

Spier Pro Poor Tourism Pilot Site Report

Workshop 20 May 2005

Tanner Methvin and Gareth Haysom



Initial Project

- Develop Gateway concept with the aim of:
 - Utilising the fact that Spier entertains 450 000 plus tourists per annum and to seek ways to direct tourism related business via a portion of the guests to the neighbouring poor areas of Kayamandi, Cloetesville, Idasvalley, etc.
 - Use the Stellenbosch Development Trust as the “portal” through which this linkage would occur
 - Assist in the development of these destinations through training and mentoring
 - Late in 2003, Spier decided to adopt an approach to PPT where they could make greater strategic impact – Shifted focus to their Supply Chain



Supply Chain Project

- In early 2004 engaged in a project to review entire supply chain and adopt an approach that would see a focus on local and emerging suppliers
- Identified 10 key areas on which the project would focus. These areas were selected based on the anticipated impacts that could be made as well as the known potential of some of the areas.



Supply Chain Project cont.

- Areas of focus were:
 - Supplier Criteria – Including the revision of Procurement Practices
 - Organic Farm focus
 - Retail Items – Particularly Craft
 - Laundry
 - Internal Non Perishable items – Including Greeting Cards, O.E, etc.
 - Specialised Food Supply Items
 - LPG Kitchen Fuel Supply
 - Firewood and other wood products
 - Chemical & Cleaning Supplies
 - Vehicle Fuel



Supply Chain Project cont.

- Successes were achieved in a number of these areas but other aspects had to be eliminated (such as vehicle fuel due to regulatory constraints)
- Some areas were not as successful, such as organic produce
- All aspects transformed significantly through the process and many other initiatives and micro projects were borne out of the original categories
- The pilot also allowed for a change in approach that was translated into policies and practice



Supply Chain Project cont.

- Harare Energy Gas Centre
 - Attempted to supply 3 Spier outlets
 - Legacy Contract restricted this, therefore focussed on one outlet – Spier Deli
 - Started supply in November 2004
 - Revenue to March 2005: R 45 750.00
 - Supplier offered BEE deal
 - Transferred supply to Delft Gas
 - Revenue April 2005: R 11 250.00
 - Staff from HEC were transferred to DG – 2 + 1



Supply Chain Project cont.

- Spier Laundry;
 - Started in August 2004 serving one outlet – Moyo
 - Fixed contract price of R 14 500.00
 - Now servicing 3 Spier outlets
 - Revenue to April: R 148 980.00
 - Salaries paid to staff R 84 550.00
 - Employs 6 permanent staff and has 4 casual staff
 - All staff were previously unemployed
 - Staff have an average of 5 direct dependants each



Supply Chain Project cont.

Nominal Suppliers:

- Siyazama Papermaking Project - R 2 000. 00
- Fuelwood Cutting and Supply – R 9 500.00
(Contractor still supplies Moyo and Village with off site wood)
- Investigating:
 - Soap Making
 - Food Products
 - Buffet Service Gear
 - Guest Gift Items



Supply Chain Project cont.

- Challenges:
 - Vehicle Fuel not viable due to legislation
 - Organic Produce has potential but drought in region restricted this (also more work needed at Chef level)
 - Limited access for Chemical Supplier due to inclusive contracting approach in the past, also linked to infrastructure
 - Some food items, but aspects such as HACCP meant issues for micro suppliers
 - Fuelwood cut on Spier not of suitable quality and due to this, financially unsustainable – still brings in but from off site



Supply Chain Project cont.

- Impacts:
 - Understanding of where impacts can be made
 - An awareness in the areas where PPT work was conducted as to the HOW
 - A first step in a longer process, but a step that existing operational management (on the whole) had not been able to make
 - A clear link and support for other initiatives such as FTTSA
 - An understanding of the transaction costs involved in such processes
 - An ability to make a clear business case for such an approach



Supply Chain Project cont.

- PPT Project advised but was not actively involved in a number of projects and approaches that came about as a result of the project:
 - Co drafted Capex Procurement Policy
 - Provided input into Spier Sustainability Report
 - Assisted in EMP and Alien Clearing project
 - Capex approval process



Supply Chain Project cont.

- Although not directly a part of the PPT Pilot work, significant other impacts occurred due to Pro Poor orientated policies and approaches:
 - Pro Poor approach to appointment of deck contractor Dennis Pillay: R 189 500.00
 - Pro Poor approach to Jonkershuis and Deli upgrades Glen Apollus: R 119 935.32
 - Pro Poor approach to Spier Craft Market: R 1.2 million anticipated over year period Crafters retain 67% of this revenue



Supply Chain Project cont.

- Conducted Spier Supplier Questionnaire project
 - Reviewed 269 Spier suppliers via Spier Sustainability Questionnaire. Questionnaire a valuable document that has assisted in:
 - Understanding the context and dynamics of the supply chain
 - Formed basis for policy decisions in terms of procurement
 - Facilitated a process for the induction of new suppliers
 - Allowed for the dropping of suppliers guilty of BCEA, H&S, etc. contraventions
 - Enlightened Spier staff in terms of Pro Poor and Affirmative Procurement approaches that can be applied



Spier Supplier Questionnaire project:

The questionnaire was divided into nine distinct categories:

Employment Equity

Black Economic Empowerment

Procurement

Human Resource Practices

Labour Law Compliance

Basic Conditions of Employment Act Compliance

Corporate Social Investment

Health and Safety Compliance

Environmental Action



Spier Supplier Questionnaire project:

Key Outcomes

Respondents Data Totals

Total Supplier Questionnaires Received:	142
Percentage Total Respondents (269):	53,99%
Percentage Complete Respondents (269):	49,43%
Spier Leisure Score	72,24%
Average Score:	44,72%
Average Company Size:	180 *
Average Co. Size (more than 5 and less than1000):	47 *
Companies formed after 1994:	75,88%

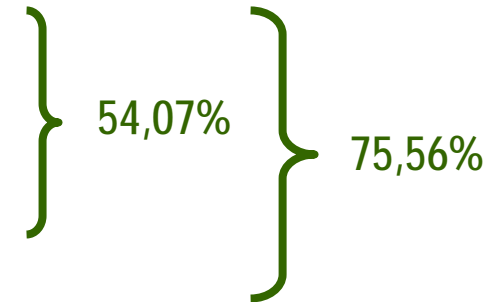
* Including Management



Spier Supplier Questionnaire project:

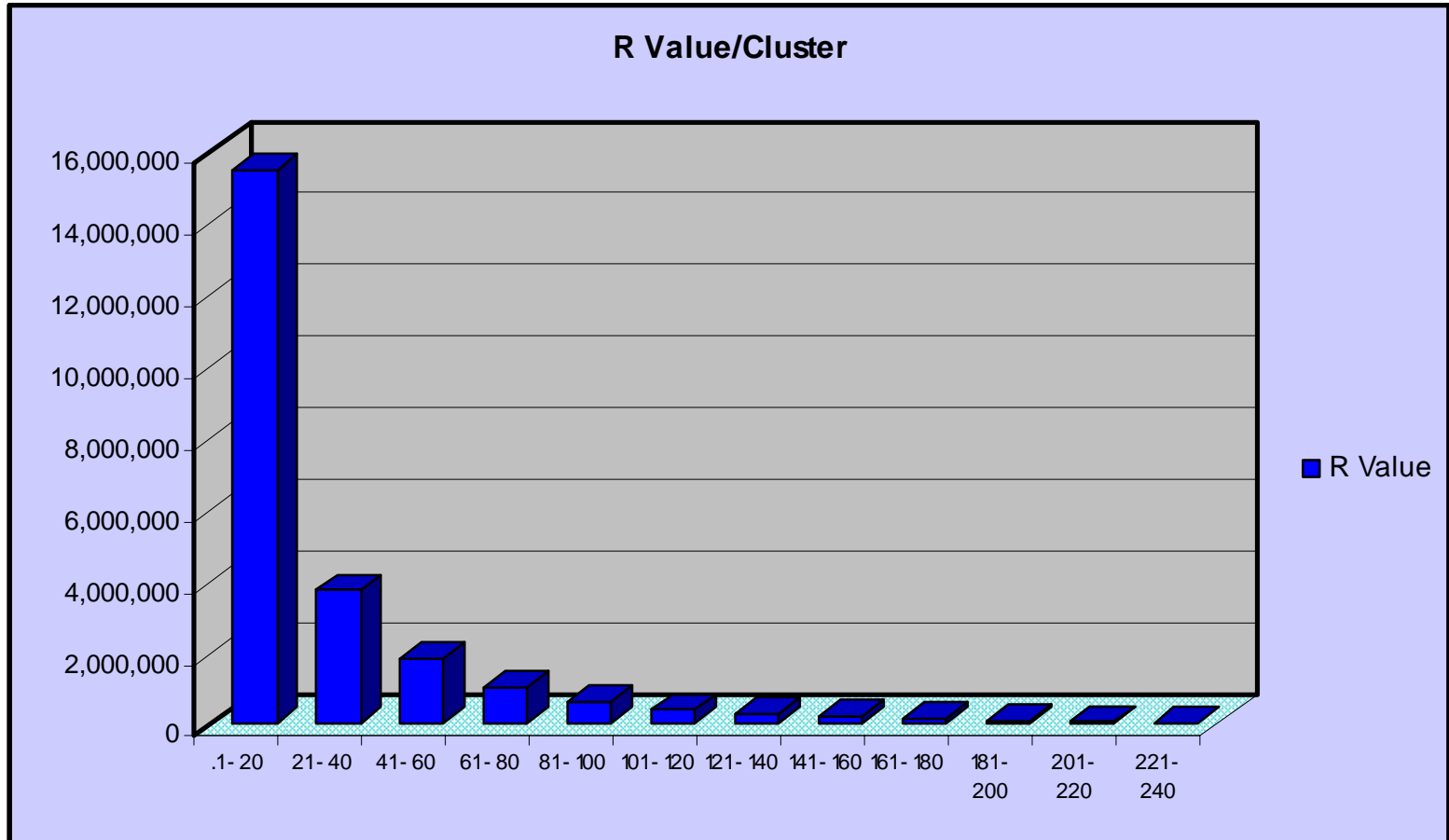
Size of Spier Supplier Companies

Company Employee Profile:	
0 – 5 Employees	19,69%
6 – 10 Employees	15,49%
11 – 20 Employees	17,61%
21 – 50 Employees	22,54%
51 – 100 Employees	7,04%
101 – 1000 Employees	6,34%
> 1000 Employees	3,52%



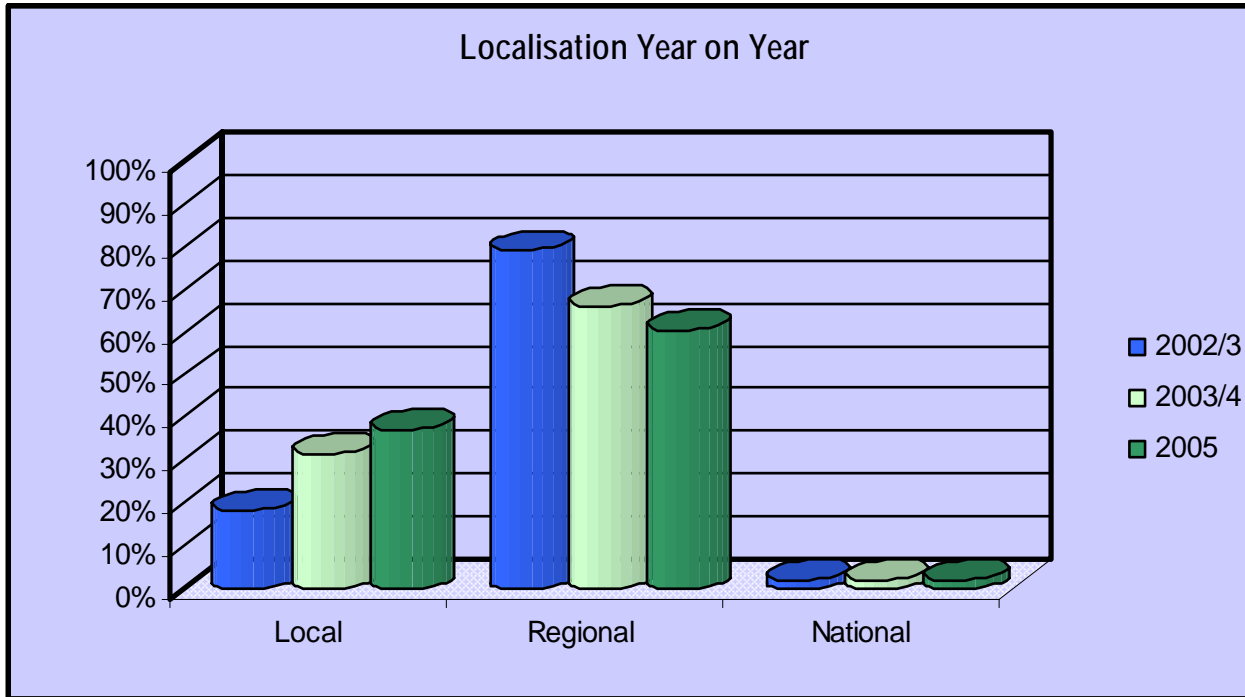
Spier Supplier Questionnaire project:

Supplier Groupings



Spier Supplier Questionnaire project:

Local Supply Statistics

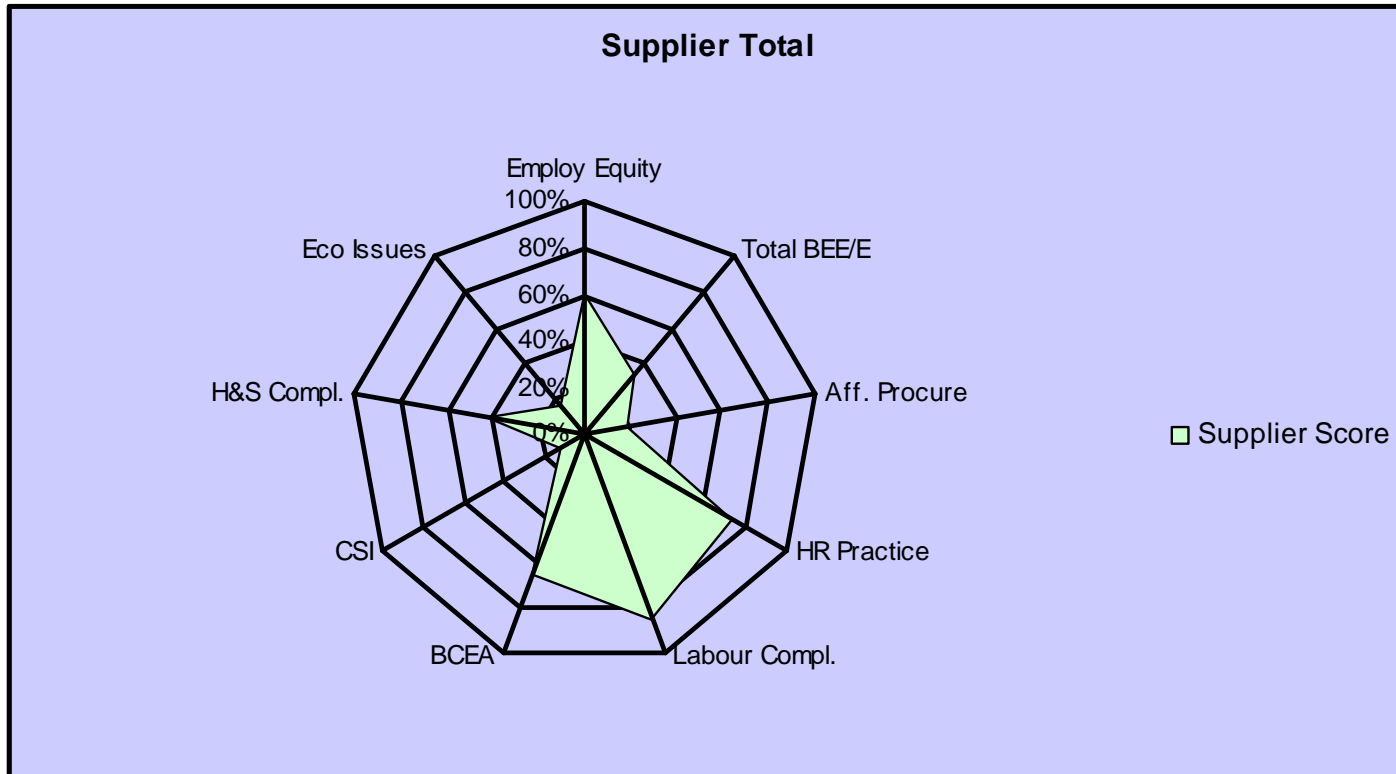


	2002/3	2003/4	2005
Local	18.50%	31.58%	37.23%
Regional	79.26%	66.32%	60.70%
National	2.24%	2.10%	2.07%



Spier Supplier Questionnaire project: Supplier Responses

Employ Equity	Total BEE/E	Aff. Procure	HR Practice	Labour Compl.	BCEA	CSI	H&S Compl.	Eco Issues
60.34%	33.82%	18.13%	73.24%	84.58%	64.34%	12.08%	43.31%	15.91%



Spier Supplier Questionnaire project:

Key Findings

Based on the data collected, the following assumptions can be made:

- Spier will be able to engage with smaller suppliers
- The majority of Spier suppliers started business after 1994 (75,88%) but in general still do not reflect any real transformation
- The supply chain side of tourism is not as casualised as the operational side of the industry
- Very little effort is being made by suppliers in terms of affirmative procurement, enterprise development and even less in empowerment agreements and investment in emerging businesses. This could be due to the size of most of Spier suppliers
- Suppliers on the whole apply and work to all legislative requirements but do not eagerly apply aspects which are either voluntary or do not have an incentive attached, such as affirmative procurement



Summary

PPT impact into local economy:

- Total estimated direct income to immediate communities as a result of direct and indirect involvement in PPT Pilot process:
 - **R 526 640.00**
- Total estimated income to immediate staff of PPT companies as a result of direct and indirect involvement in PPT Pilot process:
 - **R 176 000.00**

