

ECONOMIC LINKAGES

Programmes and Projects



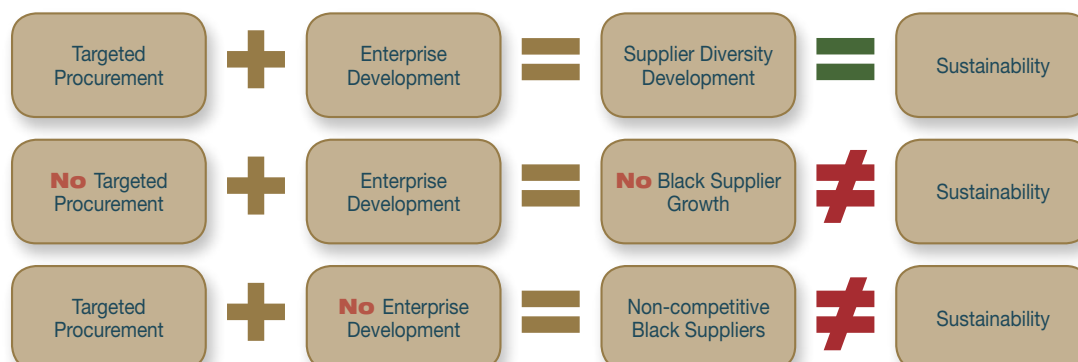
The National Business Initiative (NBI) supports key national initiatives that make a significant positive contribution to sustainable socio-economic development, stability, and deepening of democracy in South Africa. One such initiative is the integration of a growing pool of black suppliers into the mainstream economy, through sustainable supply relationships with corporations operating in South Africa. This will in turn create jobs, broader income distribution and a more robust economy.

SUPPLIER DIVERSITY

In 2008 the NBI teamed up with the Corporate Council on Africa and ECIAfrica Consulting, under the South African International Business Linkages (SAIBL) project, to promote supplier diversity development as a more sustainable approach to economic integration and black economic empowerment.

Supplier diversity is the active business process of sourcing products and services from previously under-used suppliers. This process helps to sustainably and progressively transform a corporation's supply chain to reflect the demographics of the society in which it operates. In South Africa, it involves the process of integrating a growing pool of bona fide black suppliers into corporate supply chains, using targeted procurement and enterprise development.

Corporations understand that procurement is an important area where they have the biggest opportunity, flexibility and control to positively influence the business landscape. Linking this to enterprise development, they can also derive the biggest impact and benefits for themselves and targeted suppliers. Hence procurement and enterprise development become the focus and engine of successful supplier diversity, as shown below.



Definitions:

- Targeted Procurement: the process used to create a demand for the services and supplies of, or to secure the participation of, targeted enterprises.
- Enterprise Development: the provision of financial and non-financial support to build the competitiveness and/or growth of targeted enterprises.

The NBI's role within the SAIBL project has been to promote supplier diversity as a corporate investment in the future and to facilitate the creation of a corporate led, corporate driven supplier diversity council.

On the 10th of January 2011, the South African Supplier Diversity Council (SASDC) was registered as a not-for-profit company, the first of its kind in South Africa. The SASDC is affiliated with a global network of five supplier diversity councils, and has as its vision: "To be the leading corporate council in South Africa dedicated to promoting sustainable supplier diversity value-add, through targeted procurement and black supplier development." To realise this vision, the Council's mission is to enable members to practice supplier diversity as a strategic business objective, by establishing and maintaining a database of certified bona fide black suppliers for members to access; sharing knowledge, experience and best practice in supplier diversity; and supporting member commitments in growing procurement and development opportunities for black-owned suppliers.

The SASDC implements a rigorous black supplier certification process and maintains a database that is approved by Council members as a collectively endorsed methodology and standard for assessing and certifying black suppliers with whom they would be prepared to transact. Upon certification, and in addition to visibility on the certification database, bona fide black-owned suppliers would enjoy several preference benefits that the SASDC facilitates in pursuit of its objectives.

As at February 2011, there were 11 founding corporate members viz. ABSA, Barloworld, Cummins, De Beers Consolidated Mines Ltd., FirstRand, Foskor, Johnson Controls, Rand Water, Sasol, Standard Bank and Unilever. The intention is to extend membership to like-minded private sector corporations, state-owned enterprises as well as universities that are committed to supplier diversity.

To date, SASDC progress has been guided and directed by the advice and input of its Steering Committee (consisting of its corporate members). In February 2011, the Steering Committee was officially dissolved and its responsibilities handed to the Board of Directors who sat for its inaugural SASDC Board meeting in that same month. The following Board members will guide the direction of the Council's activities going forward: Matthew Govender (Barloworld) - Interim Chairman, Meshern Govender (Standard Bank), Brian Minnaar (De Beers Consolidated Mines Ltd.), Indrasen Naidoo (FirstRand), Savvas Pouroullis (Sasol), Brendan Raju (Cummins SA) and Karen Van Vuuren (ABSA).

The SASDC seeks to build on the efforts of corporations individually and collectively, and to make it work for all stakeholders in a mutually rewarding and effective way. Corporations who, through the SASDC, embrace and engage in supplier diversity would realise the following benefits in the medium to longer term:

- Increased supply chain competitiveness;
- Product innovation through interaction with new suppliers;
- Improved brand image with community, shareholders, government;
- Better market intelligence through closer supplier relations;
- Increased market share and loyalty; and
- Access to public/private sector business through BEE compliance.

The NBI continues to play the catalytic and facilitation role, but the real success of this initiative will rest on the continued and active leadership, ownership and involvement of the SASDC's corporate members.

For more information on the SASDC, contact info@sasdc.org.za or visit www.sasdc.org.za

The SAIBL project is supported by the American people through United States Agency for International Development (USAID). Since 1998, the American people, through USAID, have provided more than US\$41 million to promote enterprise linkages in South Africa.

