

Ntinga LINK Building Business Linkages in South Africa's Construction Sector Programme Activity Update - January 2005



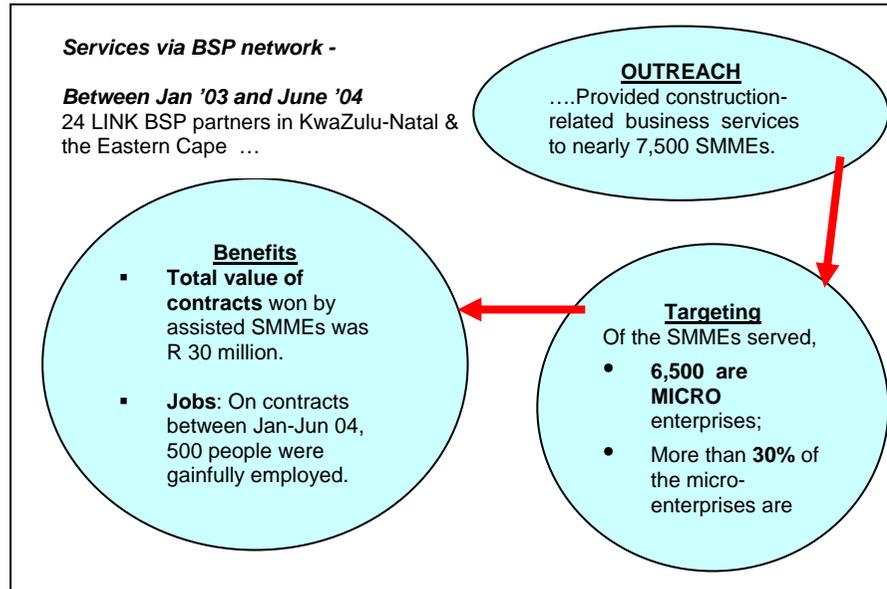
Background

The **NTINGA LINK** programme is aimed at promoting effective business linkages within South Africa's CONSTRUCTION sector – that benefit micro- and small contractors in particular. **NTINGA LINK** is implemented by World Education, Inc., an international, not-for-profit development organisation, and is funded by the United States Agency for International Development (USAID).

Ntinga LINK pursues a two-fold facilitation strategy to foster **WIN-WIN** business linkages among emerging or small contractors and Construction Sector suppliers, financiers, and other stakeholders:

- **Working via a network of multi-skilled Business Service Providers (BSPs)**, to promote information-sharing, knowledge, and skill-building among them and their SMME clients, about opportunities, requirements, and performance standards.
- **Initiating and facilitating productive interaction between the emerging contractor fraternity and key players in the value chain** (for example, materials suppliers; plant and equipment hire companies; financiers; providers of insurance and guarantees; membership bodies)

Summary of LINK Achievements To Date



- Services provided directly by LINK team:

 - Approximately 10 workshops training
 - 150 BSPs & SMMEs in
 - costing, scheduling, JV management, tendering
 - Four Access to Resources Seminars, bringing together
 - 700 participants with
 - 20 providers of finance, materials, other inputs
 - Dozen BSP forum meetings, to share information & skills, and promote collaborative business ventures

Examples of Ntinga LINK Activities



A major strategy of the LINK facilitation approach has been to partner and work via existing Business Service Providers, to increase scale and outreach of their services to SMMEs. LINK partnerships with more than 20 BSPs have revolved around facilitating development of skills, information-sharing, collaboration, and overall increased and improved services to the emerging contractor fraternity served by the BSPs.

In general, these BSPs provide services such as:

- Information and opportunity leads
- Tender Costing and Bid preparation
- Finance and materials supply brokering
- On-site project management and mentoring
- Off-site contract administration services
- Technical and business management training, and professional services
- BEE procurement, compliance and management for large firms and corporates.

★ **PRACTICAL, RELEVANT SKILL-BUILDING**

While industry bodies undertake the long-term task of accredited training and NQF, the LINK team has responded to immediate needs through the design and delivery of practical, relevant training for Construction Sector SMMEs and support agencies

For most of the workshops, described below, local authorities, service providers and emerging contractors have provided a cost-share contribution – indicating the value placed on LINK's service.

➤ **The 3 Cs: Construction Plans, Contract Scheduling, and Costing**

Several of these 2-3 day workshops have been held in KZN, EC, and GP – and have involved some 100 emerging contractors and BSPs. The curriculum

takes participants through various topics, with the aid of architectural drawings, actual tender documents, and exercises, including:

- How to interpret building plans and drawings
- Why and how to develop a construction schedule, including activity lists, flow-charts, and GANNT charts.
- Using a construction schedule as a tool for timely delivery and problem solving
- Competitive Costing & Estimating – calculating rates and margins, when working with a Bill of Quantities.



After attending the 3 C's workshop, Siphon Tembe was able to accurately cost and schedule the construction of a four-room house in rural KZN. He and a partners successfully completed the R 75,000 contract in 2004.

➤ **Joint Venture Management**

Designed to address the increasing need for SMME contractors to better understand, manage, and strategically choose such

partnerships, the Ntinga LINK team developed a comprehensive introductory curriculum on Joint Venture formation and management in Construction. This training draws on real-life case examples, provided by BSPs and contractors, and greatly simplifies the legal and contractual system for the understanding of emerging contractors. Workshops have been held in KZN, the Eastern Cape, and in Gauteng.

➤ **Introduction to Tender Awareness and Tendering**

Based on existing World Education materials, this training has been delivered to approximately 70 emerging contractors hailing from Kiptown, Soweto.

★ **INDUSTRY INNOVATIONS**

In its efforts to effectively address identified constraints in the Construction Sector with appropriate, low-cost, and sustainable interventions, the Ntinga LINK team has developed a unique set of activities and tools that are increasingly being demanded and recognised by emerging SMMEs and established industry players, as well as national, provincial, and local government structures.



SMMEs and suppliers are engaging in deals, including supplier credit and finance, for:
 = R 530,000 in materials (via cessions)
 = R 7 million for supply on a long-term project
 = Redesigned insurance/ guarantee product to respond to SMME concerns voice at seminars

➤ **Development & testing of user-friendly ULWAZI COSTING TOOL**

This tool was developed by a practicing civil engineer, with input from Ntinga LINK so BSPs can provide more efficient and accurate tender costing services to small

These innovations include:

➤ **The acclaimed, highly successful ACCESS TO RESOURCES SEMINAR SERIES**

These all-day events are designed to facilitate productive interaction of the small contractor fraternity with a range of industry stakeholders that are normally beyond their reach – e.g. financiers, materials wholesalers, insurers, guarantors, plant & equipment, member support, etc.

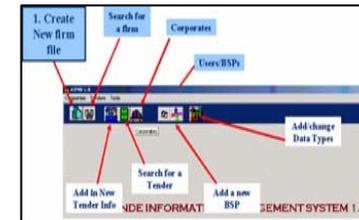
What Small Contractors say:
 "I regard the [event] as very exceptional and good for upgrading of HDI contractors."
 "It is outstandingly well organised. And I highly appreciate the presentation. ..."

Four seminars were facilitated in 2004 – three in Gauteng (Lesedi, Soweto, Tshwane), and one in eThekweni. Each was delivered in collaboration with the local authorities, and also by engaging with local contractor bodies and business support providers. More than 20 industry corporates, and membership bodies participated.

contractors – while at the actively involving the contractor in under-standing and making pricing decisions.

"Before, our staff would spend 1-2 days on one tender. By using Ulwazi, they can complete up to 4 tenders a day."
 - Manager. LINK BSP

Ulwazi is based on a typical Bill of Quantities layout, to which the user can input additional activities and categories of work. Because it is a simple, self-directed programme, it allows the BSP (or the relatively better -equipped small contractor) to create a customised "library" of typical rates in a particular area, for specific types of jobs. These rates can be used again and again and easily adapted or adjusted – which greatly improves accuracy and saves time when preparing bids.



➤ **Development and testing of the ASANDE Information Management System**

Asande is a self-guided small contractor data-base register and management system that incorporates pertinent information required by government and corporates, in terms of contractor qualifications and track record, as well as BEE requirements. It has been installed at individual BSP sites, and allows the BSPs to categorise, search, and identify small contractors for specific opportunities. It also allows BSPs to maintain a record of services provided to clients.

Several corporates have engaged a KZN BSP partner to identify sub-contractor's through its Asande database. The BSP is able to charge a fee on all deals facilitated, thus promoting sustainability of the service.

★ **RESEARCH, DOCUMENTATION, & DISSEMINATION**

➤ Win-Win Relationships via Embedded Services: The case of Materials Suppliers and MSEs (2004)

This paper focuses on the emergence and promotion of a specific type of WIN-WIN relationship between MSEs and Materials Suppliers – namely the provision of “embedded” or non-core services along with supply of materials (core service). “Embedded” services include a range of advice, mentorship, financial intermediation, and on-site management support that is highly beneficial to small contractors, and does usually not require separate payment.

➤ Access to Finance for Small Contractors (2003)

Additional research on this issue, and attendant problems and constraints, was conducted by LINK. The findings have been workshopped with SMMEs, stakeholders, and financiers in both KwaZulu Natal and the Eastern Cape, in partnership with the Microenterprise Alliance. Each seminar was attended by more than 60 participants.

➤ Construction Industry Sub-Sector Study and Market Assessment of Business Development Services (2002)

This comprehensive action-research activity laid the basis for the design of Ntinga LINK interventions, in direct response to articulated needs and frustrations voiced by emerging contractors, government, established players, and support structures within the construction sector. The document has been widely shared with partners and stakeholders, including the Construction Education and Training Authority (CETA).

★ **SECTOR NETWORKING & LINKAGES**

Ntinga LINK continuously pursues sector networking and collaboration, with the aim of establishing more sustained access to information and resources for emerging SMMEs. Examples include:

- **Working with the main project/BEE management firm on the Walter Sisulu Square of Dedication** (historical site of the Freedom Charter signing) in Kliptown, Soweto, to enable improved community liaison; formation of a detailed, quality database of contractors (+/- 200); and provision of relevant information and training on tendering, joint ventures, costing, and access to resources.
- **Strategic partnerships with service providers within the supply-chain, facilitating their interaction with hitherto un-reached MSE clientele; and, where appropriate, further enabling direct dealings between these BSPs to forge a service**

package, and also between the BSPs and micro-enterprises.

- **Liaising with the Construction Industry Development Board (CIDB)**, to promote and facilitate the process of Contractor Registration on the National Data-base, including facilitating presentations by the CIDB and introducing them to the network of BSPs in KwaZulu Natal.
- **Linking with the National Association of Black Contractors and Allied Trades (national):** NABCAT requested to be present at the Access to Resources seminar, and there is regular exchange of information between NABCAT and LINK.

- **Strategic Planning support NANABCAT/West Rand** - In response to a request from NABCAT's WR branch, which has 80 members (mostly women), Ntinga LINK provided Strategic Planning training and guidance with developing an Action Plan for 2005. Members have also been included in Costing and JV workshops.

Plans for 2005

Ntinga LINK plans to continue with facilitating development of SMME-friendly business services, access, and networking within the Construction industry, to establish self-sustaining and lasting market interactions among all players, emerging and established.

| NEW! | ON-GOING |
|--|---|
| <ul style="list-style-type: none"> • <u>Two additional Access to Resources Seminars</u> - in the Vaal and Ekurhuleni area | <ul style="list-style-type: none"> • <u>Continued expansion and capacity-building</u>, through training and advice, of the BSP members in each province |
| <ul style="list-style-type: none"> • <u>Stakeholder Roundtables</u> – in KZN and Gauteng – to promote in-depth consideration of challenges and new ideas to assist SMMEs via access to finance and other inputs. | <ul style="list-style-type: none"> • Documenting and sharing information on both success stories – and failures or constraints – with the aim of enabling sector stakeholders to address current needs. |
| <ul style="list-style-type: none"> • Organising <u>Compliance Seminars</u> that promote small contractor understanding of the legal requirements (CIPRO, SARS, WCA, etc.) in order to better position themselves for obtaining tenders. | <ul style="list-style-type: none"> • <u>Continuing to foster collaboration between LINK BSPs</u> and national efforts to support small contractor development – such as the CETA, CIDB, DRPW's ECDP, and NABCAT. |
| <ul style="list-style-type: none"> • Liaising more closely with industry corporates to establish a self-sustaining mechanism for the Access to Resources seminar model. | |

For more information, contact World Education

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