

CASE STUDY:

Supply Chain localisation in South Africa

Client: Council for Scientific and Industrial Research (CSIR)

The challenge

The South African Government has committed to a significant programme of infrastructure development in the country for at least the next decade. Areas for attention include energy, transport and communications amongst others, the aim being to help provide the foundations to achieve stated ambitions for increased competitiveness and economic growth.

As well as providing the country with important foundations for economic growth, the investment also offers the opportunity to localise the supply chains delivering these projects. By taking this approach, spend will be retained in the country and the businesses participating will be better placed to continue providing high quality products and services inside South Africa, as well as potentially exporting to other countries.

Alongside the need to develop supply chains, following the long period of apartheid there is a policy of positive transformation to drive racial equality, embodied within the Broad-Based Black Economic Empowerment (BBBEE).

Currently Programme Management organisations from outside the country very often win these major projects because of their proven experience and ability to deliver. Part of their brief is to use the services of local South African SMEs to deliver a high proportion of the supply chain delivery work required for the projects. This is excellent in theory, but in practice there are barriers to this happening...

- Difficult to identify SMEs with the right capabilities.
- Lack of mechanism to objectively measure suppliers 'fitness to supply'.
- Establishing businesses current capacity utilisation and availability.

Consequently the preference is mostly to outsource to suppliers they already know, often domiciled outside of South Africa.



CSIR

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The approach

To overcome these challenges and to help achieve the stretching and exciting vision for localising supply chains, it was agreed that an intense knowledge and understanding of local markets and entire supply chains in each industry needs to be established. This entailed a thorough analysis and understanding of both the demand and supply sides.

Winning Moves has developed a highly effective response, in collaboration with the Technology Localisation Implementation Unit, based at the CSIR and ESKOM, the national electricity utility provider. A web based supply chain benchmarking tool has been designed and programmed to underpin an overall initiative that will support 100s of businesses, with technical upgrading investment and advice available to participating SMEs to help them become 'fit to supply'. In depth training has also been provided to an elite team of experienced business advisers to ensure that the service is delivered to maximum effect.

The structure of the tool mirrors that seen in actual supply chain infrastructure projects, with a hierarchy of Structures broken down into Systems, which are then further subdivided down into Component Manufacturers and Service Providers (collectively SSCs). The tool will analyse and evaluate individual business contribution to and capacity to supply the various SSCs that make up a project.

By including functionality for comparison against Winning Moves international BenchmarkIndex® database, businesses are able to compare their performance and methods against local and global best practices. This helps them to see how they measure up against buyer requirements, providing a firm foundation for developing their plans to meet the required standards to participate in localisation opportunities.

The outcome

The service has recently been launched, with the nuclear energy industry earmarked as the first to benefit. It will provide the foundation for improved practices and performances of indigenous South African SMEs that are involved or have the potential to participate in the supported supply chains. Furthermore, the tool will help to ensure consistency of approach and quality of support, assisting localisation managers and advisers to deliver a high value, impactful service every time.

The approach is designed to accelerate industrialisation and enterprise development, leading to a business base that has ever increasing capability. By participating and committing to upgrading, participating businesses can confidently expect to win more work and be assisted with re-purposing into other supply chains, including beyond South Africa's borders. The tool is completely scalable and sustainable to underpin South African supply chain improvement activities, providing a powerful and objective resource, for many years to come.