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## GUIDELINES FOR SUCCESSFUL ENTERPRISE AND SUPPLIER DEVELOPMENT IMPLEMENTATION



**ABOUT THE AUTHOR**

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Since co-founding Edge Growth, Danny has been involved in Enterprise and Supplier Development across the entire value chain; from developing and implementing ED strategies across multiple sectors to being 'hands on' with grass roots SME incubation. He has structured, raised capital and set up four, first of their kind ED Funds, collectively managing more than R250m for companies and associations across the industry spectrum.

Confronted with the revised black economic empowerment (BEE) Codes and the strong focus on supplier development (SD) in particular, corporations must now re-orientate their existing enterprise development (ED) programmes to align with their procurement and supply chain strategies.

As business leaders come to terms with this new imperative, consider their options and plan for the changes ahead, applying a few proven best-practice principles will go a long way to ensuring they get enterprise and supplier development (ESD) right.

**1. THE RIGHT PEOPLE IN THE RIGHT POSITIONS**

ESD must be driven from the highest level of the organisation. The Executive Committee must (1) appoint a capable steering committee (steerco) to drive the ESD programme, (2) give the steerco a clear mandate and (3) broadly communicate its support for the initiative. The right steerco will bring the heads of ED and transformation together around a table with those from procurement and supply chain planning, as well as any other key stakeholders. Working closely with the business' leaders, the steerco must be accountable for developing a collaborative ESD solution that supports overall business strategy and ensuring that it is successfully integrated into everyday operations across the broader organisation.

**2. THE RIGHT SPECIALIST PARTNERS IN PLACE**

ESD programmes require the support of the right specialist practitioners. The right ESD advisory partner will bring in-depth knowledge, first-hand experience and best-practice skills to the planning process. The right ESD partner is one that understands the commercial operating environment and knows how to co-ordinate the inputs and activities of cross-functional stakeholders. The right ESD advisor will be able to work with the steerco to prepare a single, consolidated business case for an end-to-end ESD solution.

**3. THE RIGHT PERSPECTIVE ON THE PROBLEM**

The case for ESD must be built on the back of a comprehensive diagnostic assessment of current buying strategies and supply chain operations. A detailed analysis will highlight any existing gaps in supply and will help identify any immediate opportunities for ESD integration. Demand forecasts will provide insights into the longer-term capacity-building requirements of the business where ESD linkage could potentially enhance or improve the quality, cost, speed or efficiency of production.

**4. THE RIGHT SMES**

The current supplier portfolio must be reviewed in the context of these requirements. Finding "perfect fit" suppliers for an ESD programme is unlikely. Instead supplier screening, sourcing and selection processes must be adjusted to identify "closest match" suppliers - SMEs with the right fundamentals in place and the highest potential for sustainable growth. Enterprise owners must have the right combination of experience, skills, vision, passion and resilience - growth is painful and not all entrepreneurs want to scale their businesses. A strong commitment is required from both parties at the outset.

**5. THE RIGHT SUPPORT AT THE RIGHT TIME**

Generic SME development programmes don't work. For an ESD programme to be effective, business development support must be customised around each enterprise's unique capabilities, growth stage and gaps. Each SME's development path must be synchronised to enable integration into the system at the point when appropriate opportunities arise. Customised financial support is also critical: each SME's funding requirements will be different and will vary throughout the development process, and without track records or surety most of them will not qualify for funding from traditional institutions. The premise of "less is more" applies: efforts and investment should be focused on helping a few SMEs develop to their fullest potential as opposed to providing a "light touch" approach to a high number of enterprises. An ESD programme must provide holistic support and should address financial as well as non-financial needs.

**6. THE RIGHT PLANNING**

The path to delivery must be defined by a detailed, deliberate and actionable ESD implementation plan. The right plan will prioritise and phase proposed activities in a way that manages the business through its transition. A few initial "quick wins" are essential to demonstrate programme benefits and to ensure buy-in and commitment at every level of the organisation. The plan must map timelines to initiatives, allocate accountabilities and ensure adequate resourcing. It should balance ESD interventions across high- and low-volume areas of the supply chain, business critical and non-core production requirements.

**7. THE RIGHT POLICIES, PRACTICES AND PERFORMANCE MEASURES**

Internal policies and processes will need to be adjusted to support programme implementation as changing established sourcing and buying practices requires a paradigm shift. Governance measures must be established and clear KPIs must be included in the performance management of all stakeholders influencing the buying decision. It is vital to incentivise ESD integration and to enable evaluation and reporting against the progress of the programme at a department, team and individual level. ■