

MINING COMPANY SKILLS DEVELOPMENT AND PROCUREMENT LOCALISATION CASE STUDY

Brief overview of the project

The mining company has operations in rural Mpumalanga. Part of their commitments in the Social and Labour Plan (SLP), was to develop a Business and Skills Centre. The aim of the Business and Skills Centre was to create a space where budding entrepreneurs could be trained in various trades and skills and offer infrastructure to existing entrepreneurs in the community. Although this project was part of the SLP it also had a bearing in the company's over Enterprise Development, Local Procurement and Skills Development. This is no easy feat as the mine is in a rural area with limited development. Most of the local businesses look to the mines for contract opportunities which they are not well prepared to take advantage of. The type of support and infrastructure offered by the Business and Skills Centre was desperately needed in the area.

The project deliverables were the following:

- ✓ a business plan for the Business and Skills Centre
- ✓ Identification of local business who would participate in the construction of the centre
- ✓ Local companies in need of business infrastructure and support

What was the business challenge?

The client had 4 problems they wanted to resolve with this project

1. Fulfil the commitments made in the Social and Labour Plan? (Socio Economic Development)
2. Train youth and give them skills that would enable them to start their own businesses (Socio Economic Development)
3. How to give access to market to local SME's? (Supplier Development)
4. How to create a pipeline of new SME's to introduce to the value chain for new supply opportunities? (Enterprise Development)

What we did / our interventions?

- **Business Plan**

Firstly, we identified all the stakeholders in the area and created a stakeholder map. The stakeholder map ranked and prioritised the engagement with each of the stakeholders. The stakeholders were both internal and external stakeholders. External stakeholders ranged from the broader Community, the local Business Forum, Entrepreneurs, Local Municipality, Chiefs, Ward Councillors, the Youth to other businesses and mines in the area. The stakeholders were consulted to gain consensus on the skills training to be offered and the type of required business infrastructure and support to be offered at the Centre.

Further research was conducted to give further input into the business plan. The final business plan for the Business and Skills Centre included the skills to offered at the centre. We also look at the facilities required to offer the training. On the business infrastructure side – computer centre, offices, meeting rooms and hall to hold events. Determined the operations, how the business and skills centre would be run. Succession and hand over from Mining Company to the Community. Identified opportunities for local suppliers in the development and construction, and later in the management of the Centre.

- **Business Assessment and Infrastructure Needs Analysis**

Through the local business forum and Mining Company's supplier database, we managed to compile a list of local businesses that could potentially participate in the development and construction of the Centre. We engaged with these companies to assess experience and resources they have at their disposal. The assessment was also to identify gaps for intervention by Mining Company. Mint Fresh used the business diagnostics to assess each business. The assessment was both face to face and through the submitted documentation from each business.

We had a prior agreed upon criteria with client that was used to shortlist the companies. Once the interviews were conducted and submitted document the companies were assessed and a shortlist created. A couple of companies were identified that would be paired up with larger suppliers to work on different parts of the project. These were companies who had experience in brick making, painting, tiling and electrical work. The companies were paired up with larger companies to enable skills development and to create opportunities for them to participate in the project.

Due to the remoteness of the location, many businesses lacked resources to enable them to participate in the development and construction of the Business and Skills Centre. This further supported the need to develop the business infrastructure to enable business to have access to basics like computers and printers, meeting rooms etc. Not having access to these resources limited their abilities to run their businesses.

What were the results /outcome?



The business plan was approved by the board and the Business and Skills Centre project given the go ahead at the end of 2015. The procurement process for the design and construction of the Centre began in the first quarter of 2016. The procurement team had to be brought on board regarding the localisation plan outlined in the business plan. We had to present this to the team before the close out of the project.

This process was managed internally by Mining Company and we were not involved. Certain pieces of work were ringfenced to be completed by local companies. Unfortunately, reality dictated that majority of the work would go to larger suppliers who were from outside of the local area.

Part of the recommendations to Mining Company was to get potential suppliers responding to tenders to include in their bid documents how they intend to include local companies. This was to pre-empt pairing these suppliers with the identified companies.

There were delays in the process, initially finalising the budget and making the funds available for the construction of the Centre. Other compliance and Health and Safety issues also caused delay in the constructing. The construction of the Centre is still underway and the Centre will become operation in 2018.

Lessons Learnt during the project

- ✓ It is important to manage expectations throughout the process. Even though it was explained that participating in the business assessment does not guarantee appointment to the project, an expectation was none the less created.
- ✓ Entrepreneurs even in rural areas are hungry for opportunities and achieving success. The right type of infrastructure and resources and access to markets will enable them to succeed
- ✓ Stakeholder engagement is very important for projects that require localisation and local procurement
- ✓ Commitment from all stakeholders is required in making these types of projects a success.