

## Enterprise development

One of the biggest challenges facing South Africa is unemployment, particularly among previously disadvantaged groups. Business has an important role to play in shaping and supporting economic reforms that will help the country to meet the growth and development goals outlined in ASGISA (Accelerated Shared Growth Initiative of South Africa).

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, we emphasise the need to procure goods and services from previously disadvantaged individuals and companies. Under ordinary circumstances, these companies would find it almost impossible

to gain access to the supply chain of large corporations such as Altron, owing to the fact that they have no track record and are relatively small and unrecognised.

Through our enterprise development portfolio and in line with the enterprise development guidelines contained in the codes, Altron has invested time, resources, money and equipment in a number of small to medium black-owned enterprises in order to bring them into our supply chain. Helping these businesses to get off the ground has a positive knock-on effect not only for the individual business owners, but also for the people who will benefit from the jobs created by the growth of these businesses.

The group spent in total R11 103 423 on enterprise development during the year under review, helping 109 BBBEE SMMEs to get off the ground.



Mlamli Sivuyile Transport assisted by Willard Batteries.

Eric Mdluli heads a business, Mdluli Sharp, that specialises in office automation.

With an investment of time, training and equipment by **ABB Powertech** his business today has an average annual turnover of R400 000. Five Johannesburg managers spent almost 1 500 hours (time valued at over R250 000) providing Eric with technical and sales training. ABB Powertech also donated equipment in the form of PCs and software and helped the business to acquire warehousing and administration facilities, assisting with operational costs to the value of R50 000.

Mike Chonco, managing director of **Pambili Document Solutions**, was employed as a storeman at **Bytes Document Solutions** (BDS) in the 1970s. Hard work and determination saw him work his way up through the company, taking on the role of sales executive and, later, district sales manager. In 2000, recognising his drive, business acumen and technical ability, BDS helped Mike found Pambili Document Solutions, its first black economic empowered company. Today Pambili employs 17 people, 85% of whom are black. In addition to BDS, the company lists Eskom, the National Union of Mineworkers and the Greater Metropolitan Council among its 110 clients, providing them with a full range of Xerox products and services.

## ■ HIGHLIGHTS

During 2006, a number of Altron group entities met or exceeded our internal BBBEE procurement and enterprise development target of 10% of discretionary expenditure:

- **Altech Netstar** spent 66% with black SMMEs
- **Altech UEC** spent R25 million or most of its limited (10%) discretionary budget
- **Bytes** 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. **Aberdare**, for instance, spent R132.4 million on preferential procurement, which represents 48% of eligible spend, and the group has 199 SMMEs in its supply chain – many of which were assisted by Aberdare

**Thaleka Manufacturing**, is a fabrication business that manufactures tanks for supply to **Destra Power Matla**. This SMME has created 26 jobs and has an annual turnover of R500 000. Although still a fledgling business, its aim is to become one of Destra Power Matla's major suppliers.

In Port Elizabeth, **Aberdare** continues its relationship with a drum company, **Drum Co**, which is 60% black-owned and employs more than 15 people. Aberdare assists the company with its safety compliance, labour issues and provides engineering assistance in machine breakdowns. Machines and equipment to the value of R300 000 were supplied to the company on a loan basis, and during the reporting period, drums to the value of R18 652 654 were procured from Drum Co. On the back of the success of

Drum Co, Aberdare assisted in setting up a drum company in Pietermaritzburg called **Hola Timbers** and another in Gauteng called **Phumolong Drums**.

**Mlamli Sivuyile Transport**, a transport and refuge removal business started by **Willard Batteries** employee Solly Nkosinkulu, has created employment for five people. Assistance from Willard Batteries and financiers, Business Partners, enabled Solly to purchase a truck which he uses to clear factory waste from the Willard factory in Port Elizabeth. He also provides a gardening service to the company. Willard Batteries' investment of almost R700 000 in their former employee has paid dividends – Solly is able to clear the factory waste in half the time that it took before he was awarded the contract.



Drum Co. is assisted by Aberdare Cables.