

PREFERENTIAL PROCUREMENT AND ENTERPRISE DEVELOPMENT



Cable manufacture at Aberdare Cables Long Street factory, Johannesburg.

Altron is committed to creating a vibrant black small, medium and micro enterprise (SMME) sector and to encourage the formation of new enterprises of all sizes. Accordingly, Altron emphasises the need to procure goods and services from previously disadvantaged companies. This is commercially driven and the group's cost, quality, reliability and safety standards are not compromised.

In terms of the Altron Transformation Vision 2010, our target for preferential procurement began at 10% in 2005, rising to 50% by 2010. Reporting on this area of transformation will be monitored in the near future by the group's new empowerment scorecard platform which will be based on the Department of Trade and Industry's BBBEE Codes of Good Practice.

During the review period, many Altron companies met or exceeded our internal

scorecard target of 10% of discretionary expenditure on preferential procurement and enterprise development:

- Altech Netstar – 66% with black SMMEs
- Altech UEC Multi-Media – R25m or most of its limited (10%) discretionary budget
- BTG spent 28% of discretionary purchases on BBBEE procurement as was verified by Empowerdex.
- The Powertech group averaged 28% of its budget allocated to black companies – from a high of 51% to a low of 2% for companies restricted to international suppliers. Aberdare Cables, for instance, spent R132.4 million on preferential procurement which represents 48% of eligible spend and the group has 199 SMMEs in their supply chain – many of which were assisted by Aberdare Cables.



Story below:
Gary Paul (left) and Solly Nkosinkulu (right)

Willard Batteries assists start-up business

Willard Batteries with the assistance of financiers, Business Partners, arranged for a former employee, Solly Nkosinkulu, to start his own business, Mlamli Sivuyile Transport cc.

Solly purchased a truck through the company's corporate social investment fund and has, for the past five months, been successfully operating his waste removal business. He has four permanent staff and two casuals.

Willard Batteries has also benefited financially as Mlamli Sivuyile Transport has been able to clear Willard Batteries waste in a single trip per day and not two as was previously the case.

Business Partners assigned a mentor to assist Nkosinkulu for a six-month period with the day-to-day and financial management of his business, which he came through with flying colours.

Preferential procurement and enterprise development continued

Enterprise development

Logistix, a Durban copy centre using Xerox copiers and printers, is a project initiated by two former employees of Bytes Document Solutions (BDS) and supported by BDS as part of its BBBEE enterprise development initiatives. BDS has

undertaken a number of similar ventures during the year under review. Apart from providing start-up management expertise and advice as well as sponsoring the centre's signage, BDS supplied equipment at preferential rates with favourable repayment terms for two years. After the two years, ownership of the equipment will vest with Logistix. BDS has a reciprocal business arrangement with Logistix, as well as a preferential payment arrangement.



Logistix is a provider of Xerox copiers and printers.

One of Aberdare Cables' enterprise development initiatives is a drum company in Port Elizabeth, which manufactures wooden drums for power cable manufacturers and which is 60% black-owned and employs some 15 people. Aberdare Cables assists the company with its plant layout, safety compliance, labour issues, timber supply and provides engineering assistance on machine breakdowns. Machines and

equipment were supplied to the company on a loan basis at a value of R300 000.

Aberdare Cables purchases wooden drums from this company and, during the last year, drums to the value of R12.5 million were procured from this company.