | Intervention               | Outcome - Completed                 |
|----------------------------------------|------------------------------------------|----------------------------|-------------------------------------|
| Interventions 1:                       |                                          |                            |                                     |
| E-commerce website development/upgrade | Low revenue generated from online sales. | E-commerce website upgrade | Website upgrade completed and live. |

RESULTS

Before the e-commerce website upgrade, online sales were below R3 000 per month.

| Challenges (Before)                                                                                                                                                                                                                                                                                                                                                                                                                  | Solutions (After)                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>No uniform look across pages</li><li>Landing page confusing</li><li>Limited search capability</li><li>Merchandise display not uniform</li><li>Different image sizes used across the site</li><li>Designers not linked to their merchandise; users could not search for a particular designer's products</li><li>Payment gateway non-functional, requiring offline payment processing</li></ul> | <ul style="list-style-type: none"><li>Complete redesign with a modern African theme</li><li>Uniform image sizes</li><li>Improved UX design</li><li>Improved navigation</li><li>Integrated payment gateway.</li><li>Merchandise correctly categorised; irrelevant categories and links removedSimple, seamless checkout process</li><li>Intuitive prompts</li></ul> |

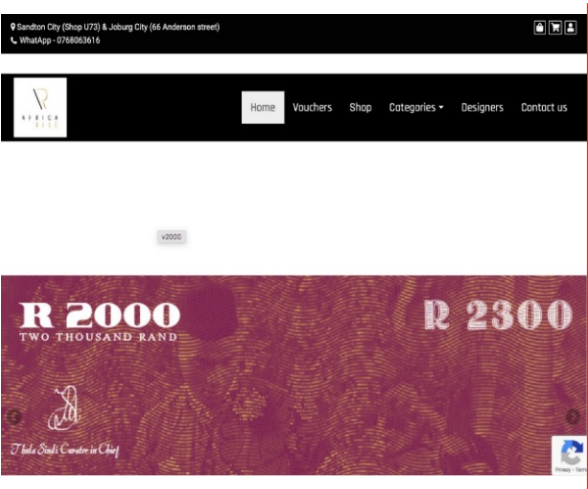


Figure 1: Old home page

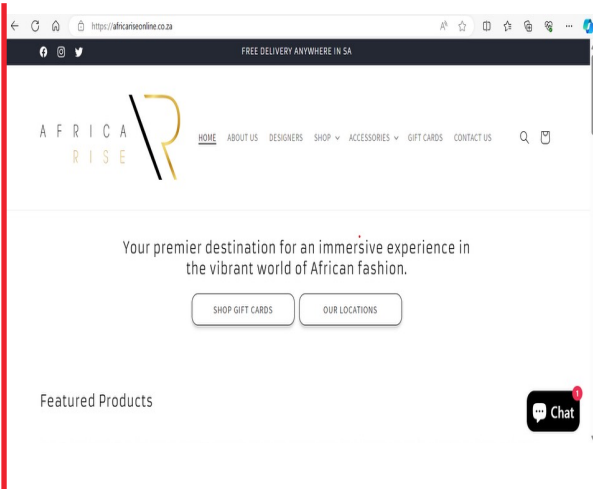


Figure 2: New home page

# Case Studies: Region 1

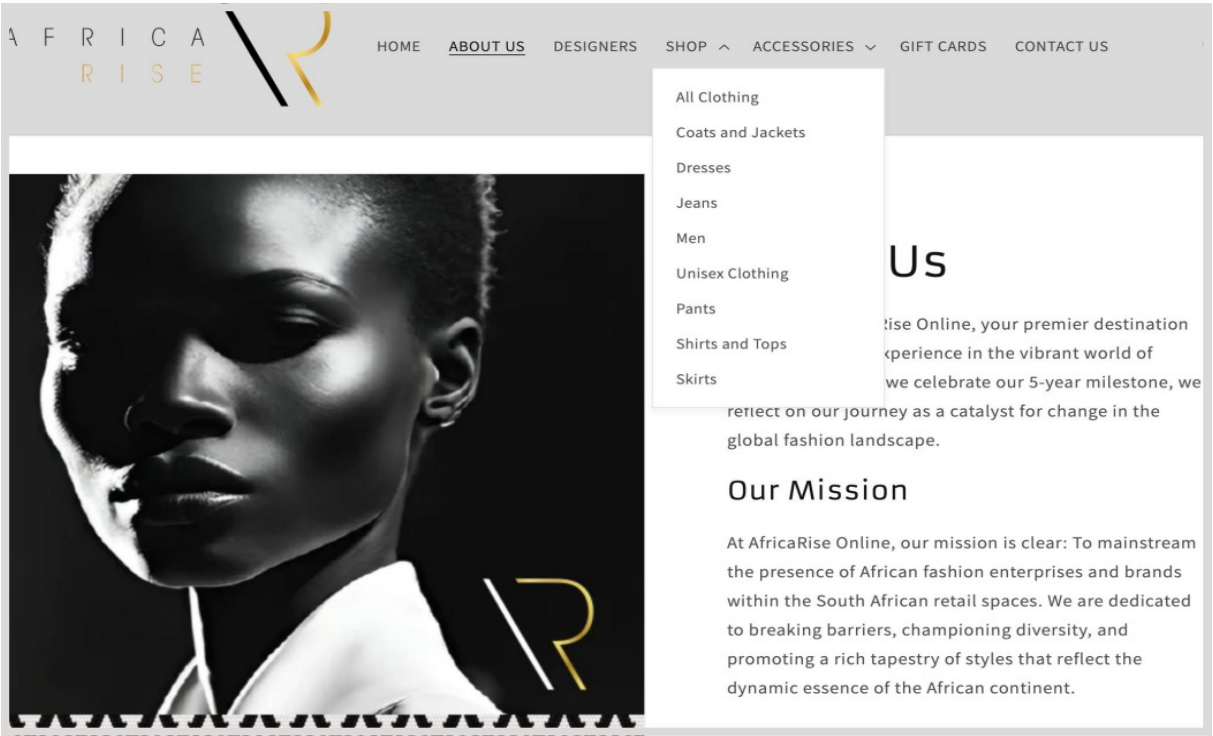


Figure 3: New about us page



Figure 4: Old designer page

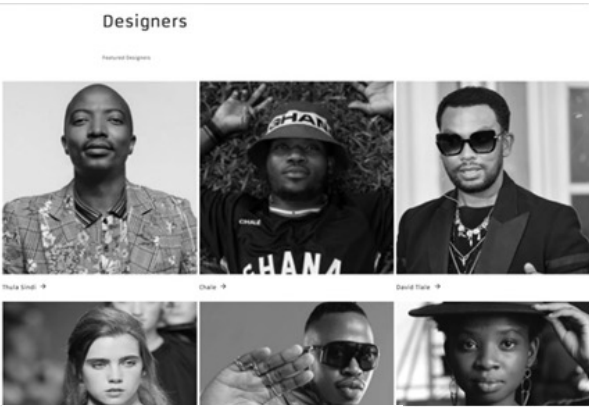


Figure 5: New designer page

AfricaRise’s online sales increased by 78,1% in January 2024 and by a further 28,0% in February 2024. The enhanced online presence has significantly expanded the company’s market reach, resulting in a substantial rise in overall sales.

### HIGHLIGHTS OF THE PROJECT

The highlight of the project was the emphasis on small changes that make a big impact. The e-commerce website upgrade brought a notable improvement in online sales. The client expressed satisfaction with the service received and has benefited from a faster buying process, affordable advertising and marketing, greater flexibility for customers, no geographical reach limitations, and quicker responses to buyer and market demands.

The website is live at <https://africariseonline.co.za/>

### PROJECT INNOVATION

The key innovation lies in enabling the client to maintain the website independently. The client can now rotate and update images and stock regularly, track online traffic, and monitor overall performance. This has proved both motivating and empowering, ensuring continuity and long-term sustainability.

### CONCLUSIONS

AfricaRise Fashion was accepted into the BT&R Programme in March 2023 and was nurtured by Productivity SA. The company was negatively affected by the lockdown, which reduced its operating profit margin. Low online sales were identified as a key area for improvement. An e-commerce website upgrade was implemented as the main intervention, and an exponential increase in online sales was realised following the upgrade. The number of employees has remained unchanged at 10.



REGION 1

Makhoba Professional Services



COMPANY DETAILS

|                                     |                                                |
|-------------------------------------|------------------------------------------------|
| Company name:                       | Makhoba Professional Services                  |
| Region:                             | 1                                              |
| Province:                           | Gauteng                                        |
| District:                           | City of Johannesburg Metropolitan Municipality |
| City of operation:                  | Johannesburg                                   |
| Project manager:                    | Fanelle Mamba                                  |
| Service provider/s: (If applicable) |                                                |
| Case study written by:              | Fanelle Mamba                                  |

THEME OF THE CASE STUDY

Improved Customer Service

ACRONYMS

|      |                                            |
|------|--------------------------------------------|
| BT&R | Business Turnaround and Recovery Programme |
| MD   | Managing Director                          |
| GP   | Gross Profit                               |
| OP   | Operating Profit                           |
| NP   | Net Profit                                 |
| FF   | Future Forum                               |

### INTRODUCTION

#### COMPANY BACKGROUND

Makhoba Professional Services (Pty) Ltd was incorporated on 13 January 2020 in South Africa and is registered with the Companies and Intellectual Property Commission as a private company (registration number 2020/011060/07). The company has one director, Ms Thabile Itumeleng Makhoba.

Makhoba Professional Services (Pty) Ltd operates in the telecommunications industry and specialises in providing networking and cabling internet solutions by supplying broadband wireless services to clients for high-performance internet connectivity. The company also provides hardware supply and repair services to corporate clients.

When the company joined the BT&R Programme in March 2023, it had six employees. By March 2024, this number had grown to 13 permanent employees and three trainees, with a further eight employees due to start work in April. Most employees are technicians. Makhoba employs highly skilled staff to ensure that the level of service provided to clients remains of high quality and reliability.

The business is also preparing to open remote offices in the Eastern Cape and North West provinces. In December 2023, it relocated to larger premises – a clear indication of ongoing growth.

#### COMPANY VISION

**Digital Inclusion as a Reality:** Everyone, regardless of location or socioeconomic background, has access to affordable and reliable internet connectivity. This fosters equal opportunities for education, healthcare, economic participation, and social connection.

**Innovation Drives Progress:** We are at the forefront of developing and deploying cutting-edge ICT and telecommunication solutions that address South Africa's unique needs – from fostering

e-governance to supporting advancements in agriculture, education and healthcare.

**Thriving Businesses and Communities:** Our solutions empower businesses to operate more efficiently, expand their reach, and compete globally. Communities benefit from improved communication infrastructure, access to information, and opportunities for social and economic development.

#### COMPANY MISSION STATEMENT

**Unlocking Potential:** Makhoba Professional Services ignites South Africa's digital future with expertise and cutting-edge ICT and telecommunication solutions.

**Understanding Needs:** We actively engage with our clients and communities to identify their unique challenges and aspirations.

**Building Partnerships:** We foster strong collaborations with stakeholders across all sectors to ensure our solutions align with national priorities.

“MPS specialises in providing networking and cabling solutions by supplying broadband wireless services to clients for high-performance internet”

## Case Studies: Region 1



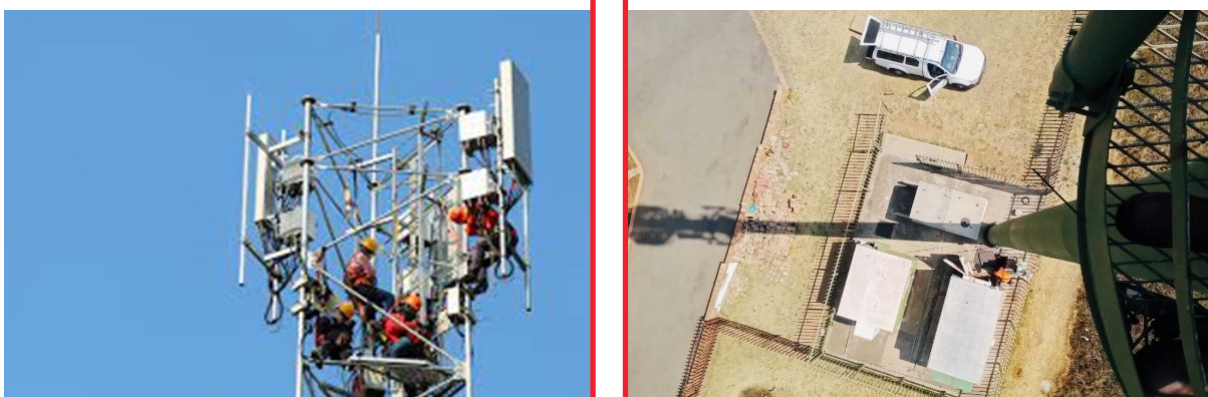
### COMPANY PRODUCTS AND SERVICES

**Installations:** They specialize in various installations related to microwave radio frequency networks. Their expertise covers the installation of microwave antennas, radios, transmission lines, power systems, and associated hardware. They ensure precise alignment, proper grounding, and integration of equipment to establish robust and high-performance network connections. The pictures that follow show Makhoba technicians installing fibre-network cables in a residential area. It is important to note that these technicians often work at height – meaning in environments where a person could fall from one level to another. To ensure safety and compliance, all Makhoba technicians complete a specialised Working at Heights training course and receive certification upon completion

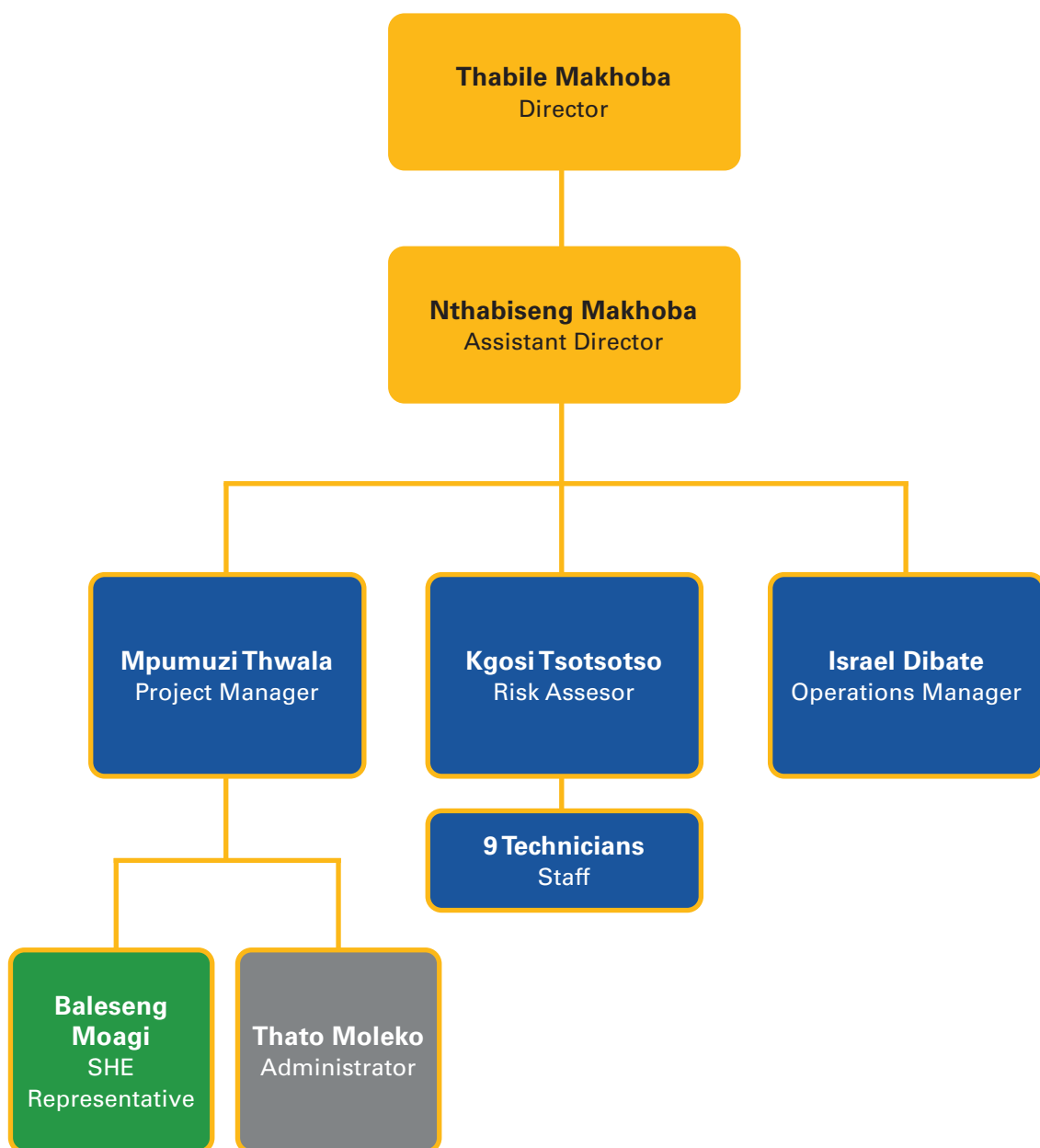
**Decommissioning:** The business offers decommissioning services for outdated or obsolete microwave radio-frequency equipment. This includes the safe removal, disposal, and recycling of equipment in compliance with environmental regulations, ensuring a smooth transition to upgraded systems.

**Maintenance:** Makhoba Professional Services provides comprehensive maintenance services to ensure the smooth operation and longevity of microwave radio-frequency networks. These include regular inspections, equipment testing, preventive maintenance, and troubleshooting to minimise downtime and optimise network performance.

Technicians are certified through a Working at Heights course, as their duties often require tower and elevated-platform operations.



## COMPANY STRUCTURE



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

1. Financial Performance

When Makhoba Professional Services joined the Programme in March 2023, sales had increased by 4,9% compared with the previous year (2022). However, the cost of sales rose from 11,2% in 2021 to 16,3% in 2022. Overheads as a percentage of sales also increased from 63,5% in 2021 to 66,5% in 2022.

2. Operational Distress

During the in-depth assessment stage of the Programme, the following key challenges were identified:

- Manual order/ticket management system causing inefficiencies
- Increased customer dissatisfaction due to slow response times

THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY

The implementation plan for the new order management system comprised the following stages:

| # | Description                                                                      |
|---|----------------------------------------------------------------------------------|
| 1 | First meeting                                                                    |
| 2 | First online consultation: system specifications                                 |
| 3 | Second online consultation: presentation of draft wireframe and process overview |
| 4 | Online training session                                                          |

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

|                  | Issue/Challenge                                        | Intervention                   | Outcome - Completed                                                          |
|------------------|--------------------------------------------------------|--------------------------------|------------------------------------------------------------------------------|
| Interventions 1: | Manual ticket management system causing inefficiencies | Online order management system | Improved ticketing process; reduced lost tickets; increased staff efficiency |

## RESULTS

### Financial Performance

The director anticipates a 30% increase in revenue, directly linked to higher sales orders received in the last financial year.

### Employment

|                  | During Application | During and Post BT&R |
|------------------|--------------------|----------------------|
| No. of employees | 06                 | 16                   |

## HIGHLIGHTS OF THE PROJECT

The implementation of the order management system at Makhoba Professional Services has strengthened relationships with clients. Vodacom, one of their major clients, expressed satisfaction with the improved service-delivery performance and requested Makhoba to demonstrate the new system, commending the company for its innovation. Vodacom also noted significant improvements in turnaround times.

The business has recorded a noticeable reduction in lost tickets due to human error, which had previously affected response rates. The picture below shows Vodacom awarding the business for achieving the Top Female – Highest Percentage Growth award.

Makhoba continues to demonstrate strong growth potential: the total staff complement has increased from six permanent employees to 13 permanent staff and three trainees.

The Managing Director of Makhoba Professional Services stated, “The system is really effective – I can see the bottom-line figures.” This referred to the fact that previously, the loss of a single ticket meant a direct loss in sales.

“MPS is showing great growth potential; the total staff complement is now 13 permanent employees and three trainees.”

### CONCLUSIONS

Makhoba Professional Services was accepted into the BT&R Programme in March 2023. At that time, sales had increased by 4,9%, from R447 995 in 2021 to R469 783 in 2022, while the cost of sales rose from 11,2% to 16,3%. Profitability declined as overhead costs and sales costs were higher than anticipated.

During the in-depth assessment phase, clients had raised concerns about turnaround times. Further analysis revealed that delays occurred because some tickets submitted by clients were not captured on the manual spreadsheet system. Consequently, these jobs were omitted from technicians' schedules.

To address this issue, the Future Forum team proposed implementing an online ticketing system. The new system has already yielded positive results, with clients reporting improved service delivery and faster response times. Since the implementation, no tickets have been lost, every job is actioned within the lead time, and customer satisfaction has increased significantly.



## ***Drill Rod Specialist (Pty) Ltd***



### COMPANY DETAILS

|                                     |                                 |
|-------------------------------------|---------------------------------|
| Company name:                       | Drill Rod Specialist            |
| Region:                             | 1                               |
| Province:                           | Gauteng                         |
| District:                           | West Rand District Municipality |
| City of operation:                  | Krugersdorp                     |
| Project manager:                    | Yvonne Magodi                   |
| Service provider/s: (If applicable) |                                 |
| Case study written by:              | Yvonne Magodi                   |

### THEME OF THE CASE STUDY

***Improve business performance,  
increase sales and profitability.***

#### ACRONYMS

|      |                                  |
|------|----------------------------------|
| BT&R | Business Turnaround and Recovery |
| KPIs | Key Performance Indicators       |
| DRS  | Drill Rod Specialist             |
| DTH  | Down The Hole                    |

## INTRODUCTION

### COMPANY BACKGROUND

Drill Rod Specialist (Pty) Ltd was established in 2014, and the manufacturing facility is situated in Chamdor, Krugersdorp. The company specialises in the manufacture of rubber-collar and forged-collar drill rods for the mining industry. DRS manufactures new drill rods and refurbishes used drill rods to a condition suitable for re-use. Drill Rod Specialist is a Level 4 B-BBEE contributor.

### COMPANY VISION

To be the company of choice in the provision of engineering and professional services by continuously influencing the industry positively.

### Values

Sound business ethics – honesty and transparency  
– professionalism, partnership and co-operation –  
customer focus

### COMPANY MISSION STATEMENT

To be a supplier of choice through effective management of cost drivers, transparency, sincere relationships, and commitment to optimal Total Cost of Ownership solutions for all clients and end users.

### COMPANY PRODUCTS AND SERVICES

DRS manufactures new products (drill rods and pinch bars) and refurbishes used products to reduce the cost of mining. Used products that cannot be refurbished are converted into other items to further reduce product costs and minimise the company's carbon footprint. DRS also supplies DTH drill rods for surface mining applications.



Figure 1: Drill rods

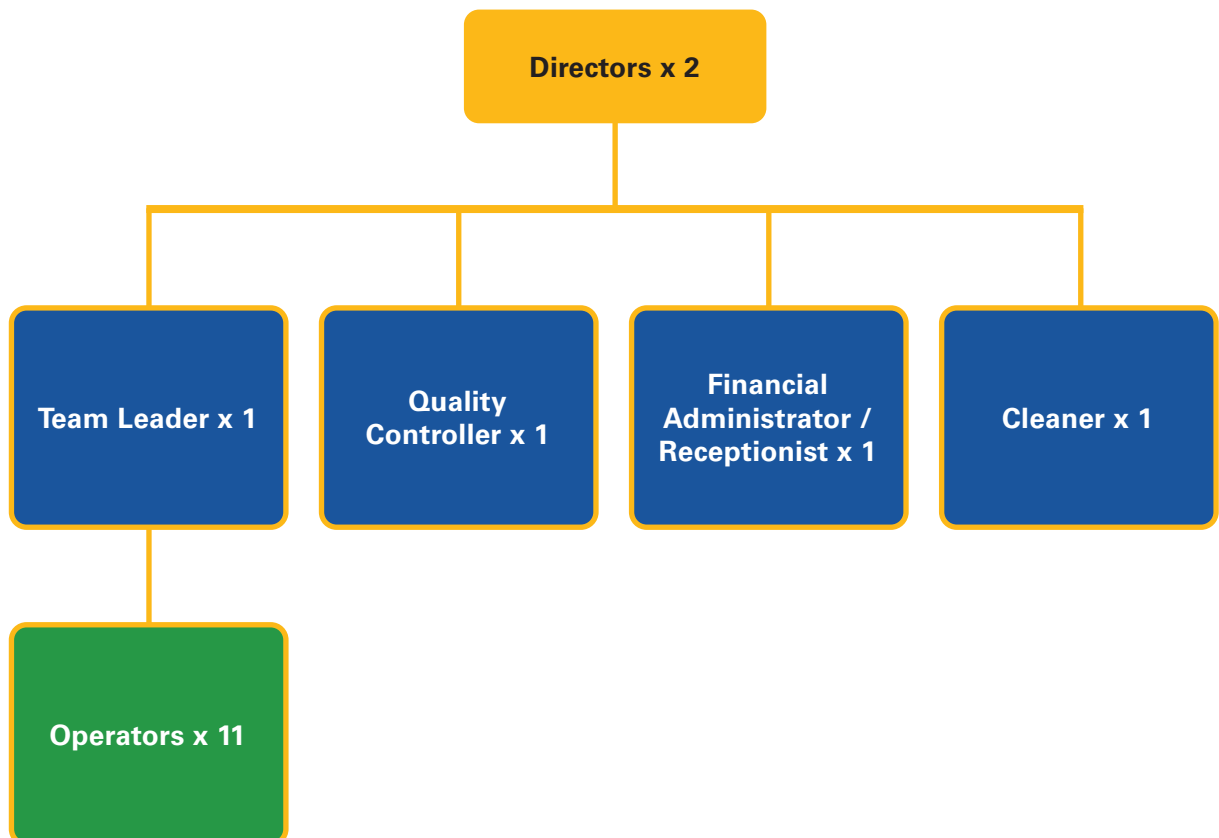


**Figure 2:** Pinch bars



**Figure 2:** DTH products

## COMPANY STRUCTURE



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

An analysis of the company’s annual financial statements concluded that the company was experiencing financial distress. The review covered the financial years ending February 2021 and February 2022.

The company was negatively affected by the lockdown, which reduced the operating profit margin.

THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY

During the in-depth assessment, two interventions were identified for implementation. These were aimed at increasing sales and expanding the company’s customer database. Both interventions were implemented by Productivity SA.

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

|                                                    | Issue/Challenge                                                   | Intervention                                                                              | Outcome - Completed                                                         |
|----------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Interventions 1:                                   | Manual ticket management system resulting in inefficiencies       | Online order management system                                                            | Improved ticketing system; reduced lost tickets; improved staff efficiency. |
| Interventions 2:<br><br>Operational strategic plan | No strategic plan in place, negatively affecting business growth. | Facilitation of strategic planning sessions; development of an operational strategic plan | Strategic plan developed and implemented.                                   |

### RESULTS

After the implementation of the two interventions, DRS acquired more clients and achieved a 293,94% increase in net profit from 2023 to 2024. New clients include Gelani Projects, DDJ Mining, True Bell, and additional welding customers.

**Table 2: Year-on-year percentage changes**

| % Changes  |         |        |        |  |
|------------|---------|--------|--------|--|
|            | Feb-24  | Feb-23 | Feb-22 |  |
| Sales      | 26.48%  | 23.62% | 77.00% |  |
| Net profit | 293.94% |        |        |  |

The targeted impact on business drivers, as stated in the workplan, was to increase sales by 5% within six months and profitability by 5% within six months. The table above confirms that both targets were achieved.

### HIGHLIGHTS OF THE PROJECT

The highlight of the project was the consistent improvement in business performance following the BT&R interventions, along with the directors' strong commitment to implementing the business improvement plans developed.

### PROJECT INNOVATION

DRS plans to continue implementing its five-year strategic plan and to sustain growth across all areas of operation.

### CONCLUSIONS

Drill Rod Specialist was accepted into the BT&R Programme in March 2023. The company has shown year-on-year growth in both sales and profitability, with a 293,94% increase in net profit from 2023 to 2024.

Over three new clients were acquired, and staff capacity expanded by one additional permanent employee (one new hire, one retirement). In addition, DRS employed 12 interns through an internship programme, further contributing to skills development and job creation

REGION 2

MX Versfeld CC



COMPANY DETAILS

|                                     |                                             |
|-------------------------------------|---------------------------------------------|
| Company name:                       | MX Versfeld CC                              |
| Region:                             | 2                                           |
| Province:                           | Western Cape                                |
| District:                           | City of Cape Town Metropolitan Municipality |
| City of operation:                  | Cape Town                                   |
| Project manager:                    | Chriss Bondo                                |
| Service provider/s: (If applicable) | N/A                                         |
| Case study written by:              | Chriss Bondo                                |

THEME OF THE CASE STUDY

*Operational excellence through structured and well-managed operations.*

ACRONYMS

|      |                                  |
|------|----------------------------------|
| BT&R | Business Turnaround and Recovery |
| KPIs | Key Performance Indicators       |
| SOP  | Standard Operating Procedure     |
| IOD  | Injury on Duty                   |
| QCCP | Quality Control Check Point      |

### INTRODUCTION

#### COMPANY BACKGROUND

MX Versfeld specialises in the manufacturing of bespoke furniture and fitted cabinetry, primarily serving private residential clients. The collaboration between MX Versfeld and Productivity SA followed the organisation's application for admission into the BT&R Programme.

During the initial phase of engagement, efforts were directed towards addressing several challenges that were impeding the company's transformation process, including:

- Implementation of a structured system to alleviate the prevailing chaotic environment and reactive approach to task management within the organisation.
- Development of processes aimed at preventing the recurrence of errors and mistakes.
- Establishment of metrics and systems to systematically evaluate productivity across various operational areas of the organisation.

Subsequently, a comprehensive investigation was conducted during the in-depth assessment phase to ascertain the root causes of the identified gaps. This culminated in the formulation of two key project deliverables aimed at improving the company's operational framework, particularly within the production domain.

#### COMPANY PRODUCTS AND SERVICES

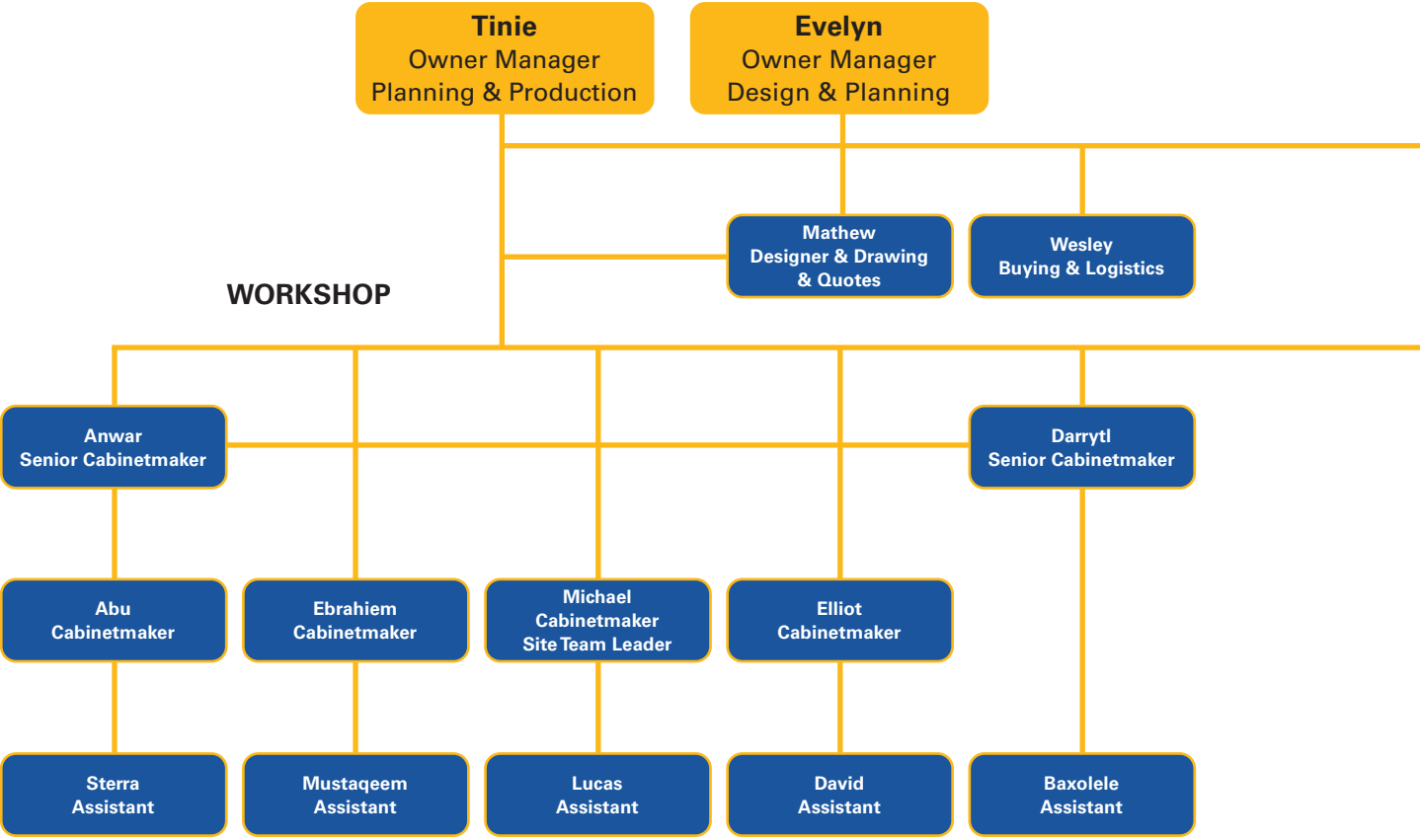
MX Versfeld maintains a dynamic product portfolio tailored to the discerning needs of its clientele, as a distinguished provider of bespoke cabinetry and furniture solutions. While not limited to fixed offerings, the company's portfolio encompasses a variety of high-end products, including:

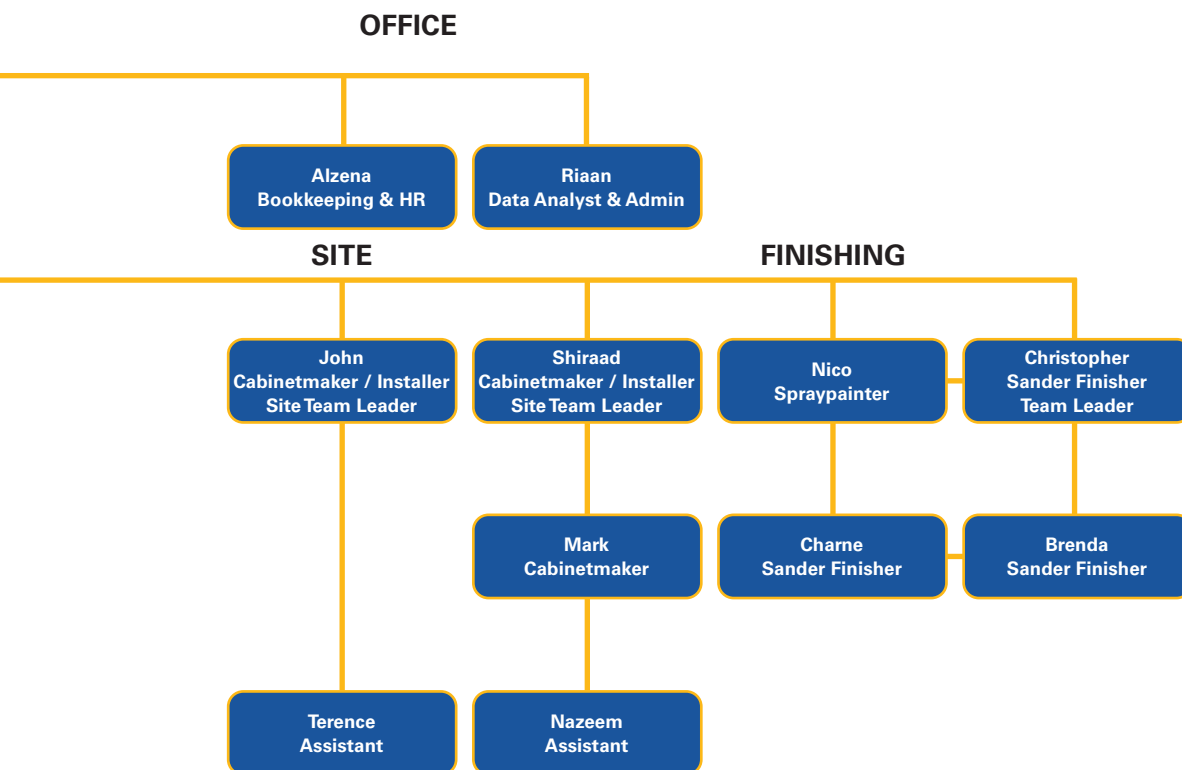
- Living room cabinets and fittings
- Kitchen cabinets and fittings
- Bedroom cabinets and fittings
- Decks
- Stairs
- Tables
- Chairs

“  
...specialises in  
manufacturing of  
bespoke furniture  
and fitted cabinetry,  
for private residential  
clients  
”



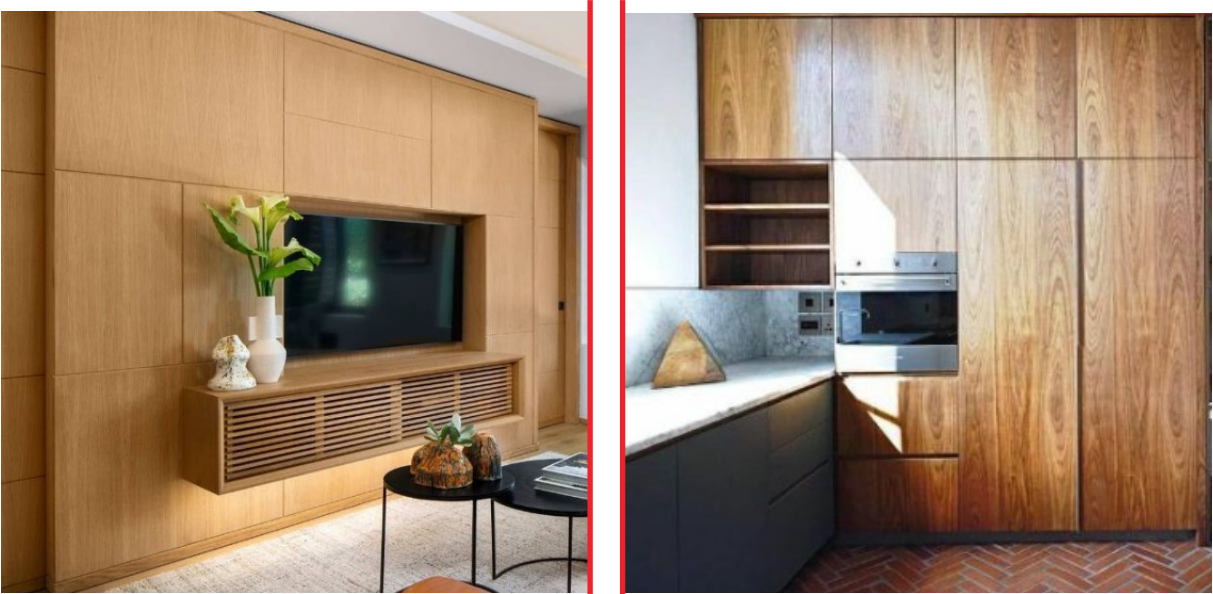
COMPANY STRUCTURE



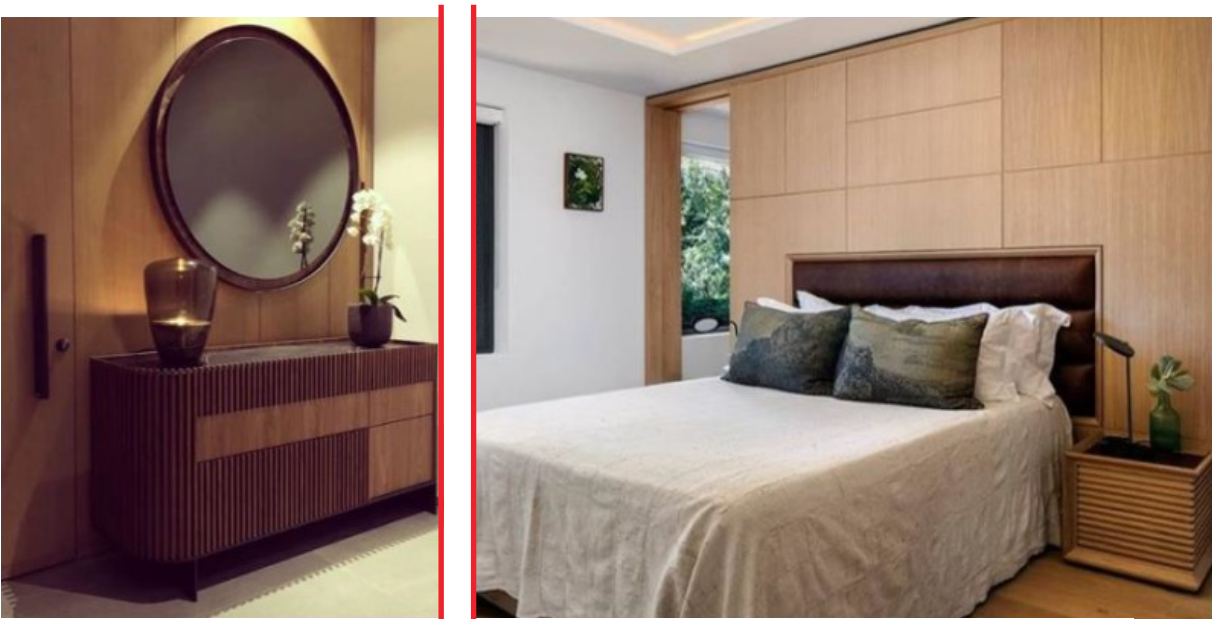


# Case Studies: Region 2

Some of the company's product offerings are pictorially highlighted below:



**Figure 1:** Living room cabinet fittings (left) and kitchen fittings (right)



**Figure 2:** Bedroom furniture and cabinet fittings

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

Before joining the BT&R Programme, MX Versfeld exhibited operational irregularities within its organisational framework. After the in-depth assessment sessions, numerous gaps in the company's structure and systems were identified.

The financial analysis report for 2020–2021 indicated a decline in performance in 2021, with an increased risk of financial instability. These findings necessitated a Turnaround and Recovery intervention.

### **THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY**

The following gaps were identified during the business and operational diagnostics phase:

- Absence of operational Key Performance Indicators (KPIs) to gauge performance across efficiency, quality, and on-time delivery. Consequently, management could not accurately assess operational performance or make informed decisions.
- Lack of a production planning and scheduling system to align production activities with labour hours, capacity, and lead times, resulting in frequent delays.
- Over-processing and over-servicing of clients, leading to escalated production costs and reduced profit margins.
- Inadequate floor marking and layout details, affecting housekeeping, floor storage, and safety.
- Absence of a personnel performance management system, preventing management from analysing and tracking labour performance effectively.
- Lack of a comprehensive production planning, monitoring, and tracking tool.

No structured training and development plan, particularly important in the skill-intensive joinery and carpentry sector.

Due to budgetary and operational constraints, two key deliverables were prioritised for implementation:

1. Establishment of a set of KPIs and metrics.
2. Development of a production planning and scheduling system.

# Case Studies: Region 2

|                                                                       | Issue/Challenge                                                                                                                       | Intervention                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Outcome - Completed                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Interventions 1:</p> <p>Establishment of a set of KPIs/Metrics</p> | <p>The organisation lacked operational KPIs to measure performance across areas such as efficiency, rework, and on-time delivery.</p> | <p>Development of a set of KPIs to serve as the foundation for all operational decision-making. The KPIs developed included:</p> <ul style="list-style-type: none"><li>• Production efficiency</li><li>• Rework frequency</li><li>• On-time delivery capability</li><li>• Frequency of correctly quoted projects</li></ul> <p>All KPIs were defined in the context of MX Versfeld’s operations, and tools were developed to measure and monitor performance at various stages. Simple visual aids were created to help shopfloor staff easily interpret performance results.</p> | <p>The KPIs were successfully developed and handed over to management for implementation. When used consistently and within sound management structures, the KPIs are expected to drive informed decision-making and continuous improvement toward business and operational targets.</p> |

|                                                                                                           | Issue/Challenge                                                                                                                                                                                                                                                                                                                                                                                                                        | Intervention                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Outcome - Completed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Interventions 2:</b></p> <p>Development of a production and site planning and scheduling system</p> | <p>The absence of an effective planning and scheduling system resulted in:</p> <ul style="list-style-type: none"> <li>• Delivery delays caused by inefficient resource allocation</li> <li>• Poor communication of job instructions to the shop floor</li> <li>• Limited tracking of live production progress</li> <li>• Poor job prioritisation affecting completion deadlines</li> <li>• Inadequate process documentation</li> </ul> | <p>A comprehensive planning and scheduling spreadsheet was developed to manage production and site installation activities. Supporting tools were created to complement the spreadsheet, including:</p> <ul style="list-style-type: none"> <li>• <b>Job card:</b> Containing production details, materials, and finishing specifications.</li> <li>• <b>Quality inspection checklist:</b> Outlining quality standards for assessment during production and installation.</li> <li>• <b>Floor schedule and monitoring board:</b> Used to track active jobs and monitor progress relative to plans and priorities.</li> </ul> | <p>The project is still maturing. Some features, such as the planning spreadsheet and floor monitoring board, have been partially implemented. Full adoption of all tools is required for the intended impact to be fully realised.</p> <p>The project manager emphasised that consistent use and adherence to the developed systems are critical to achieving sustainable results.</p> <p>Following the intervention, management acted on recommendations and appointed a dedicated production manager to lead and optimise production processes.</p> |

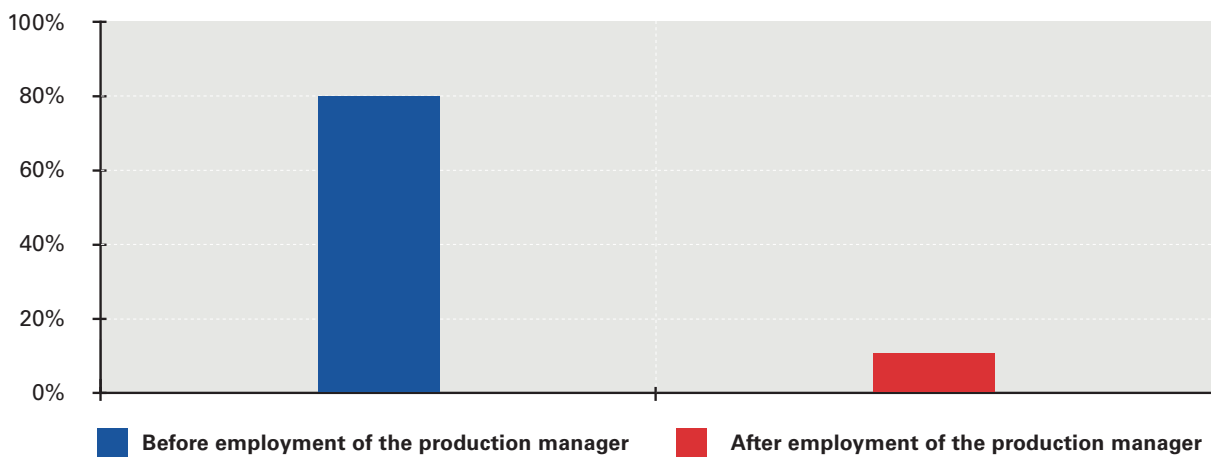
The recommendation to introduce a structured approach to managing production activities proved to be of paramount importance. Subsequent positive outcomes were only achieved once the organisation fully embraced the proposal put forward by the project manager. This included the strategic recruitment of dedicated production management personnel responsible for leading and optimising production processes with maximum efficiency and effectiveness. To date, the following positive outcomes have been realised.

RESULTS

With the appointment of a production manager to complement the new management structure, the following positive results were realised:

- Improved On-Time Delivery (OTD) performance.
- Enhanced awareness of production order statuses among the production team.
- A noticeable decline in injuries on the shop floor.

OTD



This achievement is attributed to the implementation of production floor activity tracking and the increased awareness of production order delivery statuses among the production team, as visually depicted below:

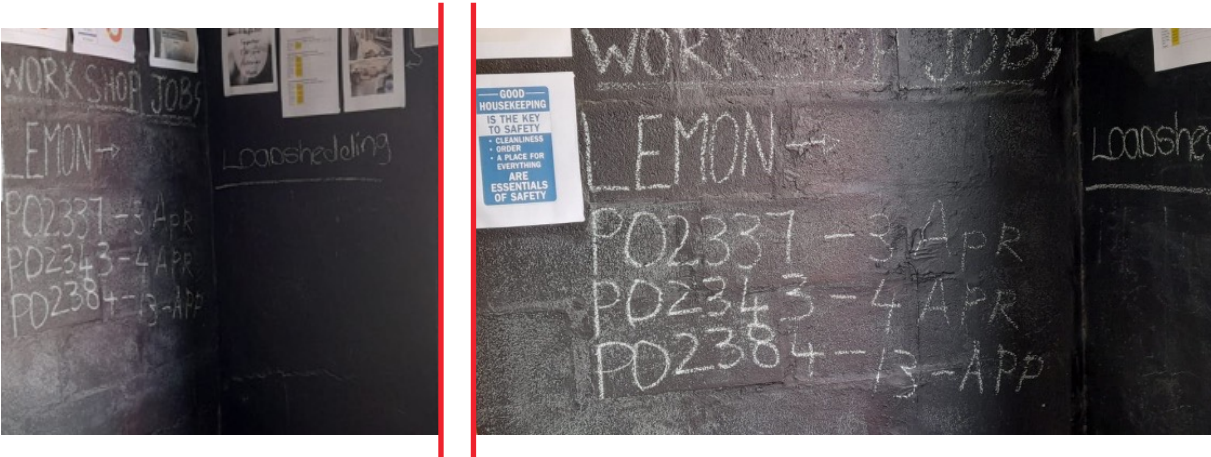
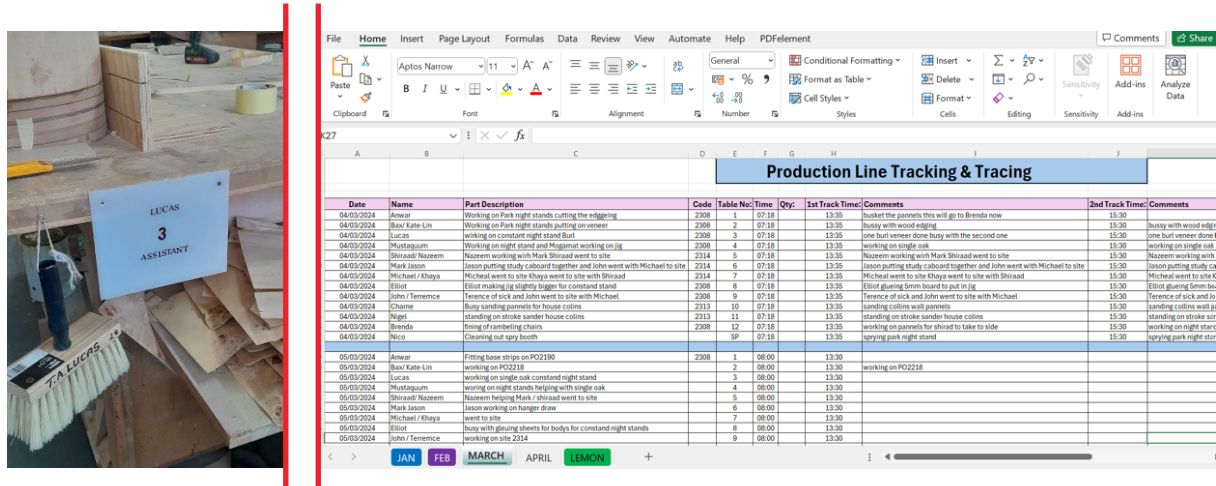


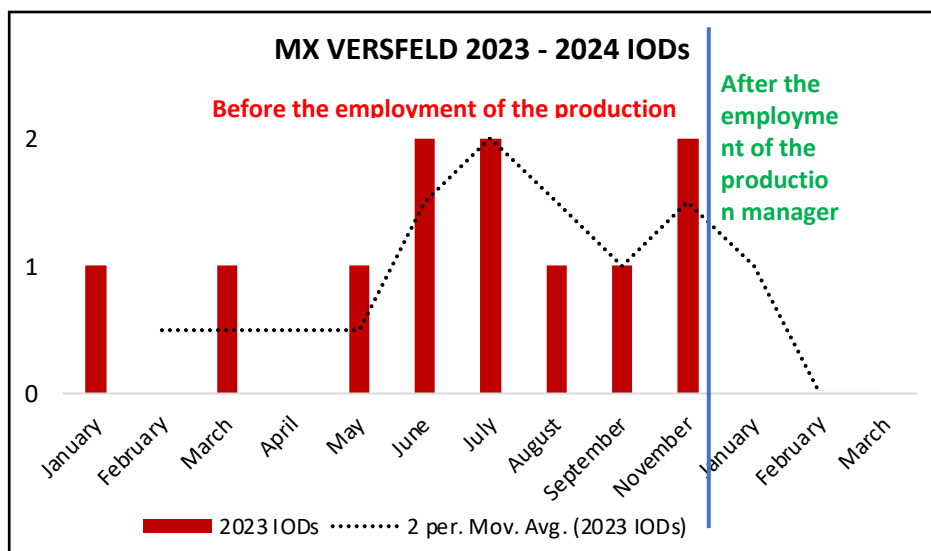
Figure 4: Order target dispatch date displayed at dispatch exit (visible to all shopfloor staff)





**Figure 6:** Production workstation labelled; tracking activities recorded using the spreadsheet (right-hand side)

**A decline in injuries on the shopfloor.**



**Figure 6:** Graph showing a decline in IODs

# Case Studies: Region 2

Table 2: Average IODs per month (before/after)

| Average IODs before employment of production manager | Average IODs after employment of production manager |
|------------------------------------------------------|-----------------------------------------------------|
| 1 injury per month (8 months before employment)      | 0 injuries recorded 3 months after employment       |



Before



After

Figure 1: Before: sawdust and offcuts on the floor (left). After: offcut bins introduced (right)

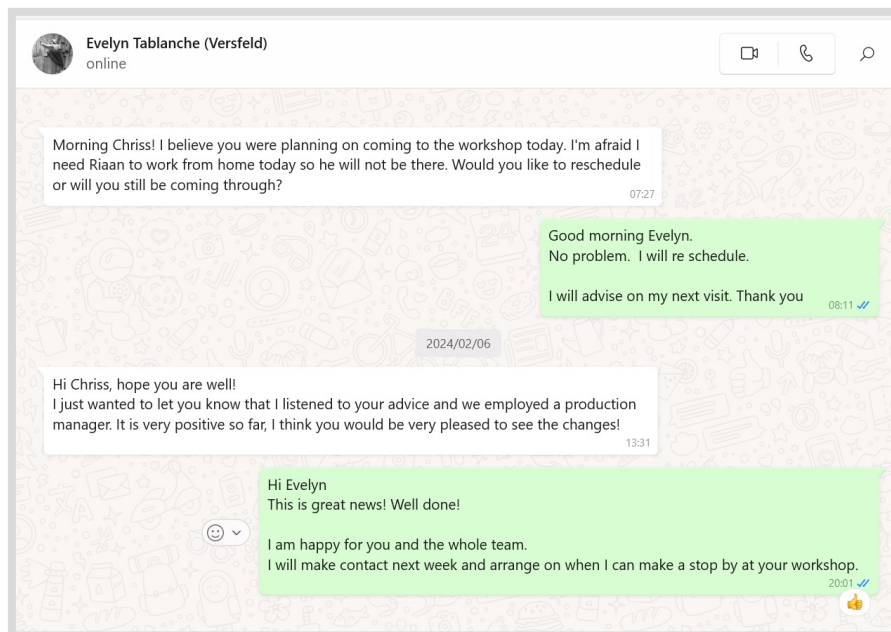
### HIGHLIGHTS OF THE PROJECT

The project primarily focused on developing tools to enhance production management and on introducing a structured management framework to maximise their effectiveness. The company's management demonstrated commitment by adopting the recommendations, which led to measurable successes.

A communication from the company's co-director to the project manager stated:

"Hi Chriss, hope you are well!

I just wanted to let you know that I listened to your advice, and we employed a production manager. It is very positive so far; I think you would be very pleased to see the changes!"



**Figure 8:** Communication extract (WhatsApp)

These changes have significantly improved production management within the facility, as evidenced by visible shopfloor innovations and the accompanying performance data (refer to Section 10).

### PROJECT INNOVATION

Following the recommendations by Productivity SA's project management team, the newly appointed production manager implemented several innovative practices:

- Introduced a pre-departure checklist for installation teams to ensure all required tools and materials are packed before leaving for site. Vehicle keys are only released once the checklist is verified, reducing delays caused by missing equipment.
- Instituted weekly pre-production meetings every Monday to brief staff on the week's plan.
- Reinstated a comprehensive first aid kit and designated trained first aiders on the production floor.
- Fostered a strong safety culture, significantly reducing incidents and injuries.

The production manager has been fostering a culture of safety awareness among the shop floor workers, which has played a pivotal role in mitigating injuries and enhancing workplace safety. This has contributed to the decline in IODs as highlighted in section 8.



**Figure 9:** First aid kit and signage

The production manager has fostered a culture of safety awareness among shop floor workers, which has played a pivotal role in reducing injuries and improving workplace safety. This focus on safety has contributed directly to the decline in incidents of injury on duty (IODs) highlighted in section 8.

### CONCLUSIONS

The BT&R project undertaken by MX Versfeld has produced considerable positive outcomes that strengthen the company's long-term sustainability. These achievements stem from implementing recommendations carefully designed to address operational inefficiencies and improve performance.

By adopting these measures, the company has achieved tangible improvements in service delivery, production management, and resource utilisation.

The emphasis on continuous improvement has fostered a culture of ongoing optimisation and accountability. The establishment of robust operational and business-support structures now provides a firm foundation for sustained growth, resilience, and strategic decision-making.



Case Studies: Region 2

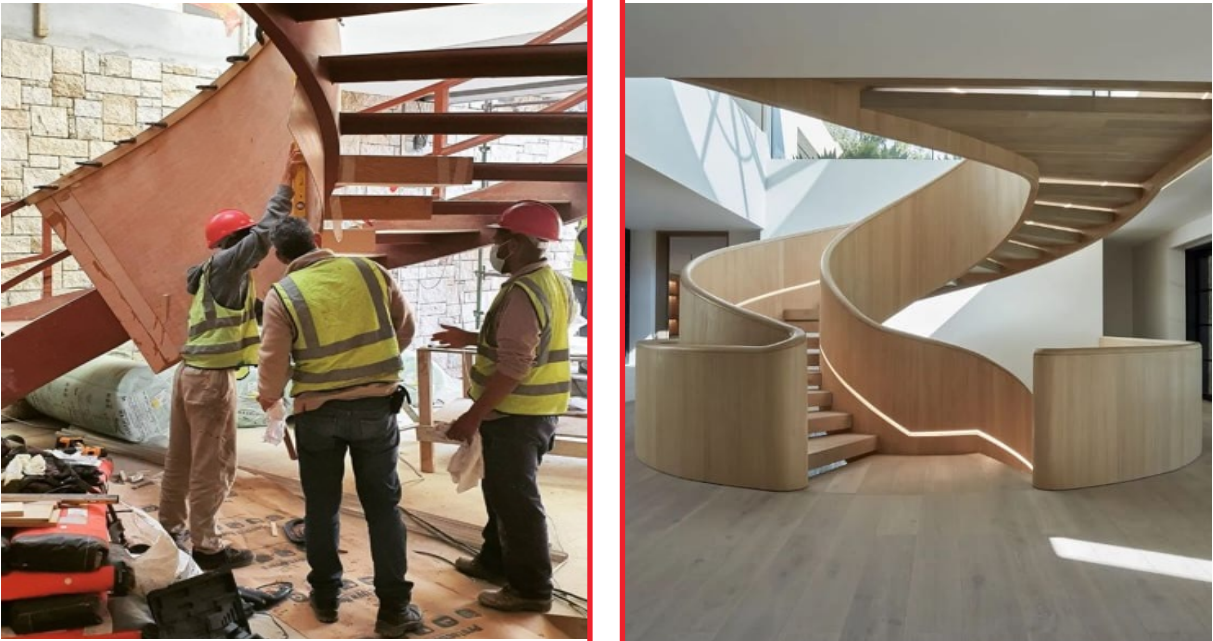


Figure 10: Staircase during and after installation



Figure 11: Kitchen ceiling deck during production and after installation

# Staf-Pro Engineering cc



## COMPANY DETAILS

|                                            |                                             |
|--------------------------------------------|---------------------------------------------|
| <b>Company name:</b>                       | Staf-Pro Engineering CC                     |
| <b>Region:</b>                             | 2                                           |
| <b>Province:</b>                           | Western Cape                                |
| <b>District:</b>                           | City of Cape Town Metropolitan Municipality |
| <b>City of operation:</b>                  | Cape Town                                   |
| <b>Project manager:</b>                    | Cedric Lottering                            |
| <b>Service provider/s: (If applicable)</b> | Simplified Financial Assessments            |
| <b>Case study written by:</b>              | Cedric Lottering                            |

## THEME OF THE CASE STUDY

***Remarkable recovery through the implementation of manufacturing excellence in the South African steel processing industry.***

## ACRONYMS

|      |                                                    |
|------|----------------------------------------------------|
| BT&R | Business Turnaround and Recovery                   |
| KPI  | Key Performance Indicators                         |
| 5S   | Sort, Set In order, Shine, Standardise and Sustain |
| VPM  | Visual Performance Management                      |
| NP   | Net Profit                                         |

**Laser Cutting:** A thermal process in which a focused laser beam melts material in a localised area. A co-axial gas jet is used to eject the molten material and create a kerf. A continuous cut is produced by moving the laser beam or workpiece under CNC control.



### INTRODUCTION

#### COMPANY BACKGROUND

Staf-Pro Engineering is a general engineering workshop established in 2000, now in its 23rd year of operation. The business operates from a 400 m<sup>2</sup> workshop in Unit 4, Killarney Avenue, Killarney Gardens, Cape Town. It was founded as a family business by owner Errol Rooza and his son Robert. The current Production Manager, Mr Ruzdien Isaacs, joined in June 2008 and was appointed as a Managing Member upon joining the company.

The company offers a one-stop engineering solution for general mechanical engineering and the fabrication of pipes, custom trolleys, walkways, and cat ladders. The workshop provides a full range of general engineering services, including cutting, bending, CNC punching, pressing and welding.

The business is divided into two units: fabrication and turning. The fabrication and tooling unit is headed by Production Manager Ruzdien Isaacs, while the commercial side – including procurement, project costing and customer service – is managed by Sales Manager Robert Rooza.

Staf-Pro Engineering is well known in the Western Cape engineering market, with prominent clients such as the City of Cape Town, Denny Mushrooms, Fair Cape Dairies, Distell, GC-Tech, Beekman Canopies, and Roodezandt Wines.

#### COMPANY VISION

We strive for perfection.

#### COMPANY MISSION STATEMENT

Excellence in quality and service.

“

The company is well known in the engineering sector in the Western Cape and has several prominent clients

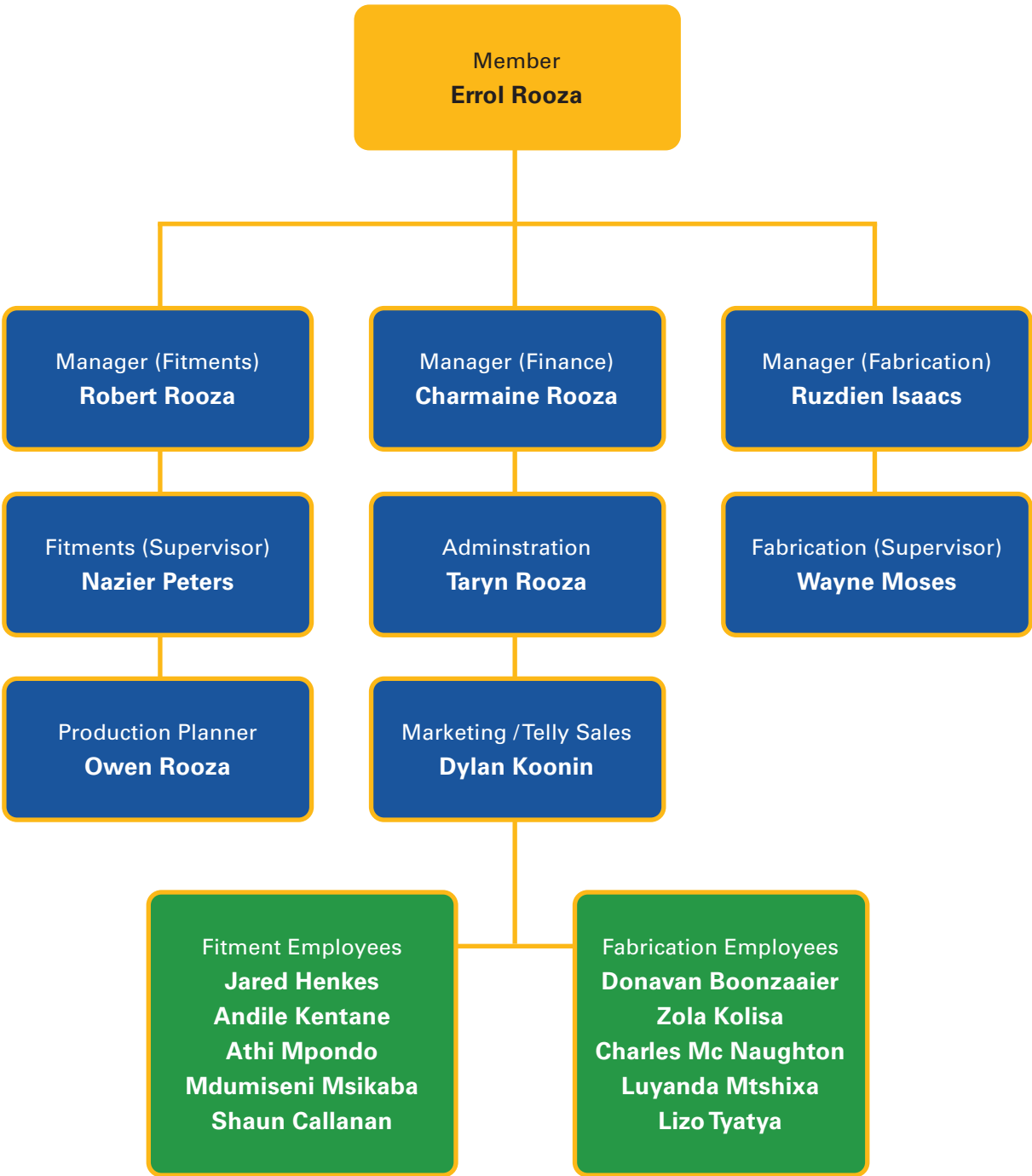
”

### COMPANY PRODUCTS AND SERVICES



The company offers a one-stop engineering solution for general mechanical engineering fabrication, including pipes, custom trolleys, walkways, and cat ladders. The workshop provides a full range of general engineering services such as cutting, bending, CNC punching, pressing, and welding.

COMPANY STRUCTURE



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

**The main challenges identified in the business were:**

The need to improve its costing methodology to ensure accuracy and that all key cost elements are accounted for; to become a leaner operation by reducing waste within its design, such as inefficient workshop layout; to improve the alignment of business and shop-floor goals; and to develop a clearer understanding of its capacity constraints.

### **THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY**

#### **1. Lean Manufacturing**

Implementation of lean concepts such as 5S, flow improvement, and visual management to streamline operations, align teams, and eliminate unnecessary searching for items or long travel distances within the workshop.

#### **2. Improved Costing Methodology**

Previously, the costing process was based on estimation and experience rather than accurate, factual cost standards and analysis. The revised costing procedure and standards aim to reflect all actual cost elements in the business, allowing products and projects to be costed for profitability rather than simply to secure sales.

#### **3. Capacity Management (Theory of Constraints)**

The entire business process depends on accurate workshop capacity planning, using both machinery and labour resources effectively. While several planning models existed, none were based on actual throughput constraints. This intervention sought to modernise the capacity planning model to support better business planning and performance management, focusing on constraints, bottlenecks, and improved utilisation of manpower and machinery.

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

|                                                           | Issue/Challenge                                                                                                                                                                                                                                                                                                                                                               | Intervention                                                                                                                                                                                                                                                                                                                                                                         | Outcome - Completed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Interventions 1:<br><br>Lean Manufacturing Implementation | <p>The business would benefit from the implementation of lean concepts such as 5S, flow improvement, visual management, multi-skilling, and line balancing. During the assessment, it was evident that these concepts were not being practised in the business. These represent low-hanging fruit opportunities to reduce waste and inefficiency within the organisation.</p> | <p>The business would benefit from the implementation of lean concepts such as 5S, flow improvement, visual management, multi-skilling, and line balancing.</p> <p>During the assessment, it was evident that these concepts were not being practised in the business. These represent low-hanging fruit opportunities to reduce waste and inefficiency within the organisation.</p> | <p>(i) A visually organised workplace where everything has a designated place, ensuring proper tooling care for the CNC machine, presses, and lathe, and eliminating unnecessary time wasted searching for items. A complete gallery of before-and-after 5S photos demonstrates this transformation.</p> <p>(ii) Full alignment of goals between teams and the overall business strategy, resulting in a 10% improvement in labour recovery as team outputs are now measured and managed daily, weekly, and monthly.</p> <p>(iii) Smooth, one-piece production flow with minimal work-in-progress before the grinding operation.</p> <p><b>Results:</b></p> <p>5S score: <b>85%</b></p> <p>World-Class Manufacturing certification achieved.</p> |

|                                                      | Issue/Challenge                                                                                                                                                                                                                      | Intervention                                                                                                                                                                                                                                                                                                                        | Outcome - Completed                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Interventions 2:<br><br>Improved Costing Methodology | The costing process was based on estimation and experience rather than accurate cost standards and data. The costing procedure needed to reflect all actual cost elements to ensure profitability rather than simply securing sales. | The intervention aimed to develop a standardised costing methodology using verified operational data, time standards, and resource utilisation. The procedure was designed to capture all relevant cost variables – including materials, labour, and overheads – to ensure accurate costing and realistic pricing for profitability | A comprehensive costing procedure was developed to reflect all cost variables and inputs as accurately as possible. This ensures that pricing is realistic and profitability driven. Comparing estimated to actual costs provides a continuous improvement mechanism. At project close-out, insufficient actual cost data had been collected to fully evaluate the impact. |

## RESULTS

### 7.1) Intervention 1: Lean Manufacturing

#### 5S / Workplace Organisation Results

The 5S scores improved from 31% on 27 September 2022 (baseline audit) to 69% on 1 November 2022 (progress audit), and finally to 90% (final audit score) on 14 February 2023. See Figure 1 below for the 5S audit progress graph.

# Case Studies: Region 2

5S Progress Chart, Stafpro Engineering

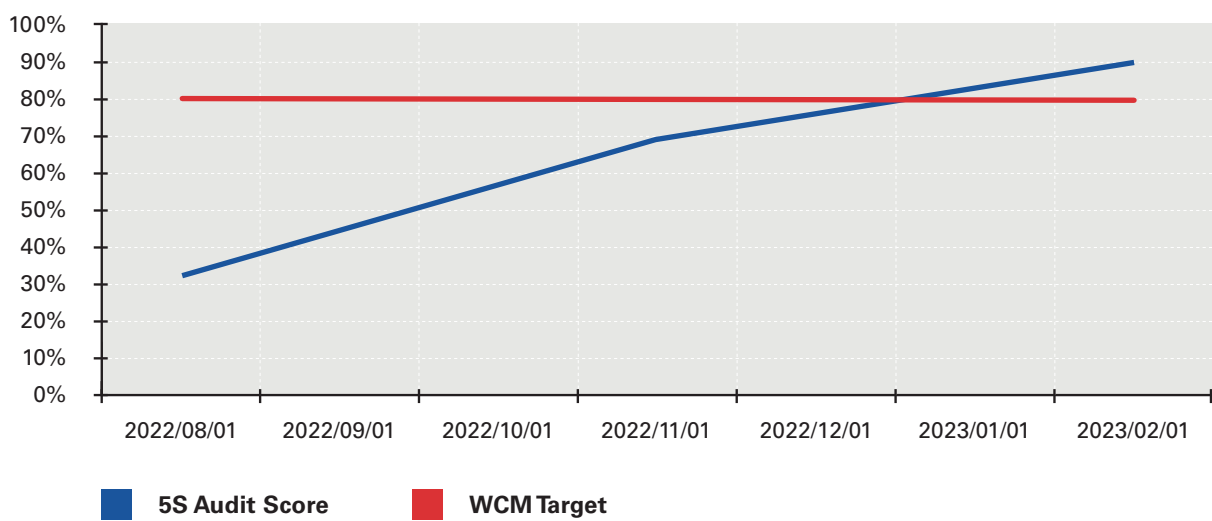


Figure 1: 5S Progress Graph for Staf-Pro Engineering

The improvement methodology followed the PDCA (Plan–Do–Check–Act) cycle process of project management. A 5S Project Register was established and updated continuously as projects were completed. The project register as it stood on 14 February 2023 is shown in Table 1 below.

| Stafpro Engineering 5S Project Register                                 |                    |                  |                 |                 |          |                |            |                    |     |
|-------------------------------------------------------------------------|--------------------|------------------|-----------------|-----------------|----------|----------------|------------|--------------------|-----|
|                                                                         |                    |                  | Projects Status |                 |          |                |            |                    |     |
| Project Description and Department                                      | Responsible Person | Project Kick Off | S1 Sort         | S2 Set In Order | S3 Shine | S4 Standardize | S5 Sustain | PROJECT COMPLETION |     |
| 1) Red Tag Area , clean up, make a dedicated Red Tag Area               | Errol              |                  | 100             | 100             | 100      | 100            | 100        | 100                | 100 |
| 2) Create a new store in the factory                                    | Wayne              |                  | 100             | 100             | 100      | 100            | 100        | 100                | 100 |
| 3) Double deck area for the stores area                                 | Mazier             |                  | 100             | 100             | 100      | 100            | 100        | 100                | 100 |
| 4) Outside Area , tumbler for clearing CNC jigs , make a plan to instal | Tammy              |                  | 100             | 100             | 100      | 0              | 0          | 40                 | 40  |
| 5) Demarcation of factory floors , WIP areas etc                        | Robert             |                  | 100             | 100             | 0        | 0              | 0          | 66                 | 66  |
| 6) Stores , sign posting, labels and set in order                       | Wayne              |                  | 100             | 100             | 100      | 100            | 100        | 100                | 100 |
| 7) Mini Business Area needs to be finalised , measurements              | Tammy              |                  | 100             | 100             | 100      | 100            | 100        | 100                | 100 |
| 8) Welding Curtains needs to be installed                               | Errol              |                  | 100             | 100             | 100      | 100            | 100        | 100                | 100 |
| Average                                                                 |                    |                  | 100             | 100             | 100      | 88             | 75         | 75                 | 88  |
| Date of 5S Inspection:                                                  |                    |                  | 2023/02/14      |                 |          |                |            |                    |     |
| Inspected by:                                                           |                    |                  | Derek Costello  |                 |          |                |            |                    |     |

Table 1: 5S Project Register as of 14 February 2023



When a workplace transformation is fully completed and Lean Manufacturing Maturity Level 5 is achieved, the workplace can be regarded as World-Class. On 14 February 2023, the World-Class Manufacturing Workplace Organisation Certificate was handed over to 5S Champion and CEO, Mr Errol Rooza, in recognition of achieving this standard.

| Maturity Level                         |                                                                                                                     |                                                                                                                                             |                                                                                                 |                                                                                               |                                                                                              |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Maturity Level                         | Sort                                                                                                                | Straighten                                                                                                                                  | Shine                                                                                           | Standardize                                                                                   | Sustain                                                                                      |
| <b>Level 5</b><br>Sustained Excellence | Customary habits and practices prevent unneeded items from entering the work area.                                  | Even a substitute worker can instantly find what they need. Abnormal conditions are visually obvious and corrective actions happen quickly. | Problems are easily noticed against the background of cleanliness and preventative maintenance. | Systems for continuous improvement are working great. Improvement itself has become routine.  | Good suggestions consistently bubble up from all levels - and are systematically acted upon. |
| <b>Level 4</b><br>Very good            | Everyone correctly uses clearly documented system for how to handle red tag items that are potentially unnecessary. | With a quick visual sweep, it is obvious if everything is as it should be.                                                                  | Both cleaning and preventative maintenance schedules are routinely followed and monitored.      | Every sub-process is clearly documented, and well-trained people do it the right way.         | Higher levels of management have demonstrated a long history of sustained support.           |
| <b>Level 3</b><br>Just Acceptable      | All unnecessary items have been removed from the work area.                                                         | Everything is in its place - clearly marked using visual systems.                                                                           | A cleaning schedule is routinely followed, and monitored.                                       | Every process (and sub-process) is clearly documented.                                        | 5S Audits and other elements of Leader Standard Work are performed routinely.                |
| <b>Level 2</b><br>Showing effort       | Necessary and unnecessary items are separated. Nothing on top of equipment or cabinets.                             | A designated location has been established for everything. (Tools, equipment, inventories, everything...)                                   | Cleaning is performed regularly, but without much of a systematized approach.                   | Most important processes have up-to-date documentation publicly displayed near the work area. | Efforts are made to improve working conditions, but without much of a systematized approach. |
| <b>Level 1</b><br>Unacceptable         | Necessary and unnecessary items are mixed together in the work area.                                                | It's not very clear where some things are supposed to go, and it's sometimes hard to find what you need.                                    | Workplace cleaning is erratic. Some elements of the workplace are unclean.                      | Many processes have little or no documentation, or it is not current.                         | Very little attention to 5S housekeeping.                                                    |
|                                        |                                                                                                                     | 4,6                                                                                                                                         | 4,0                                                                                             | 2,6                                                                                           | 2,0                                                                                          |

**Table 2:** Workplace Maturity Level Scoring for 5S as applied at Staf-Pro Engineering



**Figure 2:** World Class Workplace Certification – 90% 5S Audit score on 14 February 2023

### 7.2) Lean Flow Implementation

The BT&R project commenced in May 2022, and by September 2022, the client had moved into a larger factory, as the previous facility had become too small for its expanding business activities. The old factory consisted of two adjacent units with limited space for loading and receiving raw materials and finished goods.

Productivity SA was involved in assessing the new workshop premises and provided input on flow layout, equipment spacing, and floor demarcation for lean production. The following layout improvements were implemented:

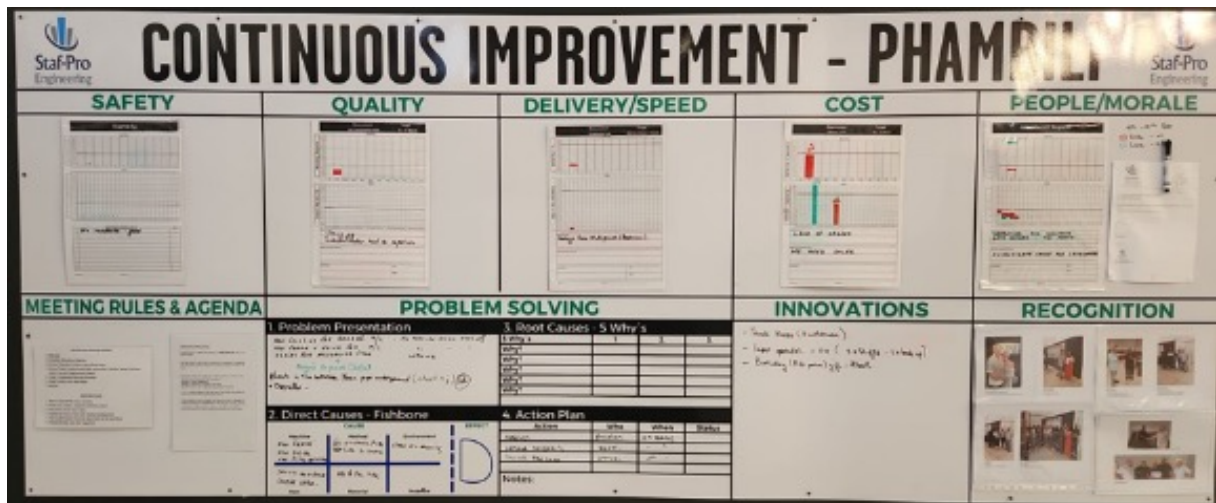
- Dedicated storage space for incoming steel, equipped with racks.
- Workbenches for each artisan arranged in an L-shaped layout, separated by welding curtains and cupboards.
- A spacious layout of machinery to ensure smooth flow between operations.
- Dedicated grinding and cutting areas.
- Defined storage space for work-in-progress.
- A non-conformance area for internal rework.
- A consumable stores area.

### 7.3) Visual Management Implementation

As part of the Productivity Champions Training, a module on Early Warning Systems was used to explain the importance of visual controls and performance displays. These tools help detect negative performance trends early, allowing corrective action to be taken promptly.

The Office Administrator and Production Manager were coached on how the system works, including meeting rules, colour-coding, and meeting agendas.

The company designed a new Visual Performance Management (VPM) Board, printed on a white chromodeck panel, with permanent black lines and the words Continuous Improvement and the Sotho word Phambili ("Moving forward") prominently displayed.



**Figure 3:** New Visual Performance Management Board



**Figure 4:** BT&R Project Manager, Cedric Lottering, coaching the Staf-Pro Engineering Team on how to use the VPM Board

## Case Studies: Region 2

| Quantitative Measures                                                                                                            | Indicator                              | Before (Apr 2022)                         | After (Mar 2023) | Improvement Ratio                                                         |
|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------|------------------|---------------------------------------------------------------------------|
| List your organisations 3 most important Productivity Performance Ratios (To be aligned to the strategic goals mentioned above). | Measure/ indicator                     | Before and After productivity performance |                  | Ratio Formula<br>$\frac{\text{Year B} - \text{Year A}}{\text{Year A}} \%$ |
| 1. Lean manufacturing                                                                                                            | 5S Audit Scores                        | 31%                                       | 90%              | 190%                                                                      |
| 2. Cost Effectiveness                                                                                                            | Workshop Efficiency ( Labour Recovery) | 50%                                       | 80%              | 79%                                                                       |
| 3. Labour recovery                                                                                                               | Artisan Utilisation                    | 45%                                       | 80%              | 79%                                                                       |

**Table 3:** Before-and-After Results on Three Strategic Objectives in the BT&R Project.

|                                                                                                                                                              | Before (Apr 2022)                                | After (Mar 2023) | Before & After Improvement Ratio                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------|----------------------------------------------------------------------------------|
| <b>Essential Productivity Measurements required for adjudication purposes</b>                                                                                | <b>Before and After productivity performance</b> |                  | <b>Ratio Formula</b><br>$\frac{\text{Year B} - \text{Year A}}{\text{Year A}} \%$ |
|                                                                                                                                                              | <b>A</b>                                         | <b>B</b>         |                                                                                  |
| • <b>Absenteeism</b><br>$\frac{\text{Lost Hours}}{\text{Possible Hours}} \%$                                                                                 | 5%                                               | 2%               | 150%                                                                             |
| • <b>Number of employees:</b><br>$\% \text{ Employment Growth (No of Jobs Created} \div \text{No of Jobs prior to Productivity SA Intervention)} \times 100$ | 14                                               | 17               | 21%                                                                              |
| • <b>Total Factor Productivity</b><br>(Total Sales Revenue $\div$ Total Expenses, with Total Expenses = Materials + Labour + Overhead Costs).                | 0,93                                             | 1,07             | 15%                                                                              |
| • <b>Gross Profit Ratio/Margin</b><br>(Gross Profit / COGS x 100)                                                                                            | 46%                                              | 57%              | 24%                                                                              |
| • <b>Labour Productivity</b><br>(Value Added per Employee)                                                                                                   | R907733,00                                       | R922471,00       | 1,62%                                                                            |
| • <b>Annual Labour Turnover</b><br>$\frac{\text{Number of leavers}}{\text{Number of Human Resources Employed}} \%$                                           | 8                                                | 7                | 14,2%                                                                            |
| • <b>Total Productivity</b><br>$\frac{\text{Total Output (Rands)}}{\text{HR(Labour) Input + Capital Input + Material Input (Rands)}} \%$                     | 0,82                                             | 1,04             | 27%                                                                              |

**Table 4:** Essential Productivity Measurements for the Duration of the Project



## 7.4) Improved Costing Methodology

08.02.2023.

GALVANIZED WALKWAYS.  
EXPANDED METAL.

|                             |                              |                    |                 |                     |
|-----------------------------|------------------------------|--------------------|-----------------|---------------------|
| 1) 186 x 3m x 2,5mm MS.     | 2 off (1,116m <sup>2</sup> ) | @ 408              | pm <sup>2</sup> | R 455.00            |
| 2) 186 x 504 x 2,5mm MS     | 6 off (,563m <sup>2</sup> )  | @ 408              | pm <sup>2</sup> | R 230.00            |
| 3) 100 x 3m x 4mm MS.       | 2 off (,6m <sup>2</sup> )    | @ 604              | pm <sup>2</sup> | R 363.00            |
| 4) EXP. METAL 600 x 3m      | 1 off (1,8m <sup>2</sup> )   | @ 293              | pm <sup>2</sup> | R 528.00            |
| 5) STANCHIONS:              | 4                            | @ 973              |                 | R 1092.00           |
| 6) PIPE                     | 12m                          | @ 503              |                 | R 1006.00           |
| 7) Misc:                    |                              |                    |                 | R 150.00            |
|                             |                              | 20%                |                 | R 765.00            |
| 8) CUT:                     | 11 @ 25                      |                    |                 | R 275.00            |
| 9) PUNCH:                   | 14 @ 25                      |                    |                 | R 350.00            |
| 10) BEND:                   | 16 @ 25                      |                    |                 | R 400.00            |
| 11) WELD:                   | 2 HA. @ 350                  |                    |                 | R 700.00            |
| 12) ASSEMBLY: HAND RAILING. | 1 SHA @ 350 (2 x 175)        |                    |                 | R 525.00            |
| 13) GALV. 80 x 101.         | 80 KGS @ 17.00 (R 1350)      |                    |                 | R 1496.00           |
|                             |                              |                    |                 | TOTAL: R 8335.00 3m |
|                             |                              |                    |                 | P.M. R 2,778.00.    |
| OLD M.M. Price:             | R 2900.00 pm                 |                    |                 |                     |
| NEW Price:                  | R 3,050.00 pm                |                    |                 |                     |
| 25mm                        | 2000m <sup>2</sup>           | 1,68m <sup>2</sup> | =               | 33,6                |
| 4mm                         | 3200m <sup>2</sup>           | ,6m <sup>2</sup>   | =               | 19,2                |
| 10mm                        | 1500m <sup>2</sup>           | ,8m <sup>2</sup>   | =               | 27                  |

**Figure 4:** Costing of a Three-Way Walkway Using the Original Costing Methodology

## Case Studies: Region 2

| Material Specifications |                |                                      |     |           |         |          |                  | Actual Requirement |        |       |                     |               | Finish |    |      |
|-------------------------|----------------|--------------------------------------|-----|-----------|---------|----------|------------------|--------------------|--------|-------|---------------------|---------------|--------|----|------|
| Drawing no              | Material Group | Description                          | Qty | Weight Kg | Area M2 | Length M | Price per Metric | Qty /Unit          | Length | Width | Material Qty Needed | Material Cost | KG     | M2 | Unit |
|                         | SHEETS_MS      | mm Sheets - M/S - 3000 X 1500 X 2.5  | 1   | 38,60     | 4,50    | 0,00     | 472,00           | 2,00               | 3,00   | 0.18  | 1.08                | 509.76        | Yes    |    |      |
|                         | SHEETS_MS      | mm Sheets - M/S - 3000 X 1500 X 2.5  | 1   | 38,60     | 4,50    | 0,00     | 472,00           | 6,00               | 0.55   | 0.18  | 0.59                | 279.35        | Yes    |    |      |
|                         | SHEETS_MS      | mm Sheets - M/S - 3000 X 1500 X 4 mm | 1   | 15,90     | 4,50    | 0,00     | 789.33           | 2,00               | 3,00   | 0.10  | 0.60                | 473.60        | Yes    |    |      |
|                         | ANCILLARY      | Sheets - MS 70 exp. metal            | 1   | 15,00     | 3,00    | 0,00     | 292.87           | 1,00               | 3,00   | 0.58  | 1.74                | 509.59        | Yes    |    |      |
|                         | ANCILLARY      | Stanchions - MS90                    | 1   | 0,00      | 1,00    | 0,00     | 309.95           | 4,00               | 1,00   | 1,00  | 4,00                | 1 239.80      | No     |    |      |
|                         | ANCILLARY      | Handrail tube - 34 x 2mm             | 1   | 0,00      | 6,00    | 0,00     | 79.53            | 4,00               | 3,00   | 1,00  | 12,00               | 954.36        | No     |    |      |
|                         | ANCILLARY      | Closures - 90 Degree                 | 1   | 0,00      | 1,00    | 0,00     | 148.63           | 2,00               | 1,00   | 1,00  | 2,00                | 297.26        | No     |    |      |
|                         | NO_MAT_USED    | No Mat                               | 1   | 0,00      | 0,00    | 0,00     | -                | -                  | 1,00   | 1,00  | -                   | -             | No     |    |      |
|                         | NO_MAT_USED    | No Mat                               | 1   | 0,00      | 0,00    | 0,00     | -                | -                  | -      | -     | -                   | -             | No     |    | No   |

Figure 5: New Costing Methodology – Materials Costing Section.

|                       | MACHINE SET-UP                   |                              |                                |                                   |                                             | MACHINING                          |                                   |                               | COST                                        |                                                          |
|-----------------------|----------------------------------|------------------------------|--------------------------------|-----------------------------------|---------------------------------------------|------------------------------------|-----------------------------------|-------------------------------|---------------------------------------------|----------------------------------------------------------|
| Unit of measure       | SET-UP TIME PER MACHINE<br>(min) | SET-UP<br>TIME/UNIT<br>(min) | SET-UP<br>TIME/UNIT<br>(Hours) | LABOUR<br>COST/HO<br>UR<br>(Rand) | TOTAL<br>LABOUR<br>COST /<br>UNIT<br>(Rand) | MACHINE<br>TIME /<br>UNIT<br>(min) | MACHINE<br>TIME / UNIT<br>(Hours) | LABOUR<br>COST/HOUR<br>(Rand) | TOTAL<br>LABOUR<br>COST /<br>UNIT<br>(Rand) | TOTAL COST<br>(setup +<br>Machining) /<br>UNIT<br>(Rand) |
| 1 Collecting          | 10                               | 10,00                        | 0,17                           | 110,15                            | 18,36                                       | -                                  | 0,00                              | 110,15                        | 0,00                                        | 18,36                                                    |
| 2 Cutting             | 10                               | 10,00                        | 0,17                           | 110,15                            | 18,36                                       | 30,00                              | 0,50                              | 110,15                        | 55,08                                       | 73,44                                                    |
| 3 Punching            | 10                               | 10,00                        | 0,17                           | 110,15                            | 18,36                                       | 60,00                              | 1,00                              | 110,15                        | 110,15                                      | 128,51                                                   |
| 4 Bending             | 10                               | 10,00                        | 0,17                           | 110,15                            | 18,36                                       | 60,00                              | 1,00                              | 110,15                        | 110,15                                      | 128,51                                                   |
| 5 Drilling            | 0                                | 0,00                         | 0,00                           | 110,15                            | 0,00                                        | -                                  | 0,00                              | 110,15                        | 0,00                                        | 0,00                                                     |
| 6 Milling             | 0                                | 0,00                         | 0,00                           | 110,15                            | 0,00                                        | 5,00                               | 0,08                              | 110,15                        | 9,18                                        | 9,18                                                     |
| 7 Turning             | 0                                | 0,00                         | 0,00                           | 110,15                            | 0,00                                        | 10,00                              | 0,17                              | 110,15                        | 18,36                                       | 18,36                                                    |
| 8 Welding             | 5                                | 5,00                         | 0,08                           | 110,15                            | 9,18                                        | 180,00                             | 3,00                              | 110,15                        | 330,46                                      | 339,64                                                   |
| 9 Grinding / cleaning | 5                                | 5,00                         | 0,08                           | 110,15                            | 9,18                                        | 30,00                              | 0,50                              | 110,15                        | 55,08                                       | 64,26                                                    |
| 10 Assembling         | 15                               | 15,00                        | 0,25                           | 110,15                            | 27,54                                       | 120,00                             | 2,00                              | 110,15                        | 220,31                                      | 247,85                                                   |
| 11 Wrapping           | 0                                | 0,00                         | 0,00                           | 110,15                            | 0,00                                        | 5,00                               | 0,08                              | 110,15                        | 9,18                                        | 9,18                                                     |
| 12 Loading            | 30                               | 30,00                        | 0,50                           | 110,15                            | 55,08                                       | 10,00                              | 0,17                              | 110,15                        | 18,36                                       | 73,44                                                    |
| 13 Installation       | 0                                | 0,00                         | 0,00                           | 110,15                            | 0,00                                        | -                                  | 0,00                              | 110,15                        | 0,00                                        | 0,00                                                     |
| 14                    | 0                                | 0,00                         | 0,00                           | 110,15                            | 0,00                                        | -                                  | 0,00                              | 110,15                        | 0,00                                        | 0,00                                                     |
| 15                    | 0                                | 0,00                         | 0,00                           | 110,15                            | 0,00                                        | -                                  | 0,00                              | 110,15                        | 0,00                                        | 0,00                                                     |
| 16                    | 0                                | 0,00                         | 0,00                           | 110,15                            | 0,00                                        | -                                  | 0,00                              | 110,15                        | 0,00                                        | 0,00                                                     |
| 17                    |                                  |                              |                                |                                   |                                             |                                    |                                   |                               |                                             |                                                          |
| Total cost per unit   |                                  |                              | 1,6                            |                                   | 174,41                                      |                                    | 8,5                               |                               | 996,31                                      | 1 110,72                                                 |

Figure 6: New Costing Methodology – Labour Section

| COST ITEM              | COST / UNIT | TOT COST UNITS ORDERED |
|------------------------|-------------|------------------------|
| Direct materials       | 4 263,72    | 4 263,72               |
| Outsourced services    | 2 162,00    | 2 162,00               |
| Direct labour          | 1 110,72    | 1 110,72               |
| Overhead cost          | 2 174,04    | 2 174,04               |
| Total cost per unit    | 9 710,47    | 9 710,47               |
| Mark-up percentage (%) | 12%         | 12%                    |
| Mark up (Rand)         | 1 165,26    | 1 165,26               |
| Sales price per unit   | 10 875,73   | 10 875,73              |
| Total Number of Units  | 1           |                        |
| Total cost for order   | 10 875,73   |                        |
| VAT                    | 1 631,36    |                        |
| Total including VAT    | 12 507,09   |                        |

| COST ITEM | % of sales |
|-----------|------------|
| Materials | 39,2       |
| Services  | 19,9       |
| Labour    | 10,2       |
| OH        | 20,0       |
| Total     | 0,89       |
| Profit    | 10,71      |
| Sales     | 100,00     |

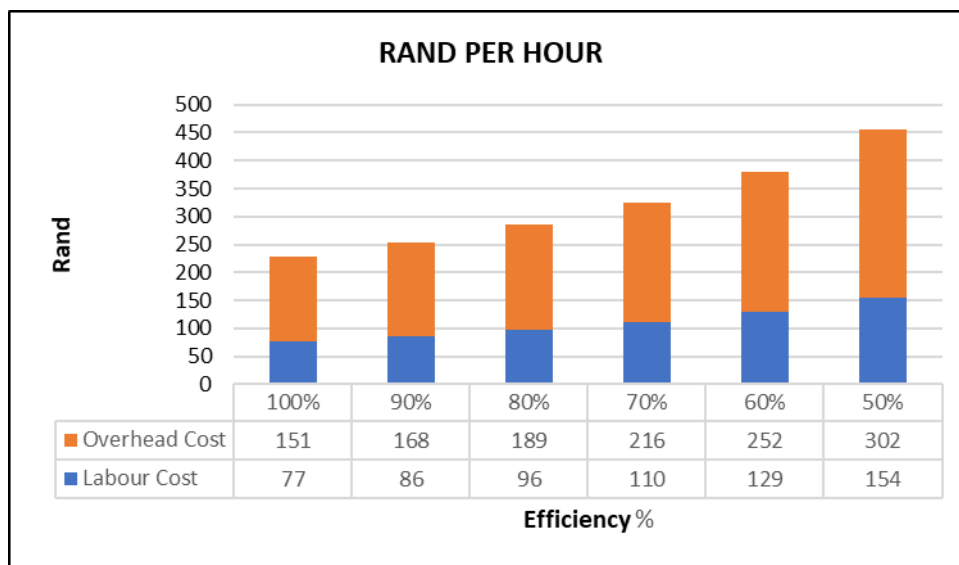
Figure 7: Total Costing – Material and Labour Combined.

The implementation of the new standard costing methodology ensures that all staff involved in quoting theoretically reach the same result.

The results from the costing system are compared to job cards and time sheets on an ongoing basis to ensure that the new system remains accurate and effective. Substantial variances are investigated to assess system reliability and identify potential process improvements, waste reduction, and efficiency gains.

Comparing estimated cost to actual cost is an ideal way to identify improvement opportunities on an ongoing basis.

The new costing methodology also allows the charge-out rate to scale with workshop efficiency. As efficiency improves, the charge-out rate decreases (see Figure 8 below).



**Figure 8:** Charge-Out Rate Scaled with Workshop Efficiency.

### 7.5) Capacity Planning System

At the time of the in-depth assessment, the planning of workshop resources was done manually on a whiteboard (Figure 9). The process worked to some extent but had several limitations:

- Only one week's data could be displayed.
- Forward planning was not possible due to a limited planning horizon.
- No "what-if" planning scenarios could be performed.
- A separate board was required for on-site installation scheduling.



Case Studies: Region 2



Figure 9: TThe Original Artisan Planning Board

At the time of assessment, the **capacity model** used for cashflow planning was an Excel spreadsheet expressed in rands (Figure 10).

| STAF-PRO ENGINEERING CAPACITY SCHEDULE - MAY 2022 DATE: 13/05/2022 |                                  |                           |                  |                |              |              | EX VAT            |
|--------------------------------------------------------------------|----------------------------------|---------------------------|------------------|----------------|--------------|--------------|-------------------|
| DATE:                                                              | CLIENT                           | ORDER                     | PROJECT          | Value          | Invoiced     | To Invoice   | PAYMENTS RECIEVED |
| 2022/04/08                                                         | SHOPFITTING                      | SFD2883                   | MAY STOCK        | R 1 141 345,00 | R 570 672,50 | R 570 672,50 | PAYMENTS RECIEVED |
| 2022/05/12                                                         | SHOPFITTING                      | SFD2883-1                 | ADDITIONAL STOCK | R 50 608,00    | R 25 304,00  | R 25 304,00  | PAYMENTS RECIEVED |
| 2022/05/12                                                         | SHOPFITTING                      | SFD2913                   | JUNE STOCK       | R 113 785,50   | R 56 892,75  | R 56 892,75  | PAYMENTS RECIEVED |
|                                                                    |                                  |                           | Work in Progress | R 1 318 234,02 | R 652 869,25 | R 652 869,25 |                   |
|                                                                    |                                  |                           | Still to Invoice | R 665 364,77   |              |              |                   |
|                                                                    | INVOICED                         | JOB COMPLETED             |                  |                |              |              |                   |
|                                                                    | INVOICED                         | JOB STILL TO BE DELIVERED |                  |                |              |              |                   |
|                                                                    | INVOICED                         | JOB STILL ONGOING         |                  |                |              |              |                   |
|                                                                    | PAYMENTS RECIEVED / NOT RECIEVED |                           |                  |                |              |              |                   |

Figure 10: Excel Spreadsheet Used for Cashflow Planning (Original Planning System)

While useful for cashflow management, this model could not be used to determine spare capacity or identify bottlenecks.

The BT&R Project Manager, together with the Production Director, developed a new Excel-based planning model. The client populated the model with workshop-specific data such as artisan names, job card details, and project information. The design went through three iterations.

The new system allows for the planning of each artisan's work over a 50-week horizon, with the last and first weeks of the year reserved for annual leave.

| Team            | WEEK 19                           |                          |                          |                          |                          | Capacity | WEEK 20                 |                         |                              |                              |                              | Capacity | WEEK 21                           |                                   |                                   |                                   |                                   | Capacity |
|-----------------|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------|-------------------------|-------------------------|------------------------------|------------------------------|------------------------------|----------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------|
|                 | Monday                            | Tuesday                  | Wednesday                | Thursday                 | Friday                   |          | Monday                  | Tuesday                 | Wednesday                    | Thursday                     | Friday                       |          | Monday                            | Tuesday                           | Wednesday                         | Thursday                          | Friday                            |          |
| Day 2 Dates     | 2023/05/06                        | 2023/05/07               | 2023/05/08               | 2023/05/09               | 2023/05/10               |          | 2023/05/11              | 2023/05/12              | 2023/05/13                   | 2023/05/14                   | 2023/05/15                   |          | 2023/05/16                        | 2023/05/17                        | 2023/05/18                        | 2023/05/19                        | 2023/05/20                        |          |
| <b>Wesley</b>   | SFD/Fineco Fusion                 | SFD/Fineco Fusion        | SFD/Fineco Fusion        | SFD/Fineco Fusion        | SFD/Fineco Fusion        |          | SFD Serbet Casual Walk  | SFD Serbet Casual Walk  | SFD Serbet Casual Walk       | SFD Serbet Casual Walk       | GV Tec Catbedders 32500      |          | Daisy's Spinn pullover Auger      | Daisy's Spinn pullover Auger      | Daisy's Spinn pullover Auger      | Daisy's Spinn pullover Auger      | Daisy's Spinn pullover Auger      |          |
| Job details     |                                   |                          |                          |                          |                          |          |                         |                         |                              |                              |                              |          |                                   |                                   |                                   |                                   |                                   |          |
| Hours for job   | 2                                 | 2                        | 2                        | 2                        | 5                        | 35 / 33  | 2                       | 2                       | 2                            | 2                            | 5                            | 35 / 33  | 2                                 | 2                                 | 2                                 | 2                                 | 5                                 |          |
| <b>Zola</b>     | GV Tec Adam Tac Walkways          | GV Tec Adam Tac Walkways | GV Tec Adam Tac Walkways | GV Tec Adam Tac Walkways | GV Tec Adam Tac Walkways |          | GV Tec Catbedders 32500 | GV Tec Catbedders 32500 | GV Tec Catbedders 32500      | GV Tec Catbedders 32500      | GV Tec Catbedders 32500      |          | GV Tec Catbedders 32500           | GV Tec Catbedders 32500           | GV Tec Catbedders 32500           | GV Tec Catbedders 32500           | GV Tec Catbedders 32500           |          |
| Job details     |                                   |                          |                          |                          |                          |          |                         |                         |                              |                              |                              |          |                                   |                                   |                                   |                                   |                                   |          |
| Hours for job   | 2                                 | 2                        | 2                        | 2                        | 5                        | 35 / 33  | 2                       | 2                       | 2                            | 2                            | 5                            | 35 / 33  | 2                                 | 2                                 | 2                                 | 2                                 | 5                                 |          |
| <b>Charles</b>  | Collaboration Watermark Park Rail | SFD/Fineco Fusion        | SFD/Fineco Fusion        | SFD/Fineco Fusion        | SFD/Fineco Fusion        |          | SFD Serbet Casual Walk  | SFD Serbet Casual Walk  | SFD Serbet Casual Walk       | SFD Serbet Casual Walk       | SFD Serbet Casual Walk       |          | GV Tec Catbedders 32500           | GV Tec Catbedders 32500           | GV Tec Catbedders 32500           | GV Tec Catbedders 32500           | GV Tec Catbedders 32500           |          |
| Job details     |                                   |                          |                          |                          |                          |          |                         |                         |                              |                              |                              |          |                                   |                                   |                                   |                                   |                                   |          |
| Hours for job   | 2                                 | 2                        | 2                        | 2                        | 5                        | 35 / 33  | 2                       | 2                       | 2                            | 2                            | 5                            | 35 / 33  | 2                                 | 2                                 | 2                                 | 2                                 | 5                                 |          |
| <b>Sandy</b>    | SFD/Fineco Fusion                 | SFD/Fineco Fusion        | SFD/Fineco Fusion        | SFD/Fineco Fusion        | SFD/Fineco Fusion        |          | SFD Serbet Casual Walk  | SFD Serbet Casual Walk  | Daisy's Spinn pullover Auger | Daisy's Spinn pullover Auger | Daisy's Spinn pullover Auger |          | Daisy's Spinn pullover Auger      | Daisy's Spinn pullover Auger      | Daisy's Spinn pullover Auger      | GV Tec Adam Tac Walkways 31000000 | GV Tec Adam Tac Walkways 31000000 |          |
| Job details     |                                   |                          |                          |                          |                          |          |                         |                         |                              |                              |                              |          |                                   |                                   |                                   |                                   |                                   |          |
| Hours for job   | 2                                 | 2                        | 2                        | 2                        | 5                        | 35 / 33  | 2                       | 2                       | 2                            | 2                            | 5                            | 35 / 33  | 2                                 | 2                                 | 2                                 | 2                                 | 5                                 |          |
| <b>Enochiel</b> | SFD/Fineco Fusion                 | SFD/Fineco Fusion        | Andy Cab Rooftrac        | Andy Cab Rooftrac        | Andy Cab Rooftrac        |          | Andy Cab Rooftrac       | Andy Cab Rooftrac       | Andy Cab Rooftrac            | SFD Serbet Casual Walk       | SFD Serbet Casual Walk       |          | Collaboration Watermark Park Rail | Collaboration Watermark Park Rail | Collaboration Watermark Park Rail | Collaboration Watermark Park Rail | Collaboration Watermark Park Rail |          |
| Job details     |                                   |                          |                          |                          |                          |          |                         |                         |                              |                              |                              |          |                                   |                                   |                                   |                                   |                                   |          |
| Hours for job   | 2                                 | 2                        | 2                        | 2                        | 5                        | 35 / 33  | 2                       | 2                       | 2                            | 2                            | 5                            | 35 / 33  | 2                                 | 2                                 | 2                                 | 2                                 | 5                                 |          |
| <b>Eric</b>     | Along                             | Along                    | Along                    | Along                    | Along                    |          | SFD Serbet Casual Walk  | SFD Serbet Casual Walk  | SFD Serbet Casual Walk       | SFD Serbet Casual Walk       | SFD Serbet Casual Walk       |          | Collaboration Watermark Park Rail | Collaboration Watermark Park Rail | Collaboration Watermark Park Rail | Collaboration Watermark Park Rail | Collaboration Watermark Park Rail |          |
| Job details     |                                   |                          |                          |                          |                          |          |                         |                         |                              |                              |                              |          |                                   |                                   |                                   |                                   |                                   |          |
| Hours for job   | 2                                 | 2                        | 2                        | 2                        | 5                        | 35 / 33  | 2                       | 2                       | 2                            | 2                            | 5                            | 35 / 33  | 2                                 | 2                                 | 2                                 | 2                                 | 5                                 |          |
| <b>Albert</b>   | Andy Cab 2 bolts                  | Andy Cab 2 bolts         | Andy Cab 2 bolts         | Andy Cab 2 bolts         | Andy Cab 2 bolts         |          | Andy Cab 2 bolts        | Andy Cab 2 bolts        | Andy Cab 2 bolts             | Andy Cab 2 bolts             | Andy Cab 2 bolts             |          | Andy Cab 2 bolts                  | Andy Cab 2 bolts                  | Andy Cab 2 bolts                  | Andy Cab 2 bolts                  | Andy Cab 2 bolts                  |          |
| Job details     |                                   |                          |                          |                          |                          |          |                         |                         |                              |                              |                              |          |                                   |                                   |                                   |                                   |                                   |          |
| Hours for job   | 2                                 | 2                        | 2                        | 2                        | 5                        | 35 / 33  | 2                       | 2                       | 2                            | 2                            | 5                            | 35 / 33  | 2                                 | 2                                 | 2                                 | 2                                 | 5                                 |          |
| Total hours     | 20                                | 20                       | 20                       | 20                       | 20                       |          | 20                      | 20                      | 20                           | 20                           | 20                           |          | 20                                | 20                                | 20                                | 20                                | 20                                |          |

Figure 11: New Artisan Planning Board – Daily and Weekly

The second feature of the capacity plan is the Resource Schedule Tool, which enables the Production Manager to schedule operations for each artisan per project. The available working hours per artisan are set at seven out of eight per day, allowing for breaks. Each artisan is therefore planned for a maximum of 35 hours per week.

Case Studies: Region 2

| Team        | WEEK 13, 27 March |          |         |          |          |         |          |              |       |               |           | WEEK 14, 01 April |          |         |          |          |         |          |              |       |               |           | WEEK 15, 10 April |          |         |          |          |         |          |              |       |               |           |      |
|-------------|-------------------|----------|---------|----------|----------|---------|----------|--------------|-------|---------------|-----------|-------------------|----------|---------|----------|----------|---------|----------|--------------|-------|---------------|-----------|-------------------|----------|---------|----------|----------|---------|----------|--------------|-------|---------------|-----------|------|
|             | Cutting           | Punching | Bending | Drilling | Assembly | Welding | Grinding | Installation | Total | Available hrs | % loading | Cutting           | Punching | Bending | Drilling | Assembly | Welding | Grinding | Installation | Total | Available hrs | % loading | Cutting           | Punching | Bending | Drilling | Assembly | Welding | Grinding | Installation | Total | Available hrs | % loading |      |
| Wayne       | 5                 | 4        | 6       | 5        | 5        | 10      | 1        | 1            | 35    | 35            | 100%      | 3                 | 4        | 6       | 5        | 5        | 10      | 1        | 1            | 35    | 35            | 100%      | 3                 | 4        | 6       | 5        | 5        | 10      | 1        | 1            | 34    | 35            | 100%      |      |
| Zola        | 5                 | 3        | 1       | 2        | 7        | 14      | 2        | 1            | 35    | 35            | 100%      | 5                 | 3        | 1       | 2        | 7        | 14      | 2        | 2            | 23    | 35            | 66%       | 5                 | 3        | 1       | 2        | 7        | 14      | 2        | 1            | 35    | 35            | 100%      |      |
| Charles     | 6                 |          | 3       |          | 7        | 19      |          |              | 35    | 35            | 100%      |                   |          |         |          |          |         |          | 0            | 35    | 0%            |           |                   |          |         |          | 14       | 19      |          |              | 35    | 35            | 100%      |      |
| Sandy       | 5                 |          |         |          | 10       | 12      | 4        |              | 35    | 35            | 100%      |                   |          |         |          |          |         |          | 0            | 35    | 0%            |           |                   |          |         |          |          | 30      |          |              | 35    | 35            | 100%      |      |
| Kaashief    |                   |          |         |          |          |         |          |              | 0     | 35            | 0%        |                   |          |         |          |          |         |          | 0            | 35    | 0%            |           |                   |          |         |          |          |         |          |              | 35    | 35            | 100%      |      |
| Eric        |                   |          |         |          |          |         |          |              | 0     | 35            | 0%        |                   |          |         |          |          |         |          | 0            | 35    | 0%            |           |                   |          |         |          | 20       | 15      |          |              | 35    | 35            | 100%      |      |
| Albert      |                   |          |         |          |          |         |          |              | 0     | 35            | 0%        |                   |          |         |          |          |         |          | 0            | 35    | 0%            |           |                   |          |         | 5        |          | 15      | 15       |              |       | 35            | 35        | 100% |
| Total hours | 25                | 7        | 10      | 7        | 29       | 55      | 7        | 2            | 140   | 210           | 4         | 8                 | 7        | 7       | 7        | 12       | 15      | 3        | 1            | 58    | 210           | 1.6571    | 23                | 5        | 7       | 6        | 30       | 116     | 3        | 1            | 209   | 210           | 600%      |      |

Figure 12: Plan for Artisan Scheduling (New Planning System)

The second feature of the capacity plan is the Resource Schedule Tool, which enables the Production Manager to schedule operations for each artisan per project. The available working hours per artisan are set at seven out of eight per day, allowing for breaks. Each artisan is therefore planned for a maximum of 35 hours per week.

Key features of the tool include:

- (i) Balances available capacity at 35 hours per week. Once 100% loading is reached, tasks must be rescheduled or reassigned.
- (ii) Allows under-loaded artisans to be assigned additional work.
- (iii) Enables scheduling of both artisans and specific operations (e.g., bending).
- (iv) Prevents resource clashes through improved visibility of weekly activities.
- (v) Allows the Production Manager to insert notes for Sales and Operations Planning (S&OP) meetings (Figure 13).

| Team              | WEEK16,17 April |         |          |          |         |          |              |       |               |           | WEEK17,24 April                    |          |         |          |          |         |          |              |       |               | WEEK18,01 May                  |         |          |         |          |          |         |          |              |       |                                   |           |     |  |  |  |  |
|-------------------|-----------------|---------|----------|----------|---------|----------|--------------|-------|---------------|-----------|------------------------------------|----------|---------|----------|----------|---------|----------|--------------|-------|---------------|--------------------------------|---------|----------|---------|----------|----------|---------|----------|--------------|-------|-----------------------------------|-----------|-----|--|--|--|--|
|                   | Punching        | Bending | Drilling | Assembly | Welding | Grinding | Installation | Total | Available hrs | % loading | Cutting                            | Punching | Bending | Drilling | Assembly | Welding | Grinding | Installation | Total | Available hrs | % loading                      | Cutting | Punching | Bending | Drilling | Assembly | Welding | Grinding | Installation | Total | Available hrs                     | % loading |     |  |  |  |  |
| Wayne             | 2               | 4       | 12       | 14       |         |          |              | 35    | 35            | 100%      | 3                                  |          |         |          | 5        | 25      |          | 1            | 1     | 35            | 35                             | 100     |          |         |          |          |         |          |              | 35    | 35                                | 100       |     |  |  |  |  |
| Zola              |                 |         |          | 14       | 21      |          |              | 35    | 35            | 100%      | 5                                  | 3        | 1       | 2        | 7        | 21      | 2        | 1            | 42    | 35            | 100                            |         |          |         |          |          |         |          |              | 0     | 35                                | 100       |     |  |  |  |  |
| Charles           |                 |         |          | 19       | 16      |          |              | 35    | 35            | 100%      |                                    |          |         |          |          | 35      |          |              | 35    | 35            | 100                            |         |          |         |          |          |         |          |              | 35    | 35                                | 100       |     |  |  |  |  |
| Sandy             |                 |         |          | 13       | 12      |          | 5            | 35    | 35            | 100%      | 5                                  |          |         | 13       | 12       |         | 5        |              | 35    | 35            | 100                            |         |          |         |          |          |         |          |              | 35    | 35                                | 100       |     |  |  |  |  |
| Kaashief          |                 |         |          | 4        | 16      |          |              | 35    | 35            | 100%      | 15                                 |          |         |          | 4        | 16      |          |              | 35    | 35            | 0                              |         |          |         |          |          |         |          |              |       | 0                                 | 35        | 0   |  |  |  |  |
| Eric              |                 |         |          | 14       | 7       | 8        |              | 35    | 35            | 100%      |                                    |          |         |          | 17       | 7       | 11       |              | 35    | 35            | 0                              |         |          |         |          |          |         |          |              | 0     | 35                                | 0         |     |  |  |  |  |
| Albert            |                 | 12      |          | 4        | 15      |          |              | 35    | 35            | 100%      | 4                                  |          | 12      |          | 4        | 15      |          |              | 35    | 35            | 0                              |         |          |         |          |          |         |          |              | 0     | 35                                | 0         |     |  |  |  |  |
| Total hours       | 2               | 4       | 44       | 78       | 59      | 13       | 0            | 210   | 210           | 6         | 28                                 | 3        | 1       | 20       | 65       | 28      | 19       | 2            | 217   | 210           | 400                            | 0       | 0        | 0       | 0        | 0        | 0       | 0        | 0            | 165   | 105                               | 210       | 400 |  |  |  |  |
| Glossary          |                 |         |          |          |         |          |              |       |               |           |                                    |          |         |          |          |         |          |              |       |               |                                |         |          |         |          |          |         |          |              |       |                                   |           |     |  |  |  |  |
| 0.25 hrs = 15 min |                 |         |          |          |         |          |              |       |               |           | Razden Isaacs:<br>Andy Cox 3 Belts |          |         |          |          |         |          |              |       |               | Razden Isaacs:<br>Denny's Coal |         |          |         |          |          |         |          |              |       | Razden Isaacs:<br>QV Tec Adam TJS |           |     |  |  |  |  |
| 0.5 hrs = 30 min  |                 |         |          |          |         |          |              |       |               |           |                                    |          |         |          |          |         |          |              |       |               |                                |         |          |         |          |          |         |          |              |       |                                   |           |     |  |  |  |  |
| 0.75 hrs = 45 min |                 |         |          |          |         |          |              |       |               |           |                                    |          |         |          |          |         |          |              |       |               |                                |         |          |         |          |          |         |          |              |       |                                   |           |     |  |  |  |  |

Figure 13: Workshop Schedule with S&OP Notes.

The third part of the capacity planning tool is a timetable used to plan on-site installations. Previously, a lack of forward planning led to cost overruns, especially for installations in outlying areas such as the Cape Winelands and Bonnievale.



PROJECT : GV TEC - Adam Tas

PROJECT LEAD: Ruzdien Isaacs

PROJECT START DATE 2023/06/03

| WBS NUMBER | TASK TITLE                          | TASK OWNER | START DATE | DUE DATE   | DURATION | % COMPLETE |
|------------|-------------------------------------|------------|------------|------------|----------|------------|
| <b>1</b>   | <b>Week 1 on site</b>               |            |            |            |          |            |
| 1,1        | Hang Chain blocks with Cherrypicker |            | 2023/06/03 | 2023/06/09 | 6        |            |
| 1,2        | Install Cat Ladders x 7             |            | 2023/06/12 | 2023/06/19 | 7        |            |
| 1,3        | Assemble and Install walkways       |            | 2023/06/21 | 2023/06/29 | 8        |            |
| 1,4        | Assemble and Install Staircase      |            | 2023/06/30 | 2023/07/07 | 7        |            |

TIMETABLE TIME DATA Daily Plan +

**Figure 14:** Timetable for a Specific Installation – Adam Tas Walkway Project

## HIGHLIGHTS OF THE PROJECT

There were several highlights in this project that can be summarised as follows:

(i) Top management's support and involvement were crucial to the success of the change management process. The CEO, Mr Errol Rooza, was trained as a Productivity Champion and appointed himself as the Project Lead for the workplace organisation initiative.

His involvement, leadership, and drive ensured that activities were completed on schedule and that the project register achieved an 85% implementation rate.

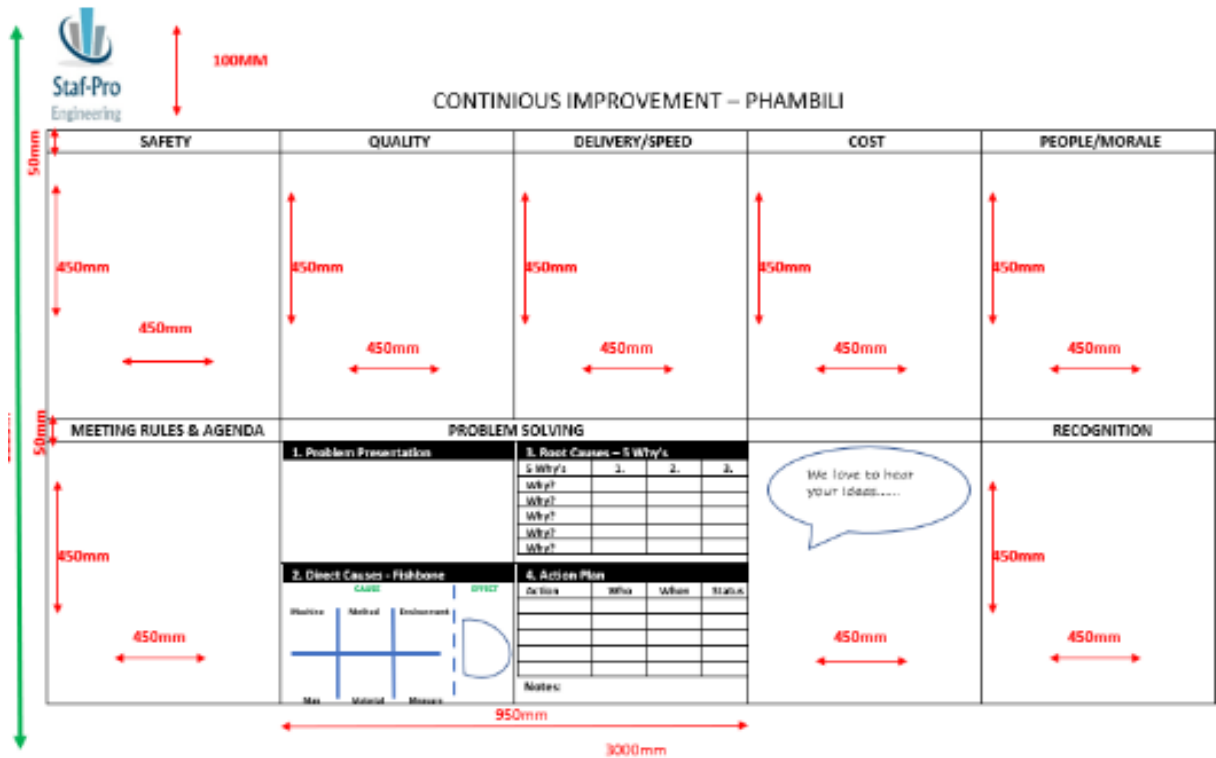


## Case Studies: Region 2



**Figure 15:** Staf-Pro Engineering CEO, Mr Errol Rooza, led from the front during the BT&R Project. He served as the 5S Champion, and here he is recognising team member **Nazier Peters** as the **5S Star of the Week** for the satisfactory progress made in his area.

(ii) The management team shared responsibility for various aspects of the project. The **Visual Performance Management (VPM)** section was led by **Tammy Mulder**, daughter of CEO Errol Rooza. She elevated the layout of the standard mini business unit framework provided by Productivity SA by creating a **customised design** on a white sheet-metal board with **pre-printed problem-solving areas**. This innovation took the overall **look and functionality** of the visual performance management system to a new level



**Figure 16:** New Visual Management Board designed by Mrs Tammy Muller

(iii) The Productivity Champions needed to be re-aligned in their roles and purpose during the rollout of this project. Two standout Productivity Champions, Nazier Peters and Wayne Moses, both in supervisory positions, embraced the new lean manufacturing approach to managing the workshop and thrived in their roles. They were recognised with additional responsibilities and remuneration for their positive attitudes. However, a few Productivity Champions did not perform as expected, and several re-energising sessions had to be conducted with these individuals.

(iv) The new and improved layout, upgraded facilities, and enhanced workflow in the workshop have all contributed to higher employee morale among staff members.

(v) The recognition of outstanding employees for their contributions during the various phases of project implementation—such as the 5S Star of the Week awards—has further boosted morale and fostered a culture of engagement and accountability.



**Figure 17:** 5S Winners Awards – added fun to the project and improved employee morale.

(vi) The Production Supervisor and his team of artisans have fully embraced the new planning process and are now using it to plan and monitor workshop efficiency.

The Excel-based Capacity Plan has added value to the Sales and Planning meetings, as it can also be used to model future cash flow.

The involvement of shopfloor employees, including Supervisors and Artisans, in this project deliverable has significantly improved morale. They were given opportunities to share ideas for improvement and raise concerns, fostering a stronger sense of ownership and collaboration.

### PROJECT INNOVATION

The real innovation emerged during the Lean Manufacturing implementation phase of the project, particularly during the workplace transformation process. Several innovative activities were introduced:

- 5S Gemba Walks were conducted to recognise good practices and identify improvement opportunities. A new Gemba Walk report was produced every week.
- A 5S Project Register was established and reviewed monthly. As the register progressed towards 100% completion, the workplace underwent a complete transformation.



| Sta-Pro Engineering 5S Project Register                                |                 |                  |                 |                    |             |                   |               |                    |     |
|------------------------------------------------------------------------|-----------------|------------------|-----------------|--------------------|-------------|-------------------|---------------|--------------------|-----|
|                                                                        |                 |                  | Projects Status |                    |             |                   |               |                    |     |
| Project Description and Department                                     | Responsible Per | Project Kick Off | S1<br>Sort      | S2<br>Set in Order | S3<br>Shine | S4<br>Standardize | S5<br>Sustain | PROJECT COMPLETION |     |
| 1) Red Tag Area, clean up, make a dedicated Red Tag Area               | Errol           |                  | 100             | 100                | 100         | 100               | 100           | 100                | 100 |
| 2) Create a new store in the factory                                   | Wayne           |                  | 100             | 100                | 100         | 100               | 100           | 100                | 100 |
| 3) Double deck area for the stores area                                | Nazier          |                  | 100             | 100                | 100         | 100               | 100           | 100                | 100 |
| 4) Outside Area, tumbler for cleaning CNC jigs, make a plan to install | Tammy           |                  | 100             | 100                | 100         | 0                 | 0             | 0                  | 40  |
| 5) Demarcation of factory floors, WIP areas etc                        | Robert          |                  | 100             | 100                | 100         | 0                 | 0             | 0                  | 66  |
| 6) Stores, sign posting, labels and set in order                       | Wayne           |                  | 100             | 100                | 100         | 100               | 100           | 100                | 100 |
| 7) Mini Business Area needs to be finalised, measurements              | Tammy           |                  | 100             | 100                | 100         | 100               | 100           | 100                | 100 |
| 8) Welding Curtains needs to be installed                              | Errol           |                  | 100             | 100                | 100         | 100               | 100           | 100                | 100 |
|                                                                        | <b>Average</b>  |                  | 100             | 100                | 100         | 85                | 75            | 75                 | 88  |
| Date of 5S Inspection:                                                 | 2023/09/24      |                  |                 |                    |             |                   |               |                    |     |
| Inspected by:                                                          | Colin Lutter    |                  |                 |                    |             |                   |               |                    |     |

**Figure 18:** 5S Project Register tool used to assist with workplace transformation.

The use of **5S Star Awards, 5S Winners' Certificates**, and public recognition in front of peers was very well received by the team, boosting engagement and motivation across the workforce.

## CONCLUSIONS

The involvement and buy-in of management and staff are of utmost importance for any project to succeed. The management and staff of Sta-Pro Engineering took full responsibility and ownership of the successful implementation of this project.

Management has also been open to cross-learning opportunities with other Productivity SA clients, such as Malou Craft, which participates in the Booster Kaizen Programme.

Sta-Pro Engineering was selected as a case study implementation site during a cross-learning tour between Region 2 and the Senior BT&R Programme Managers from Regions 1 and 3, demonstrating their commitment to continuous improvement and their strong partnership with Productivity SA under the BT&R Programme.

REGION 2

***Bilionetworks (Pty) Ltd***



COMPANY DETAILS

|                                     |                                                                      |
|-------------------------------------|----------------------------------------------------------------------|
| Company name:                       | Bilionetworks Pty (Ltd)                                              |
| Region:                             | 2                                                                    |
| Province:                           | Western Cape                                                         |
| District:                           | City of Cape Town Metropolitan Municipality                          |
| City of operation:                  | Cape Town                                                            |
| Project manager:                    | Cosmo Cloete                                                         |
| Service provider/s: (If applicable) | Jansen Accountants & Auditors<br>(Service Provider – Nurturing Only) |
| Case study written by:              | Cosmo Cloete                                                         |

THEME OF THE CASE STUDY

***From Vision to Reality:  
How Bilionetworks Successfully Executed  
its Strategic Plan***

ACRONYMS

|      |                                                                                                                            |
|------|----------------------------------------------------------------------------------------------------------------------------|
| BT&R | Business Turnaround and Recovery                                                                                           |
| BN   | Bilionetworks                                                                                                              |
| FTTx | Fibre to the x; refers to all types of fibre infrastructure, where x denotes the endpoint (e.g., home, node, office, etc.) |

### INTRODUCTION

#### COMPANY BACKGROUND

Bilionetworks is a 100% Black-owned company founded in 2013 by Mark Ahjam, the CEO and owner, with seven employees. In the owner's words: "From humble beginnings, our business has grown into a respected and recognised market player operating from our business premises in Rivergate, Parklands, with our fleet of vehicles and equipment. Today, we are fully aligned and passionate to realise our dream of connecting people to a better world."

The company operates in the Building, Construction, and Telecommunications industries, building telecommunication networks and supporting infrastructure. Bilionetworks currently has offices in Cape Town and Johannesburg, with the head office in Parklands, Cape Town. Bilionetworks owns a fleet of 42 light and heavy commercial vehicles and a 3 000-square-metre site in Rivergate, Parklands. The premises comprise a 350-square-metre office building, a 150-square-metre open-secured warehouse (undercover), and a 2 500-square-metre secured storage area.

“

“...we are fully aligned and passionate to realise our dream of connecting people to a better world.

”

#### COMPANY PRODUCTS AND SERVICES

Bilionetworks' service offering can be characterised by three core functions: build, provide, and maintain. These can be categorised into the following four groups:

##### **FTTx: OSP (Outside Plant)**

Refers to any network infrastructure – i.e. all physical cables and equipment installed external to buildings. OSP starts at the point at which the distribution cabling leaves the central office and ends at the termination point outside the premises receiving the internet service.

##### **FTTx: ISP (Inside Plant)**

Refers to the cables installed inside a building, including everything from the patch panel and cord to the switch, cables, and jacks.

##### **Network Cabling**

Covers network and cabling solutions; electrical and power solutions; data centres, IT infrastructure, and security and surveillance.

##### **Alternative Energy Solutions**

Addresses clients' alternative energy needs in residential, commercial, and industrial markets through consultation, design, and installation services.

COMPANY STRUCTURE

Billionnetworks’ high-level organisational chart is depicted in Figure 2. It highlights the Executive (EXCO) and Management Committee (MANCO) positions and the primary business functions.

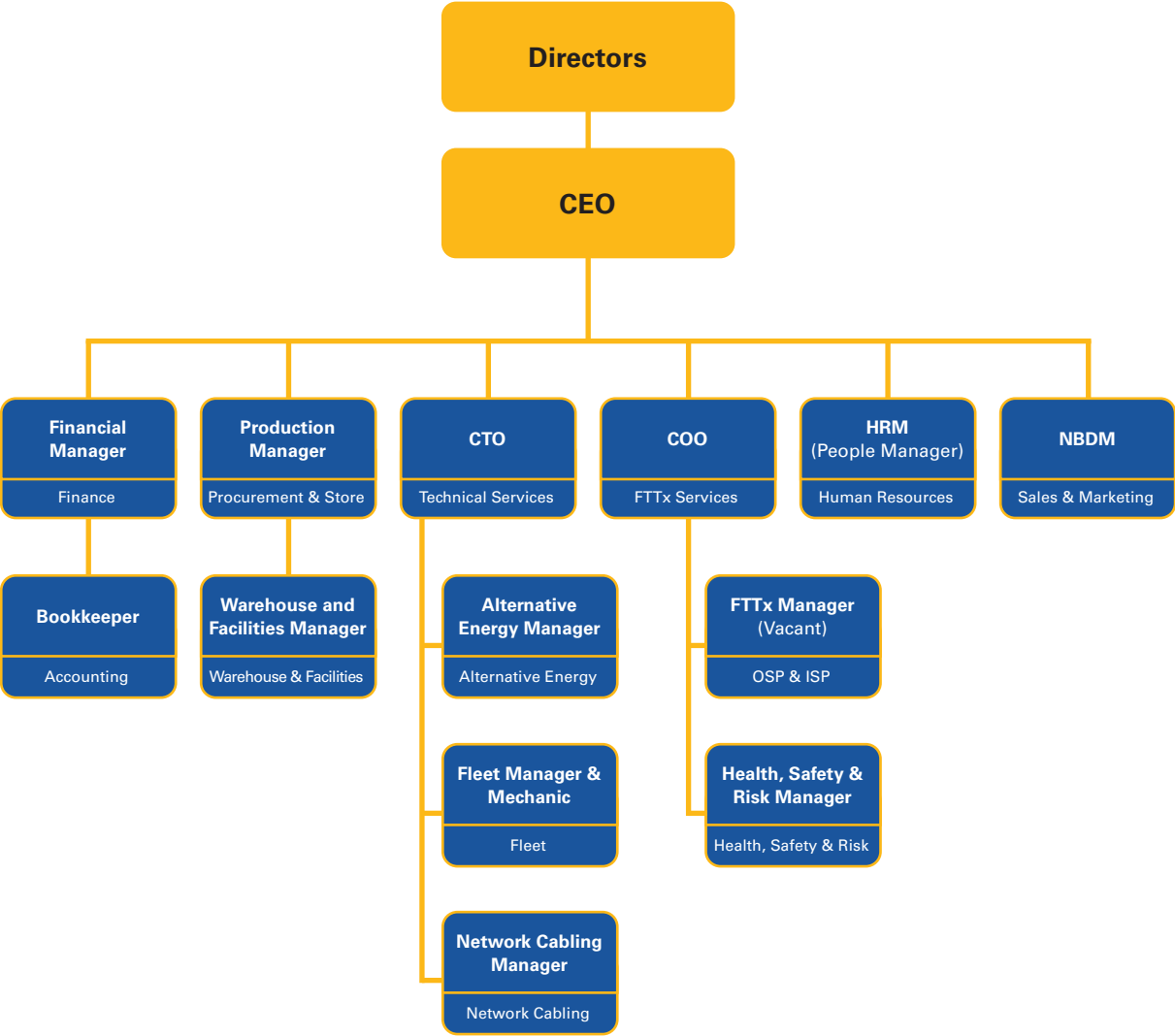


Figure 1: High-level Organisational Chart

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

The following summarises the main challenges and inefficiencies identified during the in-depth assessment. A more detailed and comprehensive description of the challenges can be found in the work plan dated February 2024.

Bilionetworks' financial performance declined during the review period from February 2022 to February 2023. Sales decreased by 55,3%, and operating profit decreased by 95,7%, despite still showing a profit. The decline in sales can mainly be attributed to the loss of one of Bilionetworks' main customers.

Key challenges comprised operational, managerial, and strategic domains. Issues included communication breakdowns, inadequate reporting, and job role ambiguities that hindered efficiency and collaboration. There were also operational inefficiencies such as irregular vehicle checks and shortcomings in workplace organisation. The marketing strategy lacked definition, while sales targets went unmet, compounded by declining sales from primary clients. Procurement processes deviated from standards, and there were concerns about strategic alignment. Maintenance and inventory management suffered from inadequate tracking and reporting mechanisms, impacting operational efficiency.

### **THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY**

The work plan aimed to initiate a strategic realignment to address these multifaceted challenges by implementing the following interventions.

1. Establishing and documenting the company vision/strategic plan;
2. Aligning the organisational structure to the vision; and
3. Operationalising the vision/strategy.

The first intervention focused on establishing a clear vision and strategic plan. A comprehensive company check-up identified improvement opportunities across various business elements. A two-day workshop with the management team facilitated the development of a Vision and Traction document outlining the company's direction and goals.

To monitor progress, a company scorecard was implemented to track progress on 90-day priorities and yearly goals. Effective communication of this vision throughout Bilionetworks ensured alignment and commitment from all stakeholders.

The second intervention included a review of the organisational structure – both high-level and departmental. This was followed by a revisit of Billionnetworks’ Vision and Traction document to align gaps in the existing organisational structure with the requirements of the strategy. Several realignment discussions with executive leadership resulted in a structure that is aligned with Billionnetworks’ strategic objectives and goals.

The third intervention introduced a two-day Annual Planning session, Weekly Level 10 Meetings, and Quarterly Review workshops. These created a regular rhythm of performance reviews and strategic alignment, allowing for continuous monitoring and adjustment of the company’s strategic direction.

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

Table 2: Brief Overview of the BT&R Involvement

|                                                                                            | Issue/Challenge                                                                                                                                    | Intervention                                                                 | Outcome - Completed                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Interventions 1:<br><br>Establish and Document Billionnetworks’ Vision and Strategic Plan. | The main challenges comprised operational, managerial, and strategic domains, as summarised in the previous section and detailed in the work plan. | This intervention focused on establishing a clear vision and strategic plan. | A comprehensive company check-up was completed to identify improvement opportunities across various business elements.<br><br>A two-day workshop with the management team facilitated the development of a Vision and Traction document outlining the company’s direction and goals.<br><br>A company scorecard was implemented to track progress on 90-day priorities (Rocks) and yearly goals. |

|                                                                                                                          | Issue/Challenge                                                                                                                                                           | Intervention                                                                                                                                                                                                                                                                    | Outcome - Completed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Interventions 2:</b></p> <p>Align the Organisational Structure with Billionnetworks' Vision and Strategy.</p>      | <p>This deliverable addressed issues relating to inadequate reporting, communication breakdowns, and job role ambiguities that hindered efficiency and collaboration.</p> | <p>This deliverable aimed to align the organisational chart with Billionnetworks' strategy. It involved understanding the company's strategic direction, assessing the current structure, and making thoughtful changes that supported the business's strategic objectives.</p> | <p>The interventions included:</p> <ul style="list-style-type: none"> <li>• A review of the organisational structure (organogram), both high-level and departmental.</li> <li>• A revisit of Billionnetworks' Vision and Traction document to align the gaps in the existing organisational structure with the requirements of the strategy.</li> <li>• Several organisational structure realignment discussions with executive leadership, resulting in an organisational structure aligned with Billionnetworks' strategic objectives and goals.</li> </ul>                   |
| <p><b>Interventions 3:</b></p> <p>Operationalise the Vision/Strategy – Developed a Structured Meeting Routine/Pulse.</p> | <p>The key challenges comprised operational, managerial, and strategic domains. This deliverable addressed concerns about strategic alignment, among others.</p>          | <p>This intervention focused on establishing a reliable execution system called the Meeting Pulse System (MPS) to operationalise the vision and strategy.</p>                                                                                                                   | <p>The interventions included:</p> <ul style="list-style-type: none"> <li>• A two-day Annual Planning session.</li> <li>• The introduction of Weekly Level 10 Meetings.</li> <li>• Quarterly Review workshops.</li> </ul> <p>These meetings created a regular rhythm of performance reviews and strategic alignment, allowing for continuous monitoring and adjustment of the company's strategic direction. The Level 10 Meetings, in particular, became a cornerstone of this approach, fostering open discussions, timely problem-solving, and improved meeting quality.</p> |



### RESULTS

**The impact of the company vision, strategic plan, and execution system interventions for BN resulted in several positive outcomes:**

- Improvement in most areas identified in the Organisational Checkup Survey, indicating progress in addressing core business weaknesses.
- Creation of a Vision and Traction document, providing clear direction and goals for the company's future.
- Implementation of a company scorecard to monitor progress towards established goals.
- Increased efficiency and cost control measures, such as weekly asset checks and a focus on material lead times.
- Strengthening of the New Business Development (NBD) department, with increased technical support leading to a record number of 21 tenders submitted and a 48-percentage-point reduction in outstanding customer invoices.
- Encouraging initial progress, with 38% of one-year goals and 67% of quarterly priorities achieved within the first quarter.

The second intervention included a review of the organisational structure (organogram), both high-level and departmental. This was followed by a revisit of Billionnetworks' Vision and Traction document to align the gaps in the existing organisational structure with the requirements of the strategy. Several organisational structure realignment discussions with executive leadership resulted in a structure that is now fully aligned with Billionnetworks' strategic objectives and goals.

The impact of the organisational structure realignment was significant. It strengthened Billionnetworks' ability to deliver on its strategic goals and objectives by creating a clear structure of functions and service offerings, ensuring transparency, assigning accountability, improving collaboration, and clarifying ownership. The new structure led to the creation of five new positions and two internal promotions, including the advancement of a mechanic to Fleet Manager and a Warehouse Controller to Warehouse and Facilities Manager.

The third intervention involved a two-day Annual Planning session, the introduction of Weekly Level 10 Meetings, and Quarterly Review workshops. These meetings established a consistent rhythm of performance reviews and strategic alignment, enabling continuous monitoring and adjustment of the company's direction. The Level 10 Meetings, in particular, became a cornerstone of this approach – fostering open discussion, timely problem-solving, and improved meeting quality.

The impact of these interventions has been substantial. BN achieved a 73% completion rate for its second-quarter Rocks (90-day priorities) and a similar success rate in conducting scheduled Level 10 Meetings. Furthermore, the quality of meetings improved by 40 percentage points, as reflected in participant ratings. The Meeting Pulse System (MPS) has successfully instilled discipline, accountability, and a culture of continuous improvement within the organisation.

In summary, the interventions have positively impacted Billionnetworks' operations, resulting in greater efficiency, improved strategic alignment, and enhanced overall organisational performance.

### HIGHLIGHTS OF THE PROJECT

Before implementing the Meeting Pulse System, there were no consistent weekly performance reviews (Weekly Level 10 Meetings) or quarterly performance reviews (Quarterly Reviews). Annual planning meetings were held, but inconsistently. Furthermore, the activities or initiatives planned during these sessions were not monitored, and no one was held accountable for their implementation.

This changed with the introduction of the Meeting Pulse System. Consistent Weekly Level 10 Meetings are now being held. Below is some of the feedback from management attending these meetings:

- Issues are being identified, discussed, and assigned action plans – the way forward is clear to everyone.
- More issues should be listed.
- Open discussions are taking place – participants enjoy the transparency and engagement.
- Meetings continue even if the CEO is unable to attend.
- The meetings are structured and start and finish on time.

The Meeting Pulse System has instilled discipline and accountability while creating traction toward implementing the company's vision.

As of June 2023, the organisation reported 115 employees on the Business Turnaround and Recovery (BT&R) application form. Of this total, 98 were engaged as permanent staff, while 17 were employed on a contractual basis. At the time of writing this report, Bilionetworks employed 163 staff members – 155 permanently and 8 temporarily – reflecting a total workforce increase of 41,7%.

### PROJECT INNOVATION

The outputs listed below are not original creations but were adapted to suit Bilionetworks' environment and address its specific challenges:

- A comprehensive organisational check-up questionnaire (baseline) was created, deployed, captured, analysed, and shared with the management team.
- A two-page Vision and Traction document was developed in collaboration with the management team.
- A company scorecard was implemented and is subject to weekly review to monitor and track alignment with the company's one-year and quarterly Rocks/priorities.
- First- and second-quarter performances were reviewed, and third-quarter Rocks were identified.
- A follow-up organisational check-up survey was conducted at the end of the first quarter.
- The Meeting Pulse framework was formulated, developed, and implemented at management level.
- A workshop session was held with management to present the concept and principles of the Meeting Pulse System (MPS).

## Case Studies: Region 2

- A two-day Annual Planning workshop was conducted to develop Billionnetworks' Vision and Traction document.
- A full-day Quarterly Review workshop was held with the management team to review Quarter 1 performance.
- New quarterly Rocks were established based on the one-year plan.
- Weekly Level 10 Meetings were implemented.
- The Weekly Level 10 Meetings are facilitated and managed by the Chief Financial Officer (CFO) after mentorship from the Senior Productivity Practitioner.

The project focused on implementing best practices that positively impacted Billionnetworks' operations, leading to increased efficiency, improved strategic alignment, and enhanced organisational performance.

## CONCLUSION

BN underwent a comprehensive organisational transformation to address significant operational, managerial, and strategic challenges. An in-depth assessment revealed weaknesses in communication, planning, and execution.

To rectify these issues, BN implemented three key interventions:

**Strategic Alignment:** A clear company vision and strategic plan were developed, supported by a robust execution system.

**Organisational Structure:** The organisational structure was realigned to support the new strategic direction, creating new positions and promoting existing employees.

**Operational Efficiency:** A structured meeting routine was implemented to improve communication, accountability, and performance management.

The interventions resulted in several positive outcomes:

**Improved Performance:** Significant improvements in operational efficiency, strategic alignment, and overall performance.

**Clear Direction:** Establishment of a clear company vision and strategic plan.

**Enhanced Accountability:** Implementation of a robust meeting structure to foster accountability and continuous improvement.

**Organizational Development:** Creation of new positions, promotions, and a more aligned organisational structure.

**Key learnings from the process include:**

The importance of strategic alignment between organisational structure and operations.  
The necessity of strong leadership commitment to drive change and ensure sustainability.  
The value of structured processes and meeting routines for effective performance management.

Overall, the interventions had a positive impact on BN's operations, leading to increased efficiency, improved strategic alignment, and enhanced organisational performance.

REGION 3

Rock Agencies



COMPANY DETAILS

|                                     |                                     |
|-------------------------------------|-------------------------------------|
| Company name:                       | Rock Agencies                       |
| Region:                             | 3                                   |
| Province:                           | Kwa-Zulu Natal                      |
| District:                           | eThekweni Metropolitan Municipality |
| City of operation:                  | Durban                              |
| Project manager:                    | Zipho Magagula                      |
| Service provider/s: (If applicable) | Global Marketing                    |
| Case study written by:              | Zipho Magagula                      |

THEME OF THE CASE STUDY

Continuous Improvement

ACRONYMS

|      |                                  |
|------|----------------------------------|
| BT&R | Business Turnaround and Recovery |
| KZN  | KwaZulu-Natal                    |
| CEO  | Chief executive officer          |

### INTRODUCTION

#### COMPANY BACKGROUND

Rock Agencies is a family-valued clothing manufacturing company based in Durban, KwaZulu-Natal, South Africa, and currently employs 24 people. Starting from humble beginnings in 2009, the company has proven that with hard work, perseverance, and a clear vision for growth, success can be achieved – as reflected in the thriving business it operates today.

The company manages the full production process from design to delivery, supported by a team of fully skilled and specialised staff who are well trained in the art of swimwear and sportswear manufacturing. The operational team has many years of experience, ensuring that both the product and workmanship are of top quality.

Rock Agencies supplies the following companies:

- Mr Price Sportswear
- Shongweni Market
- Beach Patrons

#### COMPANY PRODUCTS AND SERVICES

Rock Agencies operates in the retail industry and manufactures a range of clothing, specialising in swimwear, beachwear, surfwear, sportswear and corporate apparel.

Its product range includes:

- Moisture-management T-shirts, golfers and cotton T-shirts.
- Board shorts (microfiber, four-way stretch), elastic shorts (taslon) and rugby shorts (cotton twill 200–220 gsm)
- Rash vests (long-sleeve and short-sleeve)
- Fishing apparel (board shorts, rash vests, tights, fishing shirts, cargo shorts, cargo pants, jackets – dry-mac, Oxford, rip-tech)
- Skorts, Speedos, racer backs, sarongs, dresses, tops and ponchos

“

“...the company have proven that with hard work, perseverance, and a vision to grow, success can be seen.

”





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

The following challenges were identified during the in-depth assessment conducted by Productivity SA:

- A manual planning system is still used for bookkeeping, production planning, and scheduling, resulting in most documentation being paper-based and lacking proper inventory control.
- The company website is outdated and does not appeal to potential clients.
- There is no financial manager, resulting in the absence of proper financial and inventory systems.
- A limited customer base and reduced business opportunities caused by the social and economic impacts of COVID-19.
- The closure of parks and farm stalls – previously the company's main sales points – led to a major decline in customers, as these venues were key distribution channels.
- The closure of beaches significantly reduced demand for swimwear, resulting in lost sales from both walk-in clients and retail swimwear stores.
- Increased competition from other clothing manufacturers in the same market space.
- No formal marketing strategy in place to attract and retain customers.
- Limited online presence, restricting access to wider markets and new customers.
- No targeted marketing campaigns to develop and maintain a loyal customer base.
- A lack of strong brand identity to position Rock Agencies as a competitive global brand.
- Limited capacity to keep up with market trends and evolving customer preferences.

### **THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY**

A financial analysis of Rock Agencies was compiled for the financial years ending February 2019 and February 2020. From the analysis, it is evident that there was a risk that the business could fail financially. The risk of failure was mainly driven by the high levels of debt held by the company.

The financial performance of the business can be summarised as follows:

- Between 2019 and 2020, the improvement in profitability was driven by an increase in the operating profit margin.
- Sales increased by 76,1%, compared to a higher increase in the cost of sales of 90,5%. In contrast, overhead costs decreased by 34,6%, offsetting the higher increase in costs. Overall, this contributed positively to the gross profit margin.

# Case Studies: Region 3

- The asset turnover rate increased, indicating improved utilisation of assets, which had a positive impact on profitability.

However, cash flow management remained ineffective, as the company did not have sufficient liquid assets to sustain operations. Working capital was not managed efficiently and exceeded the industry norm of 60 days, suggesting a potential inability to pay creditors as they became due.

The business also maintained high levels of debt during the review period, coupled with a decrease in shareholder equity investment. This reliance on debt indicates high financial gearing and a potential vulnerability to liquidity pressures.

Overhead costs comprised 5.9% of sales in 2020. Management should analyse the overhead cost structure to identify areas where cost reductions are possible. Significant overhead items include bank charges, depreciation, fuel, insurance, motor vehicle expenses, rent, and telephone, fax and internet costs.

Expenses such as depreciation, insurance and rent should decrease as sales volumes increase, while bank charges, fuel, motor vehicle and communication expenses should be monitored and controlled monthly.

To address the key challenges and concerns identified during the diagnostic assessment, the following interventions were implemented to assist the business:

**Intervention 1:** Marketing and Sales – Design and launch a new website.

**Intervention 2:** Operational Efficiency – Standardisation of production processes and process mapping.

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

|                            | Issue/Challenge                                                                                                                                                                                                                        | Intervention                                                                                                                                                                                                                                                            | Outcome - Completed                                                                     |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Interventions 1:           |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                         |                                                                                         |
| Design and launch website. | To date, Rock Agencies has used manual planning processes and systems for bookkeeping, production planning and scheduling, and stock requirements, making all planning and scheduling paperwork-based with no proper inventory control | The system is specifically needed for better planning, scheduling, and overall management of Rock Agencies. The existing website is outdated and inactive; therefore, a newly designed and interactive site will allow for greater awareness and improved client access | Website design and development, and implementation of the ERP system (inventory system) |
| Inventory management       |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                         |                                                                                         |

|                                                                                     | Issue/Challenge                                                                                                                                                                                                                    | Intervention                                                                                                                                                   | Outcome - Completed                  |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| <b>Interventions 2:</b><br><br>Standardisation of production<br><br>Process mapping | The aim of this intervention was to enhance operational efficiency and implement standard operating procedures to understand the flow of work and minimise wasted time, thereby improving the production capacity of the business. | Operational efficiency through the standardisation of production and process mapping for better planning, scheduling, and overall management of Rock Agencies. | Process mapping, time study and SOP. |

## RESULTS AND IMPACT

The following deliverable outcomes were achieved:

### INTERVENTION 1: DESIGN AND LAUNCH WEBSITE, AND INVENTORY MANAGEMENT

The impact of the ERP system is largely dependent on consistent use by Rock Agencies. The sooner management actively and consistently utilises the system, the sooner they will begin to see its full impact. The implementation of the ERP system is expected to:

- Improve capacity planning.
- Enable Rock Agencies to make informed decisions and communicate changes quickly, ensuring that staff can focus on priorities and achieve results faster.
- Support the management of departments within Rock Agencies, including production, HR and finance.
- Maximise resource utilisation to deliver more completed projects at reduced costs.
- Simulate ways to increase capacity internally or add external capacity when required.
- Identify resource conflicts before they occur and provide mechanisms to resolve them.
- Simulate scheduling and project portfolio alternatives to immediately assess the impact on resource utilisation.
- Enhance business reporting through real-time information.
- Improve customer service through better access to client information.
- Reduce inventory costs.
- Increase cash flow.
- Enable cost savings.
- Improve business processes.
- Strengthen supply chain management.

The impact of process standardisation ensures that goods or services produced within a specific industry are consistent in quality and comparable to other products or services in the same sector. Standardisation also promotes the safety, interoperability and compatibility of goods produced.

Business process standardisation helps reduce waste, increase efficiency and boost output. Since inefficient processes can waste significant time and resources each year, standardisation can deliver substantial bottom-line benefits to the organisation.

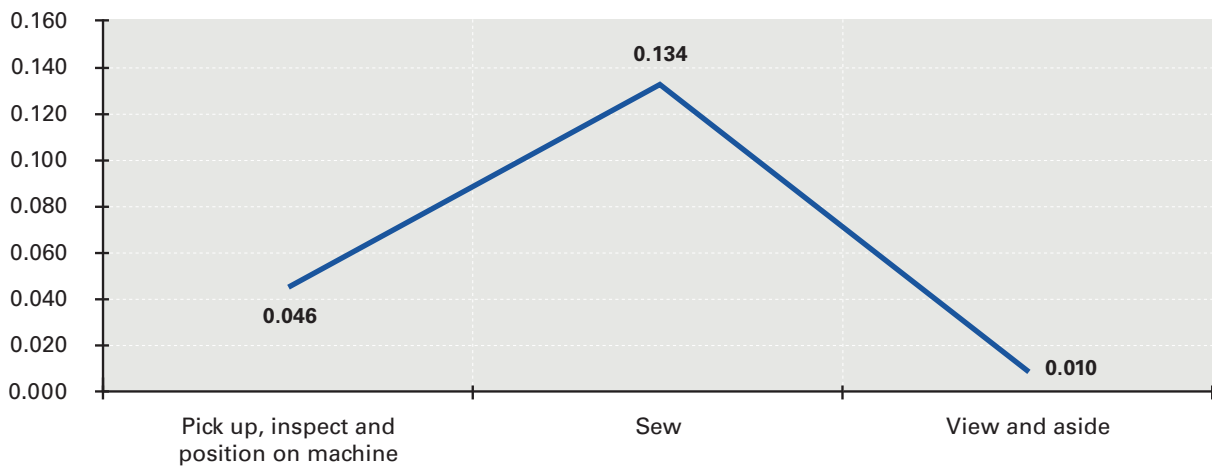
### IMPLEMENTATION INCLUDED:

1. Joining at the centre
2. Joining at the side
3. Sewing the elastic band on

|                                                                                                                                                                       |                                          | TIME STUDY OBSERVATION SHEET.                              |    |              |       |       |       |       |       |                        |       |                            |         |             |               |       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------------|----|--------------|-------|-------|-------|-------|-------|------------------------|-------|----------------------------|---------|-------------|---------------|-------|
|                                                                                                                                                                       |                                          | SIZE :                                                     |    | WORK CONTENT |       |       |       |       |       | REVISION:              |       |                            |         | TIME :      |               |       |
|                                                                                                                                                                       |                                          | DEPARTMENT : Sewing - joining top and bottom at the centre |    | CLOCK NO:    |       |       |       |       |       | DATE STUDIED :         |       | STUDIED BY: Zipho Magagula |         |             |               |       |
|                                                                                                                                                                       |                                          | PROCESS DESC : Tights                                      |    |              |       |       |       |       |       | MACHINE NUMBER :       |       | STUDY NO :                 |         |             |               |       |
|                                                                                                                                                                       |                                          | OPERATOR NAME :                                            |    |              |       |       |       |       |       | PART DESCRIPTION:      |       | PAGE : 1 OF                |         |             |               |       |
| EL NO:                                                                                                                                                                | ELEMENT DESCRIPTION                      | ALLOW                                                      | 1  | 2            | 3     | 4     | 5     | 6     | 7     | 8                      | 9     | 10                         | AVERAGE | B.TIME(MIN) | STD TIME(MIN) |       |
| 1                                                                                                                                                                     | Pick up, inspect and position on machine | 9%                                                         | OT | 0.04         | 0.04  | 0.03  | 0.03  | 0.05  | 0.06  | 0.04                   | 0.04  | 0.04                       | 0.04    | 0.042       | 0.042         | 0.046 |
|                                                                                                                                                                       |                                          |                                                            | R  | 100          | 100   | 100   | 100   | 100   | 100   | 100                    | 100   | 100                        | 100     | 100         |               |       |
|                                                                                                                                                                       |                                          |                                                            | BT | 0.044        | 0.045 | 0.033 | 0.034 | 0.049 | 0.060 | 0.035                  | 0.044 | 0.043                      | 0.035   | 0.042       |               |       |
| 2                                                                                                                                                                     | Sew on elastic                           | 9%                                                         | OT | 0.12         | 0.096 | 0.15  | 0.15  | 0.131 | 0.094 | 0.117                  | 0.11  | 0.11                       | 0.15    | 0.123       | 0.123         | 0.134 |
|                                                                                                                                                                       |                                          |                                                            | R  | 100          | 100   | 100   | 100   | 100   | 100   | 100                    | 100   | 100                        | 100     | 100         |               |       |
|                                                                                                                                                                       |                                          |                                                            | BT | 0.118        | 0.096 | 0.148 | 0.148 | 0.131 | 0.094 | 0.117                  | 0.111 | 0.110                      | 0.155   | 0.123       |               |       |
| 3                                                                                                                                                                     | View and Aside                           | 9%                                                         | OT | 0.01         | 0.01  | 0.01  | 0.01  | 0.00  | 0.01  | 0.01                   | 0.01  | 0.01                       | 0.009   | 0.009       | 0.010         |       |
|                                                                                                                                                                       |                                          |                                                            | R  | 100          | 100   | 100   | 100   | 100   | 100   | 100                    | 100   | 100                        | 100     |             |               |       |
|                                                                                                                                                                       |                                          |                                                            | BT | 0.011        | 0.009 | 0.009 | 0.008 | 0.001 | 0.008 | 0.011                  | 0.008 | 0.013                      | 0.010   |             |               | 0.009 |
| R - RATING @ 75 - 100 BRITISH STANDARD SCALE<br>OT - OBSERVED TIME (MIN)<br>BT - BASIC TIME (MIN)<br>MACHINE TIME ELEMENTS = 5% CONT. ALLOW.<br>9% STANDARD ALLOWANCE |                                          |                                                            |    |              |       |       |       |       |       | TOTAL BASIC TIME (MIN) |       |                            |         | 0.174       |               |       |
|                                                                                                                                                                       |                                          |                                                            |    |              |       |       |       |       |       | TOTAL STD TIME (MIN)   |       |                            |         |             | 0.1893657     |       |

### Plotting the standard time as per elemental description

#### Joining at the centre



From the graph, the standard times range between 0,01 seconds and 0,134 seconds, with the longest operation being sewing – joining at the centre (0,134 seconds). Sewing is a critical process in which the operator must ensure that the stitching is done according to standard to maintain the quality of the garment.

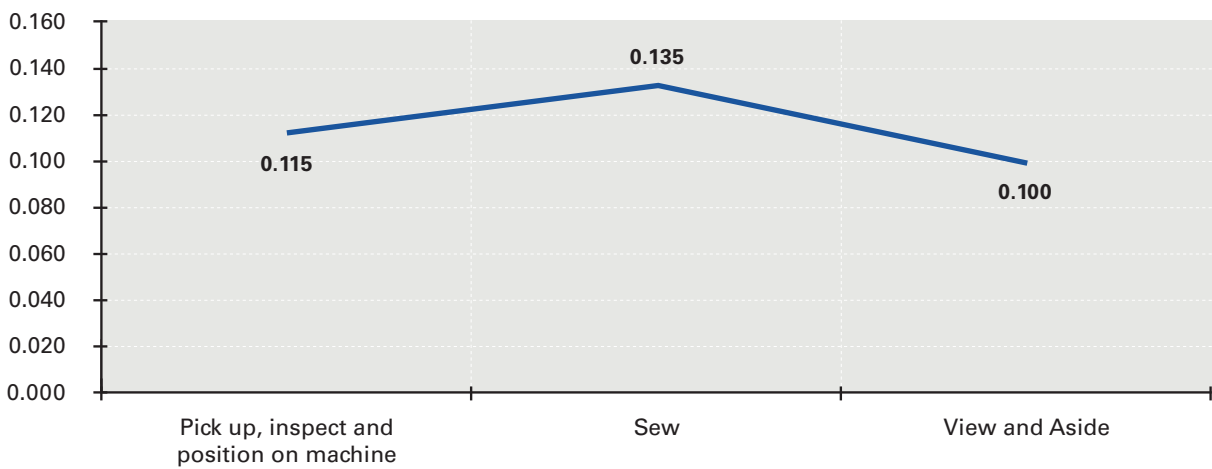
#### 2. Sewing on the side

|                                              |                                          |       | TIME STUDY OBSERVATION SHEET. |       |       |       |       |                   |       |                        |       |       |                            |         |             |               |  |
|----------------------------------------------|------------------------------------------|-------|-------------------------------|-------|-------|-------|-------|-------------------|-------|------------------------|-------|-------|----------------------------|---------|-------------|---------------|--|
| SIZE :                                       |                                          |       | WORK CONTENT                  |       |       |       |       | REVISION:         |       |                        |       |       | TIME :                     |         |             |               |  |
| DEPARTMENT : Sewing - joining side panels    |                                          |       | CLOCK NO:                     |       |       |       |       | DATE STUDIED :    |       |                        |       |       | STUDIED BY: Zipho Magagula |         |             |               |  |
| PROCESS DESC : Tights                        |                                          |       |                               |       |       |       |       | MACHINE NUMBER :  |       |                        |       |       | STUDY NO :                 |         |             |               |  |
| OPERATOR NAME :                              |                                          |       |                               |       |       |       |       | PART DESCRIPTION: |       |                        |       |       | PAGE : 1 OF                |         |             |               |  |
| EL NO:                                       | ELEMENT DESCRIPTION                      | ALLOW |                               | 1     | 2     | 3     | 4     | 5                 | 6     | 7                      | 8     | 9     | 10                         | AVERAGE | B.TIME(MIN) | STD TIME(MIN) |  |
| 1                                            | Pick up, inspect and position on machine | 9%    | OT                            | 0.11  | 0.12  | 0.10  | 0.12  | 0.12              | 0.10  | 0.10                   | 0.10  | 0.10  | 0.10                       | 0.105   | 0.105       | 0.115         |  |
|                                              |                                          |       | R                             | 100   | 100   | 100   | 100   | 100               | 100   | 100                    | 100   | 100   | 100                        | 100     |             |               |  |
|                                              |                                          |       | BT                            | 0.107 | 0.117 | 0.097 | 0.117 | 0.121             | 0.100 | 0.102                  | 0.098 | 0.096 | 0.099                      | 0.105   |             |               |  |
| 2                                            | Sew                                      | 9%    | OT                            | 0.14  | 0.13  | 0.10  | 0.14  | 0.089             | 0.113 | 0.119                  | 0.143 | 0.114 | 0.141                      | 0.124   | 0.124       | 0.135         |  |
|                                              |                                          |       | R                             | 100   | 100   | 100   | 100   | 100               | 100   | 100                    | 100   | 100   | 100                        | 100     |             |               |  |
|                                              |                                          |       | BT                            | 0.143 | 0.133 | 0.104 | 0.144 | 0.089             | 0.113 | 0.119                  | 0.143 | 0.114 | 0.141                      | 0.124   |             |               |  |
| 3                                            | View and Aside                           | 9%    | OT                            |       |       |       |       | 0.09              |       |                        |       |       |                            | 0.092   | 0.092       | 0.100         |  |
|                                              |                                          |       | R                             |       |       |       |       | 100               |       |                        |       |       |                            | 100     |             |               |  |
|                                              |                                          |       | BT                            |       |       |       |       | 0.092             |       |                        |       |       |                            | 0.092   |             |               |  |
| R - RATING @ 75 - 100 BRITISH STANDARD SCALE |                                          |       |                               |       |       |       |       |                   |       | TOTAL BASIC TIME (MIN) |       |       |                            |         | 0.321       |               |  |
| OT - OBSERVED TIME (MIN)                     |                                          |       |                               |       |       |       |       |                   |       | TOTAL STD TIME (MIN)   |       |       |                            |         | 0.350       |               |  |
| BT - BASIC TIME (MIN)                        |                                          |       |                               |       |       |       |       |                   |       |                        |       |       |                            |         |             |               |  |
| MACHINE TIME ELEMENTS = 5% CONT. ALLOW.      |                                          |       |                               |       |       |       |       |                   |       |                        |       |       |                            |         |             |               |  |
| 9% STANDARD ALLOWANCE                        |                                          |       |                               |       |       |       |       |                   |       |                        |       |       |                            |         |             |               |  |

# Case Studies: Region 3

## Plotting the standard time as per elemental description

### Joining at the side



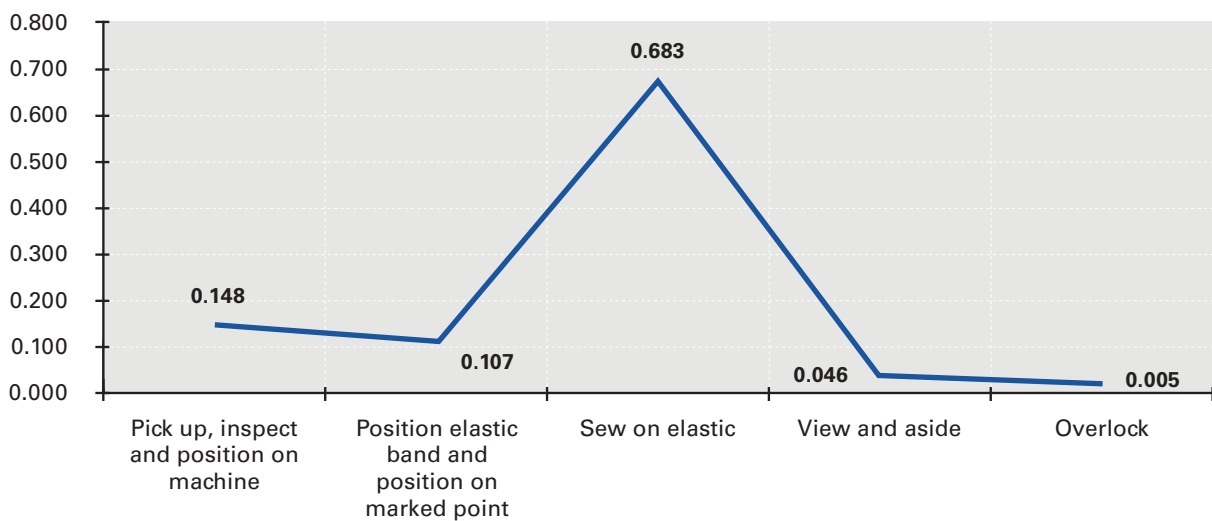
From the graph, the standard times range between 0,100 seconds and 0,135 seconds, with the longest operation being sewing – joining at the side (0,135 seconds). Sewing is again a critical process where the operator must ensure that stitching is completed to the standard to maintain consistent garment quality.

### 3. Sewing of elastic band

| TIME STUDY OBSERVATION SHEET.                |                                                    |       |              |       |       |       |       |       |                        |       |       |       |                            |             |               |       |
|----------------------------------------------|----------------------------------------------------|-------|--------------|-------|-------|-------|-------|-------|------------------------|-------|-------|-------|----------------------------|-------------|---------------|-------|
| SIZE :                                       |                                                    |       | WORK CONTENT |       |       |       |       |       | REVISION:              |       |       |       | TIME :                     |             |               |       |
| DEPARTMENT : Sewing - putting elastic        |                                                    |       | CLOCK NO:    |       |       |       |       |       | DATE STUDIED :         |       |       |       | STUDIED BY: Zipho Magagula |             |               |       |
| PROCESS DESC : Tights                        |                                                    |       |              |       |       |       |       |       | MACHINE NUMBER :       |       |       |       | STUDY NO :                 |             |               |       |
| OPERATOR NAME :                              |                                                    |       |              |       |       |       |       |       | PART DESCRIPTION:      |       |       |       | PAGE : 1 OF                |             |               |       |
| EL NO:                                       | ELEMENT DESCRIPTION                                | ALLOW | 1            | 2     | 3     | 4     | 5     | 6     | 7                      | 8     | 9     | 10    | AVERAGE                    | B.TIME(MIN) | STD TIME(MIN) |       |
| 1                                            | Pick up, inspect and position on machine           | 9%    | OT           | 0.12  | 0.15  | 0.11  | 0.15  | 0.15  | 0.15                   | 0.13  | 0.13  | 0.15  | 0.12                       | 0.135       | 0.135         | 0.148 |
|                                              |                                                    |       | R            | 100   | 100   | 100   | 100   | 100   | 100                    | 100   | 100   | 100   | 100                        | 100         |               |       |
|                                              |                                                    |       | BT           | 0.120 | 0.150 | 0.110 | 0.148 | 0.148 | 0.148                  | 0.130 | 0.130 | 0.150 | 0.120                      | 0.135       |               |       |
| 2                                            | Position elastic band and position on marked point | 9%    | OT           | 0.06  | 0.28  | 0.03  | 0.07  | 0.07  | 0.07                   | 0.06  | 0.05  | 0.28  | 0.01                       | 0.098       | 0.098         | 0.107 |
|                                              |                                                    |       | R            | 100   | 100   | 100   | 100   | 100   | 100                    | 100   | 100   | 100   | 100                        | 100         |               |       |
|                                              |                                                    |       | BT           | 0.061 | 0.280 | 0.031 | 0.070 | 0.070 | 0.070                  | 0.060 | 0.052 | 0.280 | 0.010                      | 0.098       |               |       |
| 3                                            | Sew on elastic                                     | 9%    | OT           | 0.49  | 1.07  | 0.41  | 0.48  | 0.48  | 0.40                   | 0.440 | 0.49  | 1.07  | 0.93                       | 0.626       | 0.626         | 0.683 |
|                                              |                                                    |       | R            | 100   | 100   | 100   | 100   | 100   | 100                    | 100   | 100   | 100   | 100                        | 100         |               |       |
|                                              |                                                    |       | BT           | 0.490 | 1.069 | 0.407 | 0.04  | 0.04  | 0.482                  | 0.440 | 0.488 | 1.069 | 0.934                      | 0.545       |               |       |
| 4                                            | View and Aside                                     | 9%    | OT           | 0.05  | 0.04  | 0.04  | 0.04  | 0.04  | 0.04                   | 0.02  | 0.09  | 0.04  | 0.04                       | 0.043       | 0.043         | 0.046 |
|                                              |                                                    |       | R            | 100   | 100   | 100   | 100   | 100   | 100                    | 100   | 100   | 100   | 100                        | 100         |               |       |
|                                              |                                                    |       | BT           | 0.054 | 0.036 | 0.036 | 0.036 | 0.036 | 0.040                  | 0.020 | 0.095 | 0.036 | 0.036                      | 0.043       |               |       |
| 5                                            | Overlock                                           | 9%    | OT           | 0.05  | 0.000 | 0.000 | 0.000 | 0.000 | 0.000                  | 0.000 | 0.00  | 0.000 | 0.000                      | 0.005       | 0.005         | 0.005 |
|                                              |                                                    |       | R            | 100   | 100   | 100   | 100   | 100   | 100                    | 100   | 100   | 100   | 100                        | 100         |               |       |
|                                              |                                                    |       | BT           | 0.048 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000                  | 0.000 | 0.000 | 0.000 | 0.000                      | 0.005       |               |       |
| R - RATING @ 75 - 100 BRITISH STANDARD SCALE |                                                    |       |              |       |       |       |       |       | TOTAL BASIC TIME (MIN) |       |       |       | 0.907                      |             |               |       |
| OT - OBSERVED TIME (MIN)                     |                                                    |       |              |       |       |       |       |       |                        |       |       |       |                            |             |               |       |
| BT - BASIC TIME (MIN)                        |                                                    |       |              |       |       |       |       |       |                        |       |       |       |                            |             |               |       |
| MACHINE TIME ELEMENTS = 5% CONT. ALLOW.      |                                                    |       |              |       |       |       |       |       |                        |       |       |       |                            |             |               |       |
| 9% STANDARD ALLOWANCE                        |                                                    |       |              |       |       |       |       |       |                        |       |       |       |                            |             |               |       |
|                                              |                                                    |       |              |       |       |       |       |       | TOTAL STD TIME (MIN)   |       |       |       |                            |             | 0.9887717     |       |

### Plotting the standard time as per elemental description

#### Joining at the side



From the graph, the standard times range between 0,005 seconds and 0,683 seconds, with the longest operation being sewing of the elastic band onto the garment (0,683 seconds). This process is particularly critical, requiring the operator to maintain consistent stitching quality throughout.

#### Standard Operating Procedures:

A Standard Operating Procedure (SOP) is a step-by-step, repeatable process for any routine task. It serves as documentation that helps prevent stress, mistakes, miscommunication, and non-compliance with industry regulations.

SOPs ensure reliability, efficiency, and uniformity of performance while maintaining consistent quality standards in daily work activities.

The main purpose of an SOP is to provide clear and consistent instructions on how to carry out a specific task or process within an organisation. By adhering to SOPs, organisations can maintain high-quality standards, optimise productivity, mitigate risks, ensure compliance with regulations, facilitate training and knowledge transfer, and identify opportunities for continuous improvement.



## Case Studies: Region 3

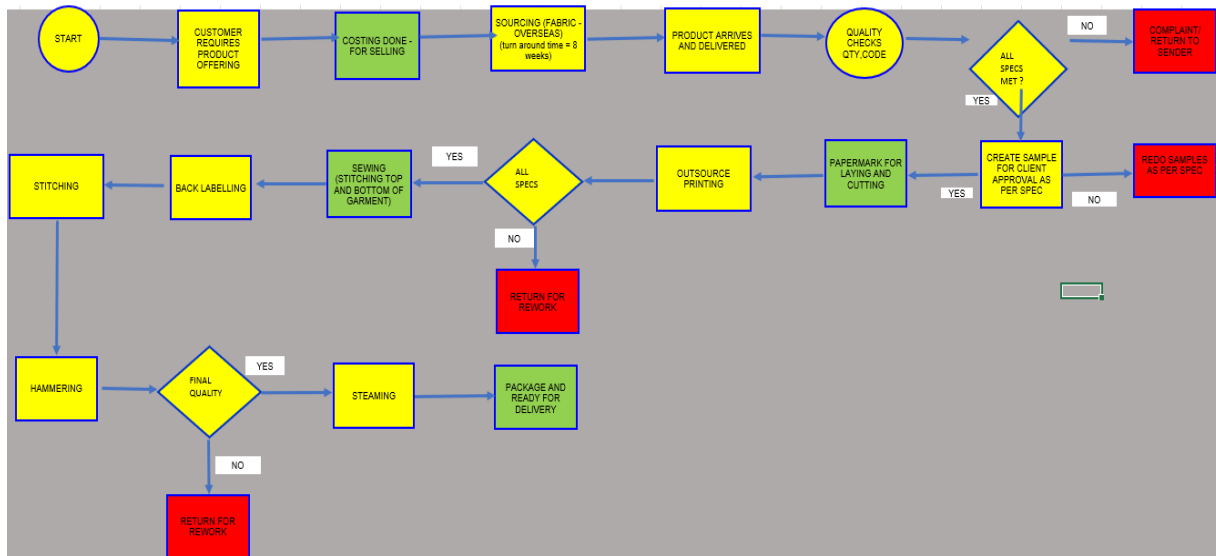
| Rock Agencies                                                                       |                                                                                                           | Required Safety Equipment                                                            |                                                                                                         |             |                   |             |
|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------------|-------------------|-------------|
| STANDARD OPERATING PROCEDURE                                                        | SEWING ELASTIC BAND ON GARMENT                                                                            | Please tick if needed                                                                                                                                                   |                                                                                                         |             |                   |             |
| <b>TITLE / DESCRIPTION</b><br><b>OPERATOR</b><br><b>PICTURES / ILLUSTRATIONS</b>    | Hard Hat                 |                                                                                                                                                                         | Protective clothing  |             |                   |             |
|                                                                                     | Gloves                   |                                                                                                                                                                         | Safety Boots         |             |                   |             |
|                                                                                     | Masks                    |                                                                                                                                                                         | Hearing Protection   |             |                   |             |
|                                                                                     | Other                                                                                                     |                                                                                                                                                                         |                                                                                                         |             |                   |             |
| 1                                                                                   | Operator collects all material to be used to be on workstation                                            |   |                                                                                                         |             |                   |             |
| 2                                                                                   | Operator checks if machine to use is in good condition                                                    |                                                                                                                                                                         |                                                                                                         |             |                   |             |
| 3                                                                                   | Operator picks up, inspect and position material on machine ready for sewing                              |                                                                                                                                                                         |                                                                                                         |             |                   |             |
| 4                                                                                   | Operator position elastic band and position on marked point of the garment as well as of the elastic band |                                                                                                                                                                         |                                                                                                         |             |                   |             |
| 5                                                                                   | Operator stretches the band in position and start sewing, till finishes the cycle                         |                                                                                                                                                                         |                                                                                                         |             |                   |             |
| 6                                                                                   | Operator views the sewn garment for quality purposes and set aside                                        |                                                                                                                                                                         |                                                                                                         |             |                   |             |
| 7                                                                                   |                                                                                                           |                                                                                                                                                                         |                                                                                                         |             |                   |             |
| 8                                                                                   |                                                                                                           |                                                                                                                                                                         |                                                                                                         |             |                   |             |
| 9                                                                                   |                                                                                                           |                                                                                                                                                                         |                                                                                                         |             |                   |             |
| 10                                                                                  |                                                                                                           |                                                                                                                                                                         |                                                                                                         |             |                   |             |
| 11                                                                                  |                                                                                                           |                                                                                                                                                                         |                                                                                                         |             |                   |             |
| 12                                                                                  |                                                                                                           |                                                                                                                                                                         |                                                                                                         |             |                   |             |
|  |                                                                                                           | Temperature gauge                                                                                                                                                       |                                                                                                         |             |                   |             |
| Rev                                                                                 | Nature of Revision                                                                                        | Prepared by                                                                                                                                                             | Date                                                                                                    | Approved by | REF DOCUMENTATION | DESCRIPTION |
| 1                                                                                   | Review                                                                                                    |                                                                                                                                                                         |                                                                                                         |             |                   |             |
|                                                                                     |                                                                                                           |                                                                                                                                                                         |                                                                                                         |             |                   |             |
|                                                                                     |                                                                                                           |                                                                                                                                                                         |                                                                                                         |             |                   |             |
|                                                                                     |                                                                                                           |                                                                                                                                                                         |                                                                                                         |             |                   |             |
|                                                                                     |                                                                                                           |                                                                                                                                                                         |                                                                                                         |             |                   |             |

### Process Mapping:

Process mapping is the practice of creating a diagram that outlines all the steps, resources, and outcomes involved in a work process. Its benefits include:

- Helping to standardise work processes
- Ensuring compliance
- Identifying improvement opportunities
- Supporting problem-solving
- Aiding in process development

A process map illustrates the individual steps within a process, identifying task owners and expected timelines. It is particularly useful for communicating processes among stakeholders and highlighting areas for improvement. Most process maps begin at a macro level and are then expanded to provide more detailed information as needed



### Critical Activities Identified:

- **Costing:** Ensures that all expenses are covered and that pricing yields a profit. The first and most important step is identifying all costs — production, sales, administrative, and overheads.
- **Laying:** Plays a key role in reducing production costs and ensuring efficient use of fabric. The fabric's length should align with the garment edge, with cutting patterns placed on the correct grain to maximise material usage.
- **Sewing:** The most critical operation in garment production. Sewing involves joining different garment parts using a needle and thread (or alternatives such as adhesives or welding). Two key aspects are stitches and seams, both essential for ensuring quality workmanship.
- **Packaging:** Protects the product from physical impacts such as contact, moisture, or abrasion. Effective packaging ensures that products reach consumers in good condition, are cost-efficient to transport, and easy to store.

### HIGHLIGHTS OF THE PROJECT

During the design, development and implementation phase of the website and ERP system, it became apparent that the management team is extremely busy and does not have sufficient time to properly oversee all areas of the business. The financial management system used at the time was not effectively utilised and lacked important data such as invoices, customer receipts, and related documentation.

The benefits and impact of the ERP system will only be realised if Rock Agencies' management team consistently uses the system and actively inputs data from all departments within the business.

During the implementation phase of the operational efficiency intervention, the management team successfully delegated work among supervisors and quality leaders. The team now fully understands their roles and the processes to follow. The company relies on the specifications received from customers to produce each sample and drive production.

Most employees are multi-skilled, which enables flexibility in the event of absenteeism and allows for effective job rotation and line balancing when required.

### PROJECT INNOVATION

Rock Agencies has the potential to grow into a recognisable clothing and textile manufacturing entity in KwaZulu-Natal. However, this will require improved overall management of the business.

The company's growth to date has placed significant pressure on its small management team, who currently oversee multiple functions across departments. It is therefore imperative that the company fully utilises the implemented ERP system to improve overall management, particularly of stock and inventory intake and output, to reduce the cost of sales.

The website is expected to have a long-term impact on the business, although immediate results may not be visible. Increased social media activity is anticipated to drive consumer traffic to the website, creating greater awareness and enabling potential and existing customers to engage directly with management through the interactive platform.

Once the necessary resources are secured – specifically a dedicated process manager and supporting staff – the business is expected to fully utilise the cycle times model created. With expansion plans underway and the acquisition of additional retail outlets, Rock Agencies anticipates job creation and increased revenue generation.

### CONCLUSION

During the implementation phase of the operational efficiency intervention, the management team successfully delegated work among supervisors and quality leaders. The team understands their roles and the processes to follow. The company relies on customer specifications to produce samples and drive production.

Most employees are multi-skilled, which allows for flexibility in the event of absenteeism and enables effective job rotation and line balancing when necessary.

During the design, development, and implementation phase of the website and ERP system, it became evident that the management team is extremely busy and does not have sufficient time to oversee all areas of the business effectively. The financial management system in use at the time was not properly utilised and lacked essential data such as invoices and customer receipts.

The benefits and full impact of the ERP system will only be realised if the Rock Agencies management team consistently uses the system and ensures that data from all departments is accurately and regularly captured.



REGION 3

Laundry Dynamics



COMPANY DETAILS

|                                     |                                    |
|-------------------------------------|------------------------------------|
| Company name:                       | Laundry Dynamics                   |
| Region:                             | 3                                  |
| Province:                           | Mpumalanga Province                |
| District:                           | Gert Sibande District Municipality |
| City of operation:                  | Evander                            |
| Project manager:                    | Sinqobie Shoba                     |
| Service provider/s: (If applicable) |                                    |
| Case study written by:              | Sinqobie Shoba                     |

THEME OF THE CASE STUDY

*The central focus of this case study was the discovery, during assessment, that Laundry Dynamics was performing below expectations in terms of sales and marketing. This highlighted the need for a rigorous marketing plan and strategy, and more importantly, the implementation thereof. The intervention required innovative thinking, as the ultimate goal was to improve market access for Laundry Dynamics and strengthen its overall market position.*

### INTRODUCTION

#### COMPANY BACKGROUND

Laundry Dynamics Secunda CC operates in the laundry services sector, specialising in laundry washing, ironing, alterations, and other personal services. The company's head office is located in Evander, Mpumalanga Province, and it employed 24 staff members at the end of the latest financial year.

Laundry Dynamics Secunda is a South African company established in 2013 and is a Level 1 BBBEE contributor. Ownership is 60% female and 40% male. Ms Nthabiseng Mashele (60% shareholder) serves as the Financial and Operations Director, while Mr Oduetse Joseph Modisane (40% shareholder) serves as the Human Resources Director.

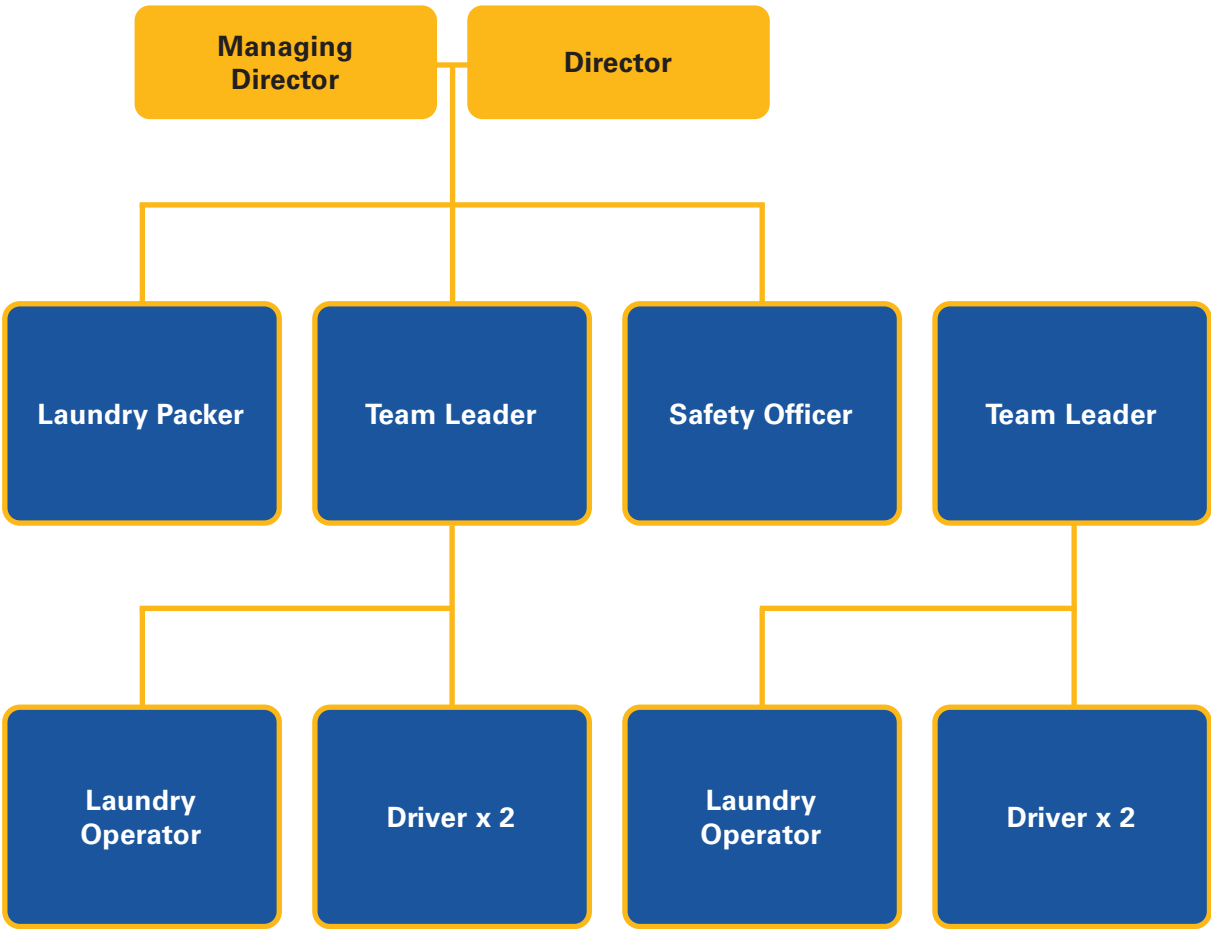
#### COMPANY PRODUCTS AND SERVICES

Laundry Dynamics primarily provides services to the industrial sector, while also serving retail clients as needed. The company's main service offerings include:

- Laundry services
- Dry cleaning
- Shoe repairs
- Tailoring

“Laundry Dynamics operates in the laundry services sector, specialising in laundry washing, ironing, alterations, and other personal care services.”

COMPANY STRUCTURE





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

The SWOT analysis below reflects the strengths, weaknesses, opportunities, and threats noted during the business review and the general status of the industry.

| Strengths                                                                                                                                                                                                                                                                                | Opportunities                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• A proven track record of operational excellence.</li> <li>• Experienced directorship and management.</li> <li>• Established communication channels and mediums.</li> <li>• Existing website.</li> <li>• Marketing strategy in place.</li> </ul> | <ul style="list-style-type: none"> <li>• A chance to enter new markets.</li> <li>• Maximize revenue through increased sales.</li> <li>• Develop a predictable business model.</li> <li>• Increase national footprint.</li> </ul> |
| Weaknesses                                                                                                                                                                                                                                                                               | Threats                                                                                                                                                                                                                          |
| <ul style="list-style-type: none"> <li>• Excessive human interference in business processes.</li> <li>• Lack technological advancement in business reporting.</li> </ul>                                                                                                                 | <ul style="list-style-type: none"> <li>• Lack of established KPIs and business performance indicators.</li> <li>• Reliance on a single industrial contract or client.</li> </ul>                                                 |

## **THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY**

The interventions outlined below originate from the diagnostic assessment and are proposed because they will have a direct impact on the company's performance and improve productivity across all business areas.

The assessment at Laundry Dynamics highlighted that, although a robust marketing plan was developed to act as a roadmap, the company lacks the technical expertise required for its effective implementation. Access to additional clients is the missing element needed to increase sales and elevate Laundry Dynamics to the next level of growth.

The business requires a team of highly qualified individuals to assist with the implementation of the marketing plan – including preparing proposals and pitching to potential clients and contracts as outlined in the roadmap. The aim is to overcome historical barriers and use marketing expertise to regain business opportunities for Laundry Dynamics and secure new contracts in line with the marketing strategy.

Furthermore, effective control mechanisms must be established within internal processes. At present, operational data availability and measurement tools for decision-making and performance improvement are non-existent. A thorough mapping of current process flows using lean management tools is required to identify gaps and areas for improvement.

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

|                                                                                                                 | Issue/Challenge                                                                                                                                                                                                                                                                                             | Intervention                                                                                                                                                                                                                 | Outcome - Completed                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Interventions 1:</p> <p>Development of a marketing plan and strategy.</p> <p>Market access intervention.</p> | <p>Increased sales were required to increase breakeven and improve profitability of the business.</p>                                                                                                                                                                                                       | <p>Development of a marketing plan and strategy, and market access intervention.</p>                                                                                                                                         | <ul style="list-style-type: none"><li>• Increased productivity and increased sales and market share in the industry in which Laundry Dynamics operates.</li><li>• Centralised decision-making.</li><li>• Customer-centric operations.</li></ul>                                                                            |
| <p>Interventions 2:</p> <p>Operational efficiency</p>                                                           | <ul style="list-style-type: none"><li>• Non-existence of 5S.</li><li>• Inefficiencies in processes – difficulty to track and monitor; and ineffectiveness of monitoring activities.</li><li>• Gaps in the alignment of resources and tasks as per business process functions within the business.</li></ul> | <ul style="list-style-type: none"><li>• Value Stream Mapping.</li><li>• Review of current capacity.</li><li>• Establishment of monitoring tools.</li><li>• Review of layouts.</li><li>• 5S audits and red tagging.</li></ul> | <ul style="list-style-type: none"><li>• Inefficiencies highlighted.</li><li>• Improved planning and labour utilisation with clearly defined roles.</li><li>• Improved performance management through clear Key Performance Indicators built into the system.</li><li>• Improved quality in the service offering.</li></ul> |

### RESULTS

The achievement of the minimum desired levels of sales and profit, facilitated by the marketing plan's direction and overall strategy – together with market access activities – was enabled by improved productivity, the elimination of certain inefficiencies and increased operational effectiveness. These outcomes represent the core objectives of both the marketing plan and the operational efficiency deliverable.

A combination of these factors provides the company with a solid, evidence-based foundation for expanding its footprint in the commercial laundry sector. This includes securing additional contracts with mines, fully implementing its market aspirations, and entering new regions within the province and across the country – thereby strengthening the Laundry Dynamics brand presence in the commercial laundry market.

### HIGHLIGHTS OF THE PROJECT

Laundry Dynamics' efficiency and productivity levels showed measurable improvement as non-value-adding activities were reduced and eventually eliminated. While these gains may seem minor at first glance, when translated into sales and revenue opportunity costs, their impact is significant.

Had these inefficiencies remained undetected, they would have continued to erode operational performance. Moreover, if the operational efficiency findings are not promptly adopted and maintained, the consequences could be detrimental to the business in the long term.

### PROJECT INNOVATION

The Future Forum played a vital role in ensuring the long-term sustainability of the business. It is therefore recommended that the committee formed during the implementation of the BT&R Programme remains active to continue supporting business improvement and accountability.

### CONCLUSION

The success of the programme depends on maintaining the progress achieved and sustaining the impact of the turnaround strategies outlined in the workplan. These achievements represent some of the programme's most significant highlights.

However, the continuous growth and improvement of Laundry Dynamics depend on the company's ability to fully embed the culture, systems and practices introduced through this programme. Any regression to old systems or habits will be evident through an immediate decline in productivity, followed by reduced sales and a drop in overall staff morale.



A picture of the laundry room at Laundry Dynamics

## REGION 3

***Study Smart Dynamics (Pty) Ltd***

## COMPANY DETAILS

|                                     |                                     |
|-------------------------------------|-------------------------------------|
| Company name:                       | Smart Dynamics                      |
| Region:                             | 3                                   |
| Province:                           | Kwa-Zulu Natal                      |
| District:                           | eThekweni Metropolitan Municipality |
| City of operation:                  | Phoenix                             |
| Project manager:                    | Thembinkosi Mngoma                  |
| Service provider/s: (If applicable) | KEV Real Solutions                  |
| Case study written by:              | Thembinkosi Mngoma                  |

## THEME OF THE CASE STUDY

***The implementation and maintenance of ISO 45001:2018 Occupational Health and Safety Management System (OHSMS) measures at Smart Dynamics Wholesalers CC***

### INTRODUCTION

#### COMPANY BACKGROUND

Smart Dynamics is a South African-based detergent formulation company located in Phoenix, an industrial area within the city of Durban, KwaZulu-Natal (KZN). The business operates as a close corporation owned by Mr Sancreen Chetty. It was established in 2007 and formally registered in 2009.

At the start of the project, the business had a staff complement of six employees.

The company manufactures a range of detergents designed to meet diverse customer demands, targeting household, automotive and industrial markets with competitively priced, high-quality products. Smart Dynamics strives to consistently meet customer expectations by delivering superior products and excellent service.

Over the past three years, the business has experienced a decline in turnover due to a combination of external factors – including the COVID-19 pandemic, the KwaZulu-Natal riots and severe flooding in the province – all of which negatively impacted operations. Despite these challenges, the business remains committed to retaining its employees.

#### COMPANY PRODUCTS AND SERVICES

The company specialises in the sourcing of local and imported raw materials, as well as the manufacturing, repacking and supply of chemicals and consumables. It manufactures and wholesales a range of quality household, automotive and industrial chemicals.

Smart Dynamics currently supplies several retailers, including SK Trucking, GANTRANS, Automould and Hygiene Supplies. Its main competitors are Bidvest, Sevest and Belchem – companies that also specialise in the manufacturing of chemicals and cleaning products and services.

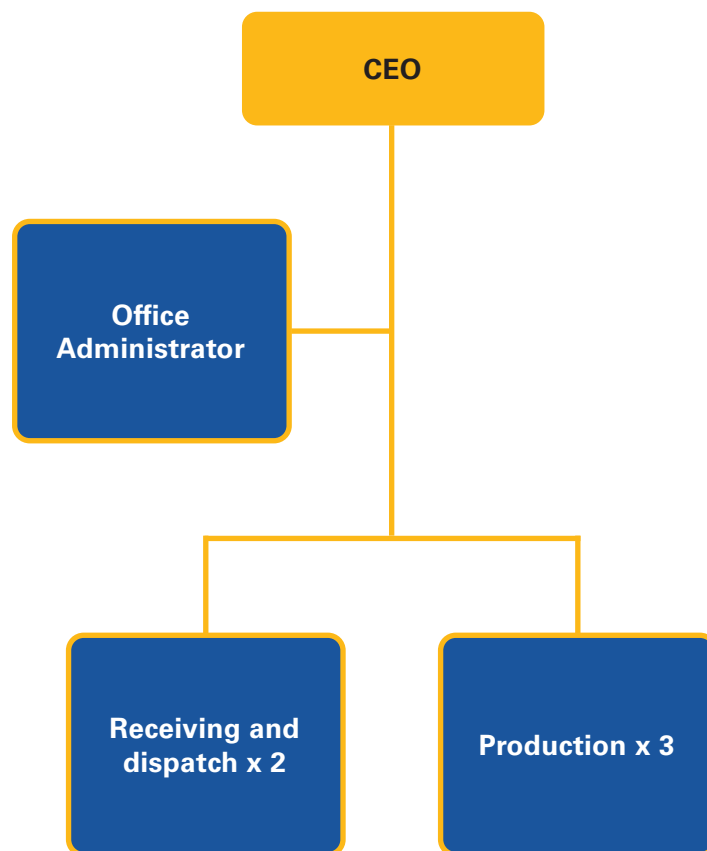
The company has not been immune to the effects of the COVID-19 pandemic and subsequent unrest, both of which placed a heavy burden on consumers. South Africa's chemical manufacturing industry recorded its sharpest-ever decline in retail sales in 2020.

“

Smart Dynamic offers high-quality detergent products along with excellent customer service.

”

## COMPANY STRUCTURE





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

The company was considered for the programme based on its financial assessment. According to the 2022 performance data, the breakeven point could be reached in 416 days, compared to 466 days in 2021. The gap narrowed in the latter period as the contribution margin increased at a higher rate than fixed costs.

This indicated that, although the business showed a notable improvement, it was still operating at a loss. Based on the financial statements, it is evident that there remains a risk of financial failure.

**The following are key areas of concern were identified during the assessment:**

- **Lack of internal record-keeping systems:** This makes it difficult for the business to have an accurate picture of its current position and to forecast trends necessary for reducing costs and increasing profitability.
- **Health and Safety Standards:** The business needs to implement ISO 45001 standards to meet client quality requirements and enhance overall operational standards.
- **Marketing and Market Access:** There is a need to develop a comprehensive marketing plan and conduct market intelligence-informed research that includes updated trends and competitor analysis.
- **Cash flow management:** Improved cash flow management is essential to mitigate the risk of low liquidity, as the business has struggled to break even over the past two years, as shown in the financial assessment.

Following discussions with management and the future forum, and taking into account the business's immediate needs and budget constraints, it was recommended that the implementation of environmental and quality standards (ISO 45001:2018) be prioritised.

This report provides an overview of the implementation and maintenance of the ISO 45001:2018 Occupational Health and Safety Management System (OHSMS) at Smart Dynamics Wholesalers CC. The primary goal of implementing ISO 45001 is to increase organisational self-awareness and establish a safe working environment for employees and all interested parties – including visitors, customers, subcontractors and members of the public who may work with or interact with the company in any capacity.

The report outlines the occupational health and safety (OHS) training of appointed employees; the improvement of housekeeping awareness (including proper demarcation of work areas); the display of the Basic Conditions of Employment Act (BCEA) chart; the placement of mandatory safety signage; and the compilation of a Safety File containing all required OHS supporting documentation to ensure compliance with Department of Labour requirements.

At the outset, there were no occupational health and safety compliance practices in place at Smart Dynamics Wholesalers CC. This posed a significant risk to business operations. The implementation of ISO 45001 has therefore added substantial value by expanding business awareness, improving compliance and enhancing the company's reputation among potential customers.

### THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY

The problem was identified and an intervention was implemented to train employees and raise awareness of occupational health and safety measures, which were adopted as follows:

#### **Occupational Health and Safety ISO 45001 Implementation and Certification**

**Problem:** Lack of ownership and awareness at Smart Dynamics Wholesalers CC regarding compliance with the Occupational Health and Safety (OHS) Act, ISO 45001 standards, and the company's safe working practices.

**Intervention:** Employees received comprehensive training, which included both theoretical and practical in-house sessions. All employees who attended were issued with OHS certificates of attendance.

#### **OHS Training (Health and Safety Representatives, Fire-fighters and First-aiders)**

**Problem:** Employees were not taking ownership or responsibility for health and safety protocols.

**Intervention:** The training ensured that health and safety representatives, fire-fighters, and first aiders take responsibility for their respective areas by documenting, monitoring, and measuring their work environment, and by adhering to basic housekeeping duties required to maintain a safe and healthy workplace.

#### **OHS Legal Liability Awareness Talk**

**Problem:** There was no accountability among senior staff who failed to discipline workers that did not comply with safety rules.

**Intervention:** Training was provided to managers and supervisors to emphasise the importance of complying with the OHS Act. It also reinforced

that strict adherence protects both employer and employee, and that disciplinary measures must be applied when non-compliance occurs.

#### **Replaced BCEA (Basic Conditions of Employment Act) Charts**

**Problem:** Existing charts were torn, and workers—including senior staff—were unfamiliar with BCEA requirements.

**Intervention:** Training was provided to all staff to ensure an understanding of the Basic Conditions of Employment Act, and new BCEA charts were displayed in appropriate areas.

#### **Safety Signage's & Evacuation Plan**

**Problem:** There were no safety signs or emergency evacuation routes in place.

**Intervention:** An evacuation plan was developed, and safety signage was installed in relevant areas to guide employees and ensure compliance with mandatory OHS regulatory requirements.

#### **Safety File**

**Problem:** The required safety documentation for the factory and the Department of Labour was not in place.

**Intervention:** A comprehensive safety file was compiled, covering all occupational health and safety supporting documents necessary to meet compliance requirements.

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

|                                                                           | Issue/Challenge                                                                                                                                                                                         | Intervention                                                                                                                                                                            | Outcome - Completed                                                                                                                                                                                                     |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Interventions 1:                                                          |                                                                                                                                                                                                         |                                                                                                                                                                                         |                                                                                                                                                                                                                         |
| Occupational Health and Safety ISO 45001 Implementation and Certification | Lack of ownership and awareness at Smart Dynamics Wholesalers CC regarding compliance with the Occupational Health and Safety (OHS) Act, ISO 45001 standards, and the company's safe working practices. | Employees received comprehensive training, which included both theoretical and practical in-house sessions. All employees who attended were issued with OHS certificates of attendance. | The business will be ISO 45001 compliant and be able meet required quality levels related to occupational health and safety. It will also assist business to attract its target market that prioritise this requirement |

RESULTS

Table 5: Lost Time Injury (LTI) April to September 2023

|            |                                   | 6-MONTHS ANALYSIS |        |        |        |     |        |         |
|------------|-----------------------------------|-------------------|--------|--------|--------|-----|--------|---------|
|            |                                   | Apr               | May    | June   | July   | Aug | Sept   | Total   |
|            | Number of Injuries (Minor)        | 7                 | 7      | 7      | 2      | 0   | 2      | 18      |
| 1500 p/day | Cost of Injury (Hrs lost in Prod) | R3 500            | R3 500 | R3 500 | R1 500 | R0  | R1 500 | R13 500 |
|            | Loss of Production Hours          | 7,5               | 7,5    | 7,5    | 3,5    | 0   | 3,5    | 22      |
|            | Number of days absent             | 1                 | 1      | 1      | 0,5    | 0   | 0,5    | 3       |
| 400 p/day  | Cost to Company for absenteeism   | R400              | R400   | R400   | R200   | R0  | R200   | R1 600  |
|            | Total Cost of LTI                 | R3 900            | R3 900 | R3 900 | R1 700 | R0  | R1 700 | R15 100 |

The analysis reflects a 1-day loss equivalent to R3 900.

Between April and September 2023, Smart Dynamics Wholesalers CC recorded total losses of R15 100 due to minor injuries sustained during this six-month period (April–September 2023).

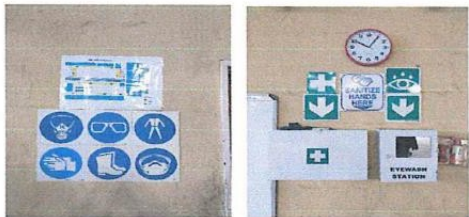
### Growth Opportunity

Based on the data collected, it is evident that monitoring and measuring incidents and associated costs related to lost-time injuries is essential for evaluating the effectiveness of the Occupational Health and Safety (OHS) implementation.

The ultimate purpose of maintaining occupational health and safety standards is to support business growth by ensuring compliance, improving operational efficiency and strengthening the company's credibility with clients who prioritise safety compliance.

The maintenance of ISO 45001 at Smart Dynamics Wholesalers CC will be audited in six months. Any gaps identified during the audit will be addressed collaboratively with the management team to close out non-conformances and further improve compliance.

**Figure 1:** Evidence of Health and Safety implementation

| <b>EVIDENCE OF HEALTH &amp; SAFETY IMPLEMENTATION AT SMART DYNAMIC WHOLESALERS CC.</b>                                                                                  |                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|                                                                                      |   |
| <b>ISO AWARENESS OHS TALK – SMART DYNAMIC WHOLESALERS CC.</b>                                                                                                           | <b>HEALTH &amp; SAFETY TRAINING TEAM</b>                                              |
|   |  |
| <b>TOOLBOX TALK &amp; GOOD HOUSEKEEPING</b>                                                                                                                             | <b>BASIC CONDITION EMP. ACT CHARTS</b>                                                |
|                                                                                      |   |
| <b>SAFETY FILE COMPILATION</b>                                                                                                                                          | <b>SAFETY SIGNAGES IN-PLACE</b>                                                       |

HIGHLIGHTS OF THE PROJECT

The business has successfully secured additional work opportunities, resulting in an estimated 20% increase in turnover. The Chief Executive Officer will provide the supporting financial statements to confirm this estimate by the end of May 2024.

Table 6: Turnover Comparison

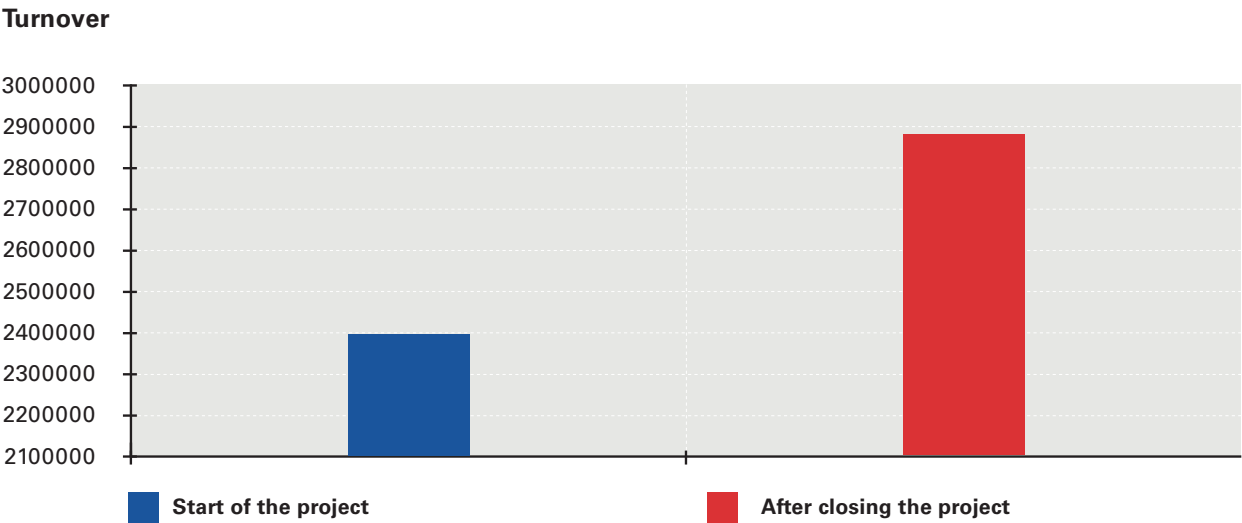
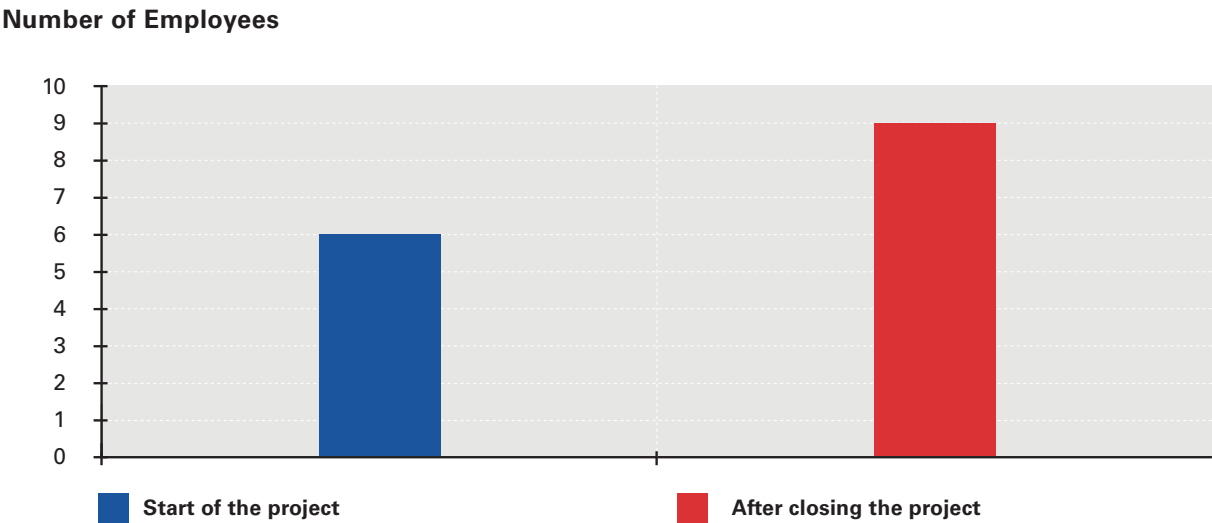
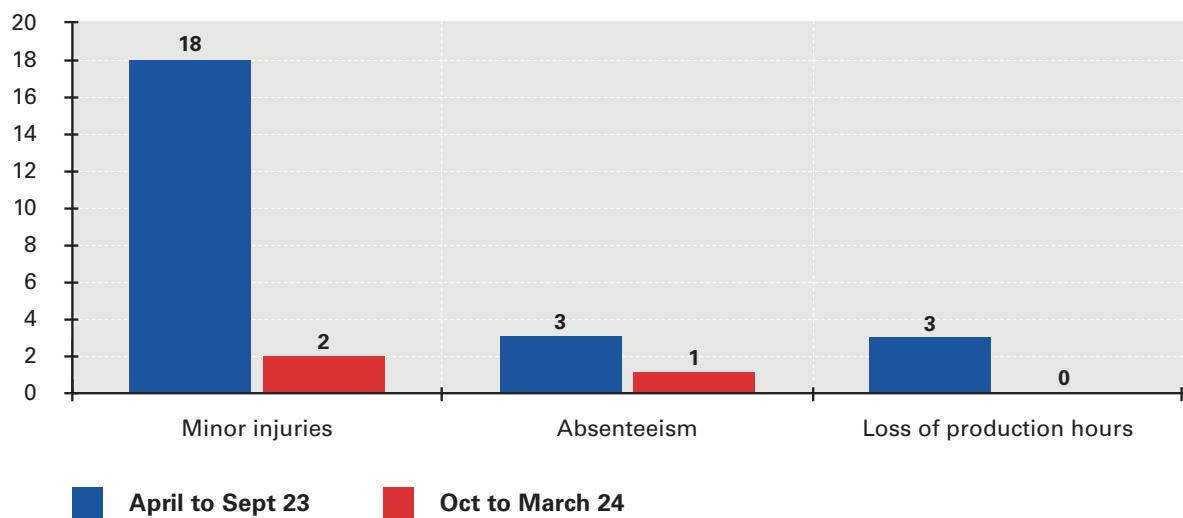


Table 7: Number of employees



The company was able to retain six employees and create three additional positions, increasing its total staff complement to nine employees.

In addition, a comparison of minor injuries, absenteeism and production hours lost indicates measurable improvements following the implementation of occupational health and safety measures.

**Table 8:** Six-month Comparison of Lost-Time Injuries (LTI)**6-months analysis in days**

## PROJECT INNOVATION

The implementation of ISO 45001 introduced new ways of operating within the business. Operational setup and workflow processes were adjusted to comply with health and safety standards, resulting in improved working conditions.

Measurement systems were introduced through capacity-building initiatives, enabling the company to monitor key performance areas such as absenteeism, production output, rejects and customer complaints.

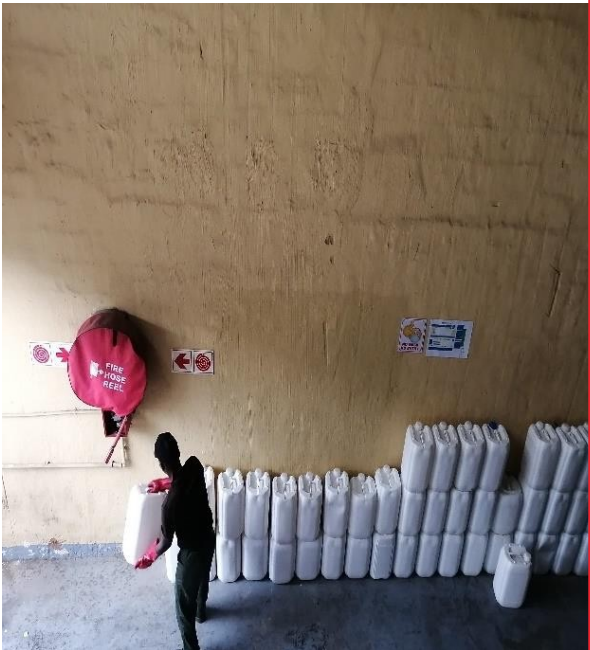
## CONCLUSION

The implementation of ISO 45001:2018 continues to be maintained to ensure ongoing compliance with occupational health and safety management standards. Smart Dynamics remains committed to regularly renewing its certification to safeguard its investment and uphold the strategic goals outlined in the workplan.



Case Studies: Region 3

Figure 2: Pictures of the people in the organisation and company view





# ***Financial Statements***



# ***Index***

for the year ended 31 March 2025

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# Statement of Responsibility

for the year ended 31 March 2025

## Statement of Responsibility of Annual Financial Statement

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by Lunika.
- The annual report is complete and accurate and is free from any material omissions.
- The annual report has been prepared in accordance with the guidelines on annual reports issued by National Treasury.
- The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) applicable to the public entity.
- The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In our view, the annual report fairly reflects the operations, the performance information, the human resources information, and the financial affairs of the public entity for the financial year ended 31 March 2025.

The annual financial statements set out on page 133, which have been prepared on the going-concern basis, were approved by the member on 31 July 2025 and were signed on its behalf by:



**Ms Amelia Naidoo**

Productivity SA Acting Chief Executive Officer (ACEO)

# Independent Auditor's Report

for the year ended 31 March 2025

## Independent Auditor's Report to the Funders on Business Turnaround and Recovery, a Division of Productivity SA

### Report on the audit of the annual financial statements

#### Opinion

1. We have audited the financial statements of Business Turnaround and Recovery, a division of Productivity SA, set out on pages 133 to 146, which comprise the Statement of Financial Position as at 31 March 2025, the Statement of Financial Performance, the Statement of Changes in Net Assets, the Cash Flow Statement and the Statement of Comparison of Budget and Actual Amounts for the year then ended, as well as the 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 Business Turnaround and Recovery, a division of Productivity SA, as at 31 March 2025, and its financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act, 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 our report (Annexure A).
4. We are independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants

(including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit in South Africa, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Accounting Authority for the financial statements

6. The Accounting Authority is responsible for the preparation and fair presentation of these financial statements in accordance with GRAP and the requirements of the 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 public entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going-concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities 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

# Independent Auditor's Report

for the year ended 31 March 2025

opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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. This description, which is located at page 132, forms part of our auditor's report.

## Other information

10. The Accounting Authority is responsible for the other information included in the annual report. The other information does not include the financial statements and our auditor's report thereon.
11. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.
12. Our responsibility is to read the other information and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
13. We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are 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, we 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

14. We considered internal control relevant to our audit of the financial statements, the annual performance report, and compliance with applicable legislation; however, our objective was not to express any form of assurance on the effectiveness of such internal control.

*Lunika Inc.*

**Lunika Chartered Accountants  
and Auditors Incorporated**

**Samkelo Mxunyelwa CA (SA)**

Director  
Registered Auditor

31 July 2025

Lonehill Office Park  
Sandton  
Johannesburg

 LUNIKA

# Independent Auditor's Report

for the year ended 31 March 2025

## Annexure – auditor's responsibility for the audit

### Professional judgement and professional scepticism

As part of an audit conducted in accordance with the International Standards on Auditing (ISAs), we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements, and during the procedures performed on reported performance information for the selected programme and on the public entity's compliance with selected requirements in key legislation.

### Financial statement

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 public 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 public 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 at the date of this auditor's report. However, future events or conditions may cause the public 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 identified during our audit.

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

# Statement of Financial Position

for the year ended 31 March 2025

Figures in Rands

Note(s)

2025

2024

## Assets

### Current Assets

Cash and cash equivalents

3

39 897 387

12 988 848

### Total Assets

39 897 387

12 988 848

## Liabilities

### Current Liabilities

Payables from exchange transactions

4

3 026 328

2 570 269

Unspent conditional grants and receipts

5

36 795 417

10 346 536

Provisions

6

75 642

72 043

### Total Liabilities

39 897 387

12 988 848

### Net Assets

–

–



# Statement of Financial Performance

for the year ended 31 March 2025

| Figures in Rands                              | Note(s) | 2025                | 2024                |
|-----------------------------------------------|---------|---------------------|---------------------|
| <b>Revenue</b>                                |         |                     |                     |
| <b>Revenue from non-exchange transactions</b> |         |                     |                     |
| <b>Transfer revenue</b>                       |         |                     |                     |
| Transfers received                            |         | 27 019 182          | 33 047 624          |
| <b>Expenditure</b>                            |         |                     |                     |
| Employee related costs                        | 7       | (9 157 275)         | (9 214 322)         |
| Auditor's remuneration                        | 8       | (75 642)            | (72 043)            |
| Lease rentals on operating lease              |         | (736 137)           | (755 433)           |
| Project implementation costs                  | 9       | (16 126 236)        | (22 402 519)        |
| Operating expenses                            | 10      | (923 892)           | (603 307)           |
| <b>Total expenditure</b>                      |         | <b>(27 019 182)</b> | <b>(33 047 624)</b> |
| <b>Surplus for the year</b>                   |         | <b>–</b>            | <b>–</b>            |

# Statement of Changes in Net Assets

for the year ended 31 March 2025

|                                 | Total net assets |
|---------------------------------|------------------|
| <b>Balance at 01 April 2023</b> | –                |
| Surplus for the year            | –                |
| <b>Balance at 01 April 2024</b> | –                |
| Surplus for the year            | –                |
| <b>Balance at 31 March 2025</b> | <b>–</b>         |

# Cash Flow Statement

for the year ended 31 March 2025

Figures in Rands

Note(s)

2025

2024

## Cash flows from operating activities

### Receipts

Rendering of services

–

24 888

Transfers received

53 468 063

41 308 040

Interest income

–

1 690 147

### Total receipts

53 468 063

43 023 075

### Payments

Cash paid to employees

(9 204 773)

(9 099 178)

Cash paid to suppliers

(17 354 751)

(21 985 254)

### Total payments

(26 559 524)

(31 084 432)

Net cash flows from operating activities

11

26 908 539

11 938 643

Net increase/(decrease) in cash and cash equivalents

26 908 539

1 938 643

Cash and cash equivalents at the beginning of the year

12 988 848

1 050 205

Cash and cash equivalents at the end of the year

3

39 897 387

12 988 848

# Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2025

|  | Approved<br>Budget | Adjustments | Final Budget | Actual<br>amounts on<br>comparable<br>basis | Difference<br>between final<br>budget and<br>Actual | Reference |
|--|--------------------|-------------|--------------|---------------------------------------------|-----------------------------------------------------|-----------|
|--|--------------------|-------------|--------------|---------------------------------------------|-----------------------------------------------------|-----------|

## Statement of Financial Performance

### Revenue

#### Revenue from non-exchange transactions

#### Transfer revenue

|                                               |            |             |                   |            |                     |      |
|-----------------------------------------------|------------|-------------|-------------------|------------|---------------------|------|
| Transfers received                            | 55 435 000 | (3 266 000) | <b>52 169 000</b> | 27 019 182 | <b>(25 149 818)</b> | 14.1 |
| Total revenue from non-exchange transactions' | 55 435 000 | (3 266 000) | <b>52 169 000</b> | 27 019 182 | <b>(25 149 818)</b> |      |

### Expenditure

|                                  |                     |                  |                     |                     |                   |      |
|----------------------------------|---------------------|------------------|---------------------|---------------------|-------------------|------|
| Employee related costs           | (11 177 000)        | 2 098 000        | <b>(9 079 000)</b>  | (9 157 275)         | <b>(78 275)</b>   | 14.2 |
| Auditor's remuneration           | (70 000)            | –                | <b>(70 000)</b>     | (75 642)            | <b>(5 642)</b>    |      |
| Lease rentals on operating lease | (962 000)           | –                | <b>(962 000)</b>    | (736 137)           | <b>225 863</b>    |      |
| Project implementation costs     | (42 555 000)        | 1 168 000        | <b>(41 387 000)</b> | (16 126 236)        | <b>25 260 764</b> | 4.3  |
| Operating expenses               | (671 000)           | –                | <b>(671 000)</b>    | (923 892)           | <b>(252 892)</b>  | 14.4 |
| <b>Total expenditure</b>         | <b>(55 435 000)</b> | <b>3 266 000</b> | <b>(52 169 000)</b> | <b>(27 019 182)</b> | <b>25 149 818</b> |      |

**Actual amount on comparable basis as presented in the budget and actual comparative statement**

|   |   |   |   |   |   |  |
|---|---|---|---|---|---|--|
| – | – | – | – | – | – |  |
|---|---|---|---|---|---|--|

# Significant Accounting Policies

for the year ended 31 March 2025

## 1. Significant account policies

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

### 1.1 Basis of preparation

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 financial statements have been prepared on the accrual basis of accounting and in accordance with the historical cost convention as the basis of measurement, unless stated otherwise. They are presented in South African Rand (R), which is the functional currency of the entity.

### 1.2 Going concern assumption

The financial statements have been prepared on the going concern basis, assuming that the entity will continue to operate for at least the next 12 months from the reporting date.

### 1.3 Materiality

Omissions or misstatements of items are considered material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of these financial statements.

Materiality depends on the nature or magnitude of the omission or misstatement, judged in the surrounding circumstances. The assessment of materiality takes into account that users are assumed to have a reasonable knowledge of government and accounting, and to study the information with reasonable diligence.

The entity does not retrospectively adjust past immaterial items unless they constitute an error.

### 1.4 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that

affect the reported amounts and disclosures. Actual results may differ from these estimates.

Significant judgements include:

**Provisions:** Provisions are recognised based on the best estimate of the expenditure required to settle the present obligation at the reporting date (see Note 6 – Provisions).

### 1.5 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.

#### Financial assets

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

- **Cash and cash equivalents**

Net cash and cash equivalents included in the statement of cash flows comprise cash on hand and deposits held in call accounts with the bank.

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

- **Impairment of financial assets**

If the 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.

- **Financial liabilities**

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

- **Payables from exchange transactions**

Payables from exchange transactions comprise trade and other payables and are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less; otherwise, they are presented as non-current liabilities. Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost.

## 1.6 Leases

### 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 is recognised as an operating lease asset or liability.

## 1.7 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees or for the termination of employment.

Termination benefits are payable when employment is terminated by the entity before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits exclude any benefits dependent on future service. The entity recognises termination benefits at the earlier of the following dates:

- when the entity can no longer withdraw the offer of those benefits; and
- when the entity recognises costs for a restructuring that falls within the scope of GRAP 19 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

### Short-term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is recognised as an expense in that reporting period. Provision is made for accumulated leave and other short-term benefits when there is no realistic alternative other than to settle the liability, and when there is a formal plan and the amounts to be paid are determined before the issue of the financial statements.

## 1.8 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 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 surpluses or deficits.

If the 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 but are disclosed in note 17.

## 1.9 Commitments

Items are classified as commitments when the 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.

## 1.10 Budget information

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

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

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

The approved budget covers the fiscal period from 1 April 2024 to 31 March 2025. 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 has been included in the Statement of Comparison of Budget and Actual Amounts.

### 1.11 Related parties

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

A 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 comprises those persons responsible for planning, directing and controlling the activities of the entity, including those charged with governance in accordance with legislation, 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 such transactions occur within normal supplier and/or client relationships, on terms and conditions no more or less favourable than those reasonably expected if dealing with that individual or entity in similar circumstances, and the terms are within the normal operating parameters established by the entity's legal mandate.

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

### 1.12 Events after reporting date

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

The entity adjusts the amounts recognised in the financial statements to reflect adjusting events that occur after the reporting date.

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

# Notes to the Annual Financial Statements

for the year ended 31 March 2025

## 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 2025 or later periods:

| Standard/ Interpretation:                                                | Effective date: Years beginning on or after | Expected impact:                         |
|--------------------------------------------------------------------------|---------------------------------------------|------------------------------------------|
| GRAP 106 Transfer of Functions Between Entities Not Under Common Control | Not yet determined                          | Unlikely there will be a material impact |
| GRAP 105 Transfer of Functions Between Entities Under Common Control     | Not yet determined                          | Unlikely there will be a material impact |
| GRAP 2023 Improvements to the Standards of GRAP 2023                     | Not yet determined                          | Unlikely there will be a material impact |
| GRAP 1 (amended): Presentation of Financial Statements (Going Concern)   | Not yet determined                          | Unlikely there will be a material impact |
| GRAP 104 (as revised): Financial Instruments                             | 01 April 2025                               | Unlikely there will be a material impact |

Figures in Rands

Note(s)

2025

2024

## 3. Cash and cash equivalents

Cash and cash equivalents consist of:

|                     |                   |                   |
|---------------------|-------------------|-------------------|
| Bank balances       | 8 819             | 15 343            |
| Short-term deposits | 39 888 568        | 12 973 505        |
|                     | <b>39 897 387</b> | <b>12 988 848</b> |

## 4. Payables from exchange transactions

|                   |                  |                  |
|-------------------|------------------|------------------|
| Trade payables    | –                | 1 972 735        |
| Accrued leave pay | 364 857          | 402 355          |
| Accrued bonus     | 89 594           | 99 594           |
| Accrued expense   | 2 571 877        | 95 585           |
|                   | <b>3 026 328</b> | <b>2 570 269</b> |

Payables aging analysis is as follows:

|           |           |           |
|-----------|-----------|-----------|
| 0-30 days | 3 026 328 | 2 570 269 |
|-----------|-----------|-----------|



## 5. Unspent conditional grants and receipts

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 2024/25 financial year.

| Figures in Rands                     | 2025              | 2024              |
|--------------------------------------|-------------------|-------------------|
| <b>Movement during the year</b>      |                   |                   |
| Balance at the beginning of the year | 10 346 536        | 41 704 012        |
| Amount received                      | 52 168 600        | –                 |
| Interest capitalised                 | 1 299 462         | 1 690 148         |
| Government grant received            | (27 019 181)      | (33 047 624)      |
|                                      | <b>36 795 417</b> | <b>10 346 536</b> |

## 6. Provisions

|                                            | Opening | Additions<br>Balance | Utilised<br>during the<br>year | Total  |
|--------------------------------------------|---------|----------------------|--------------------------------|--------|
| <b>Reconciliation of provisions – 2025</b> |         |                      |                                |        |
| Audit fee                                  | 72 043  | 75 642               | (72 043)                       | 75 642 |
| <b>Reconciliation of provisions – 2024</b> |         |                      |                                |        |
| Audit fee                                  | 68 558  | 72 043               | (68 558)                       | 72 043 |

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

## 7. Employee related costs

| Figures in Rands                    | 2025             | 2024             |
|-------------------------------------|------------------|------------------|
| Basic                               | 9 088 772        | 9 037 863        |
| UIF                                 | 38 258           | 38 258           |
| SDL                                 | 88 274           | 85 424           |
| Leave pay provision charge          | (58 029)         | 52 777           |
| <b>Total employee-related costs</b> | <b>9 157 275</b> | <b>9 214 322</b> |

## 8. Auditors remuneration

|                     |        |        |
|---------------------|--------|--------|
| Audit fees-external | 75 642 | 72 043 |
|---------------------|--------|--------|

## 9. Project implementation costs

| Figures in Rands                            | 2025              | 2024              |
|---------------------------------------------|-------------------|-------------------|
| Support services overheads                  | –                 | 86 682            |
| Nurturing                                   | 713 500           | 1 249 100         |
| Financial assessments                       | 1 413 600         | 1 436 400         |
| Establish future forums                     | 547 200           | 1 316 700         |
| Capacity building of future forums          | 217 000           | 539 000           |
| Capacity building of productivity champions | 925 000           | 1 950 000         |
| Develop turnaround strategies               | 912 000           | 1 795 500         |
| Implementation of turnaround strategies     | 9 881 106         | 11 452 943        |
| Close out reports                           | 1 060 200         | 1 162 800         |
| Travelling                                  | 75 071            | 1 055 377         |
| Marketing and promotions                    | 381 559           | 358 017           |
|                                             | <b>16 126 236</b> | <b>22 402 519</b> |

BT&R Programme is funded by UIF in order to contribute to the alleviation of poverty in South Africa by providing support to enterprises facing economic distress and initiatives aimed at preventing job losses. The programme incurs project implementation costs to execute different activities of its projects.

It takes a maximum of 12 months to complete each project from beginning to the end, and from the work plan approval to closeout is a maximum of 9 months.

## 10. Operating expenses

|                         |                |                |
|-------------------------|----------------|----------------|
| Bank charges            | 1 245          | 1 212          |
| Communications          | 46 805         | 30 965         |
| Insurance               | 10 108         | 10 659         |
| Other expenses          | –              | 13 444         |
| Printing and stationery | 2 423          | 9 538          |
| Staff welfare           | 3 192          | 3 162          |
| Travel – local          | 750 782        | 386 232        |
| Utilities               | 109 337        | 148 095        |
|                         | <b>923 892</b> | <b>603 307</b> |

## 11. Cash generated from operations

| Figures in Rands                           | 2025              | 2024              |
|--------------------------------------------|-------------------|-------------------|
| Surplus                                    | –                 | –                 |
| <b>Adjustments for:</b>                    |                   |                   |
| Movements in provisions                    | 3 599             | 3 485             |
| <b>Changes in working capital:</b>         |                   |                   |
| Receivables from exchange transactions     | –                 | 24 888            |
| Receivables from non-exchange transactions | –                 | 41 308 040        |
| Payables from exchange transactions        | 456 059           | 1 959 706         |
| Unspent conditional grants and receipts    | 26 448 881        | (31 357 476)      |
|                                            | <b>26 908 539</b> | <b>11 938 643</b> |

## 12. Taxation and VAT exemption

The entity is exempted from income tax in terms 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:** Department of Employment and Labour

| Figures in Rands                          | 2025       | 2024       |
|-------------------------------------------|------------|------------|
| <b>Related party balances</b>             |            |            |
| <b>Amounts included in trade payables</b> |            |            |
| Unemployment Insurance Fund               | 36 795 416 | 10 346 536 |
| Productivity SA                           | 2 402 179  | 1 962 501  |
| <b>Related party transactions</b>         |            |            |
| <b>Amounts included in revenue</b>        |            |            |
| Unemployment Insurance Fund               | 27 019 181 | 33 047 624 |
| <b>Amounts included in expenditure</b>    |            |            |
| Productivity SA                           | 14 062 015 | 15 261 532 |

## 14. Budget differences

### Material differences between budget and actual amounts

Budget narrations are included for variations above R100 000.

#### 14.1. Transfers received

Non-exchange revenue recognised is below the budget. The underachievement is due to the funding from the UIF that was anticipated for June 2024 was only released in November 2024. Funds are carried over into 2025/26.

#### 14.2. Project implementation cost

Savings are driven by lower project implementation costs. The project implementation costs were budgeted in full, however, funding from the UIF that was anticipated for June 2024 was only released in November 2024

#### 14.3. Operating expenses

There is a saving on operating expenses due to delayed spending on travel and subsistence.

### Changes from the approved budget to the final budget

The changes between the approved and final budget are due to delayed spending as funding was received later than anticipated.

## 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

Liquidity risk is the risk that there will be insufficient funds available to settle obligations when they are due.

The entity has a liquidity risk due to deficit cash balances mainly driven by the shortfall in the funding from the grant and related spend. The level of cash balances in the group is monitored weekly and cash generated from operations is reviewed against planned cash flows projections on a monthly basis. In addition, working capital reviews are performed monthly.

Surplus cash is invested in interest-bearing current accounts and time deposits that are expected to readily generate cash inflows for managing liquidity risk.

The programme meets its financial requirements through government grant earned.

#### At 31 March 2025

Trade and other payables

**Less than 1 year**

3 026 325

#### At 31 March 2024

Trade and other payables

**Less than 1 year**

2 570 269

## 16. Commitments

Figures in Rands

|                                               | 2025             | 2024             |
|-----------------------------------------------|------------------|------------------|
| <b>Operating leases - as lessee (expense)</b> |                  |                  |
| <b>Minimum lease payments due</b>             |                  |                  |
| – within one year                             | 836 585          | 781 855          |
| – in second to fifth year inclusive           | 212 624          | 1 049 209        |
|                                               | <b>1 049 209</b> | <b>1 831 064</b> |

Operating lease payments represent rentals payable by Productivity SA (BT&R Programme) for certain offices occupied at Midrand. Leases are negotiated for an average term of five years and rentals are fixed for an average of five years. No contingent rent is payable.

## 17. Contingencies

There were no contingencies as at 31 March 2025.

## 18. Prior-year errors

As part of the review of the significant areas in the entity it was noted that cashflow from operating balances were misclassified. This misclassification has been corrected and is disclosed as a prior-year error in accordance with GRAP 3 and was adjusted retrospectively.

### Cash flow statement

|                                            | As previously reported | Correction error | Restated          |
|--------------------------------------------|------------------------|------------------|-------------------|
| <b>Cash flow from operating activities</b> |                        |                  |                   |
| Transfers received                         | 41 308 040             | 1690148          | 42 998 188        |
| Interest income                            | 1 690 147              | (1690147)        | –                 |
| Cash paid to employees                     | (9 214 322)            | 115144           | (9 099 178)       |
| Cash paid to suppliers                     | (21 870 110)           | (115145)         | (21 985 255)      |
|                                            | <b>11 913 755</b>      | <b>–</b>         | <b>11 913 755</b> |

## 19. Comparative figures

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

## 20. Going concern

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.

The programme is funded by Unemployment Insurance Fund and MoA has been concluded for the funding in the next 2 financial years (FY2025/26 – FY2026/27) indicating a commitment of R113 480 820.

## 21. Events after the reporting date

Executive management is not aware of any material events occurring after the reporting date and up to the date of this report.

[illegible]



[illegible]



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