

Piloting local linkages: Procurement, partnerships and products

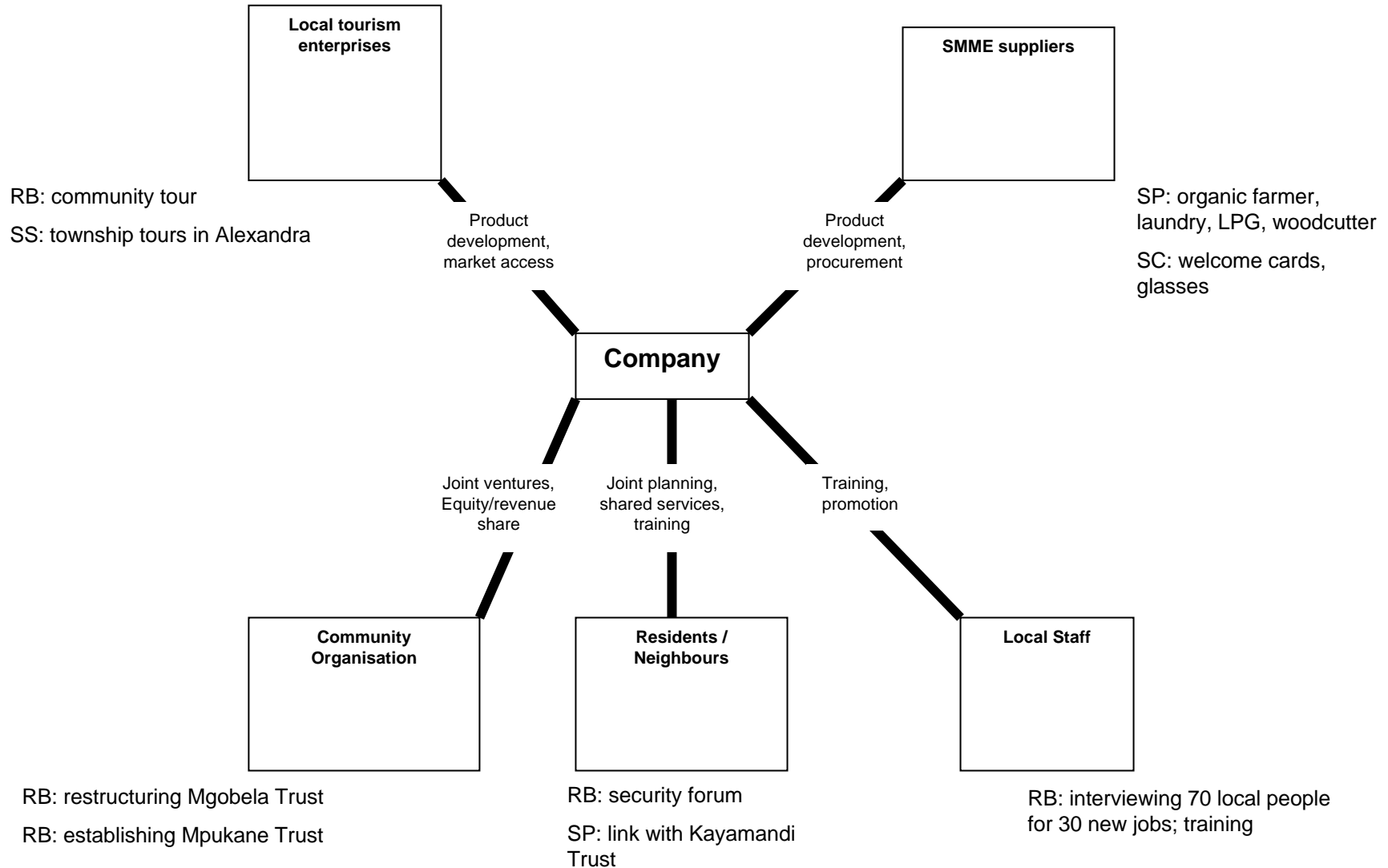
What have we learnt?

linkages
strategies
impacts

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Creating new linkages



RB = Rocktail Bay; SC = Sun City; SP = Spier; SS = Southern Sun

Doing business differently

- Goes well beyond philanthropy
- Delivers commercial objective *and* more local benefit
- Harness core competencies of a company
- Less cash injection, high long term potential

How? Implementation spans many levels

- Options and **priorities**
- **Leg-work and communication....**
- **Practicalities** – transport, payment, electricity...
- **Changing corporate practice:** the Buyer, management, ops staff
- Getting Govt **Authorities** on board
- Selling to operators and **guests**

Challenges and key ingredients

- A champion and driver
- Someone who can invest time and legwork
- Top management support, staff incentives
- Change in attitudes
- Managed expectations
- Willingness to turn the first failures into improvements
- Ability to form new partnerships

The 'business cases'

A more strategic input = more substantial long-term impact

- **Social licence to operate** – local support, access to Municipality
- Enhanced product
- Staff morale
- **Enhancement of brand and USP**
- Customer choice, Fair Trade trademark, Imvelo awards
- **Government** procurement, preferred partner, recognition, Scorecard
- Access to responsible financing, e.g. IFC
- Minimise risk – of local opposition, global criticism, BEE criticism
- Improved **corporate governance**

Incentives and benefits vary by operation.

Local benefits are...

... incremental, diverse & expanding

Spier

- **Cash:** since August 2004, over R0.5 million in new contracts to new suppliers
- **Potential:** Total procurement budget: R44.2 million. 10% would far outweigh philanthropic spend.
- **Technical expertise:** access new to markets, expertise, recognition.

Wilderness:

- multiple linkages from a partnership.
- new product, school support, first time local contractors used for tree clearance, staff recruitment...

Overall

- It can be done!
- Different from pure CSI or BEE
- Different linkages for different business conditions
- Implementation can be a challenge
- A new mindset + momentum = real change
- Benefits are considerable.