

Enterprise Supplier Development Framework

Introduction

Chemin ESD Programme is based on services currently being provided to Ceramic Industries and proposed services to AECI. The programme is based on seeking long term collaborations to support enterprises and a supplier development strategy aimed at achieving maximum points for a Company or multinational seeking points. In the long-term, the private company of multinational must seek to promote sustainable small business development within the Chemical Sector, in line with the BBBEE codes of good practice and the broader small business development plan within South Africa.

Chemin Partnership to service ESD Programme

Fund Manager

Chemin will seek to work with a Fund Manager that specialises in financial services in wholesale and customised lending, provision of credit guarantees to enterprises and for providing specialised Enterprise and Supplier Development (ESD) fund management services. The ESD fund management may include the provision of matching fund in order to increase the loan and grant funding pool.

Chemin

Chemin will be the implementing agent. Chemin is a subsidiary of Seda. Chemin was established in 2002 to assist enterprises in the Chemical sector. Chemin operates nationally and has five (5) incubation centres in Port Elizabeth, East London, Durban, Krugersdorp and Thembisa branches and is headquartered in Midrand. Chemin has since inception established over 220 enterprises, graduated over 40 enterprises from the incubation programme. Chemin incubated enterprises have generated over R60 million revenue and created over 660 permanent jobs whilst in the incubation programme.

Chemin Enterprise Development and Incubations Services

Chemin as a sector specific chemical incubator, its services are outlined below:

Pre-Incubation	Incubation			Graduation
	Analysis & Validation	Development	Capital Raising	Post Investment Solutions
1 – 6 month	1 - 12 months	1 – 18 months	1 - 4 years	
Chemin	Chemin & Client	Chemin, Client & 3 rd party	Chemin, Client & market	Chemin, Client & market
<p>Entry Selection Criteria:</p> <ul style="list-style-type: none"> • Technology • Market • Economics / profit margin • Management <p>Checks and Balances:</p> <ul style="list-style-type: none"> • Compliance • Opportunity • Entrepreneurship • Leadership & Availability <p>Training</p> <ul style="list-style-type: none"> • Formulations • Quality • Hazardous Material Handling and Storage • Environmental Health and Safety • Bookkeeping • General Business Management Skills 	<p>Support Services:</p> <ul style="list-style-type: none"> • Technology Audits and Analysis • Feasibility studies • Market Assessment and Studies • Techno – economic evaluations • Business Structuring • Business Plans 	<p>Support Services:</p> <ul style="list-style-type: none"> • Proof of concept • Technical Feasibility • IP Management • Engineering Prototype and Piloting • EIA • Process or Product Refinement • Product Testing • Bar Coding • Product Registrations • Compliance • Marketing Materials • ISO Standards • Raw Material Plan • Marketing Plan • Bankable Business Plan 	<p>Support Services:</p> <ul style="list-style-type: none"> • Governance Structure • Business Structuring • Funding Required • Business Planning • Risk Diversification • Investment Mandate 	<p>Key Graduation Criteria:</p> <ul style="list-style-type: none"> • Business Growth Strategy • Positive Cash Flow • Business Diversification • Sustainability • Monitoring and Evaluation <p>Post-Graduation Support</p> <ul style="list-style-type: none"> • Access to markets • Marketing • Conferencing • Accelerator programme

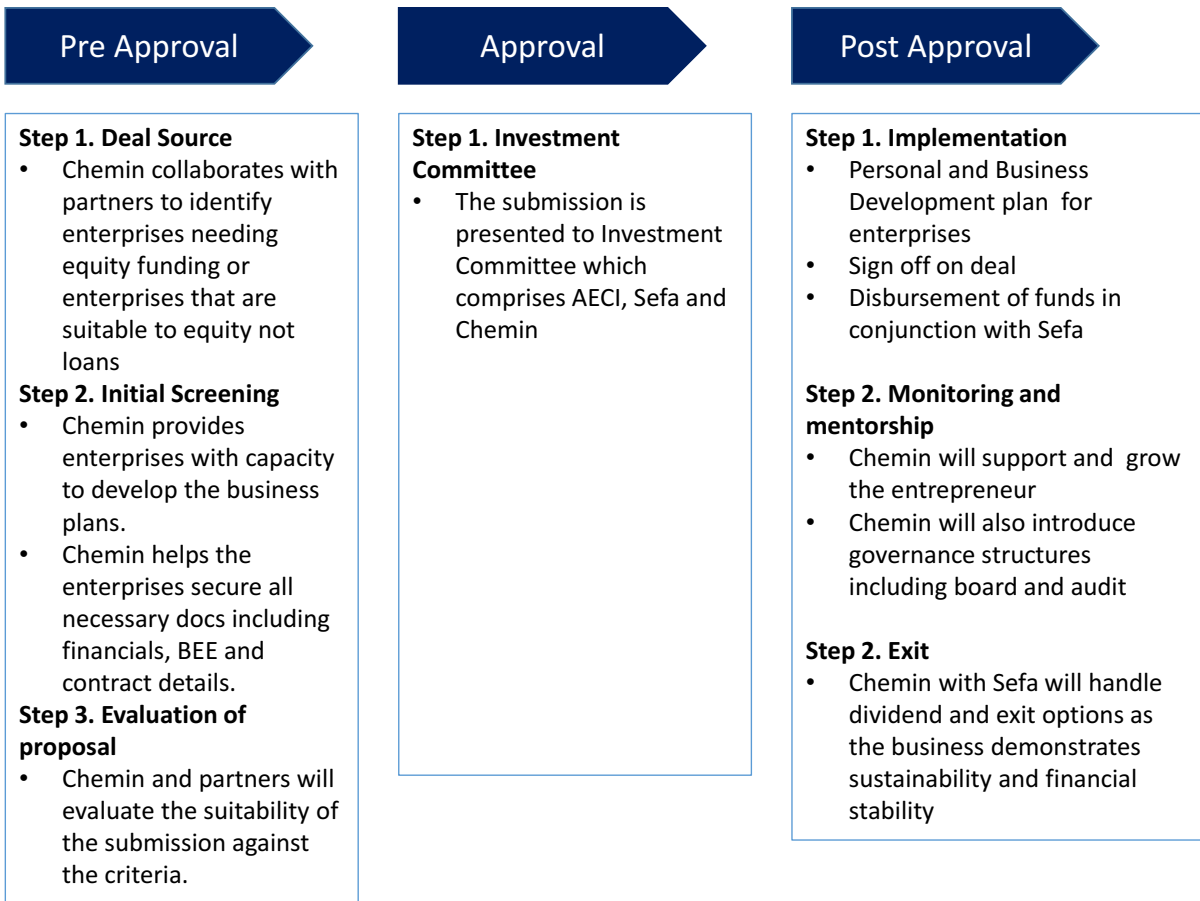
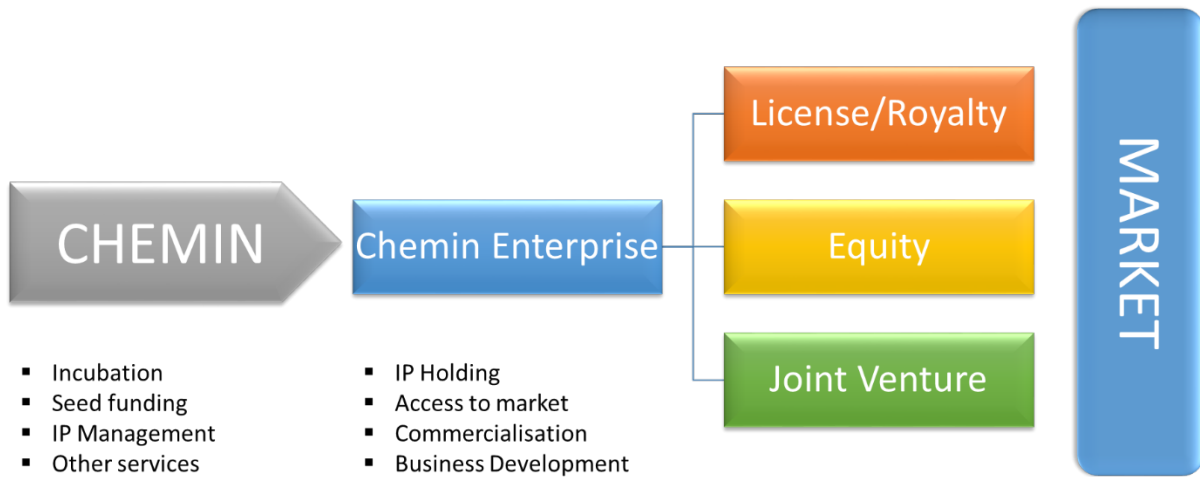
Supplier Development Services (Intervention)

The following services in chronological order will be provided to enterprises in a structured process. Each stage of the process must be completed before proceeding to the next stage.

Signature Programmes/ Interventions	List of Service	Description	KPI Measures	Costing/Budget
Assessments	Gap Analysis	Gap Analysis at the beginning of supplier development phase	# of assessments reports	R30 000 per enterprise
		Close out analysis		
Compliance	Legislative Compliance and Technical Certification	Environmental Impact Assessment (EIA)	# of completed applications and # of successful applications	R400 000 per enterprise
		Water Use Licence Application (WULA)		
		Waste Management License		
		Storage, Collection and Transportation of Waste		
		Transportation and Handling of Dangerous Goods		
		NRCS - National Regulations for Compulsory Specifications		
		Occupational, Health and Safety Certification (OHS)		
		Quality Management System		
	Quality - Product and Process Certification			
	IP Management Issues (AECI and Enterprise)	IP Search	# of completed applications and # of successful applications	R100 000 per enterprise
		Patents (PCT)		
		Trade Marks		
		Designs		
		Barcodes		
Copyrights				
Finance Management Cluster	Finance and Accounting Systems	Finance Systems	# of systems implemented for SMEs	R75 000 per enterprise
		Payroll System		
		Financial compliance		
		Taxation		
		Governance Systems		
		Management of assets		
	Bankable Plan	Formulate a bankable business plan	# of bankable plans submitted	R80 000 per enterprise
		Address business diversification		
		Address market options		
Business Development Support Services	Business Processing Systems	Business Process Outsourcing (HR, invoicing, billing and ICT)	# of implemented business processing systems	R150 000 per enterprise
		Office Automation (document scanning, routing, workflow and electronic management)		
		Output Management (software solutions)		
		Information Trends (analysis, forecast, insights, advice and best practices)		

Equity Process

Chemin will use various models or terms for funding the enterprises based on the opportunity and risk assessment profiles. The funds may be disbursed in exchange of license/royalty, equity or joint ventures. The figure below provides a generic overview of Chemin's commercialisation strategy. Chemin will be responsible for the investment into qualifying enterprises. The entire process will be undertaken in conjunction with Emergent Research. Preferably only equity in innovative or technology based enterprises irrespective of the sector will be pursued. This will be through Chemin's commercial entity, the Chemin Enterprise (currently being converted from Chemin Trust).



ESD Beneficiaries Business Mentorship

The mentorship of Enterprises signed into the ESD programme will be through the GrowthWheel Mentorship Tool. It is mandatory for enterprises signed into the incubation programme (entire Seda Network) to be on the mentorship tool. Consequently, the tool will be extended to enterprises on the programme.

Each enterprise will be assigned a business mentor to be paid through the ESD Programme. Mentorship fees will be related to the services as outlined in the Supplier Development Service (interventions) outlined above and will be paid a flat rate. Chemin will create a pool of business mentors based on their experience and skills. Mentors will be precluded from taking shareholding in enterprises. There will be a maximum of three (3) enterprises per mentor.

Business Mentors will submit monthly reports on the progress of the enterprises under supervision. The reports will include the following:

- Signed business mentorship (GrowthWheel Reports),
- Signed monthly management accounts by enterprise and mentor,
- Quarterly reports,
- Signed Annual Financial Statements.