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BESO Mentorship Pilot Programme

Western Cape

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1. Executive Summary

In a jointly funded programme BESO (British Executive Service Overseas) and Department of Trade and Industry (TISA / EMIA division) devised and implemented a pilot mentorship programme for Western Cape, Mpumulanga & Gauteng in Oct & Nov 2003.

This programme was project managed in the Western Cape by the Cape Craft & Design Institute (CCDI), which assisted in selection of the twelve established businesses and co-ordinated daily running of the programme.

The pilot project was a significant success, with eighty percent of the enterprises scoring a benefit of average and above, and a significant number reporting Excellent benefits.

The programme served to highlight the **value of mentoring as a development tool**, and the benefit of using International Volunteer Mentors for this purpose.

Specific issues were raised around the need to recognise and address

- The business **development needs of Community Projects**,
- The need to devise additional programs to assist with **PDI business development**
- The importance of creating a **3 – 5 year integrated enterprise development** programme that includes elements of business and technical skills & export training, and strategic export exposure in addition to mentoring.

The report concludes that this programme should be repeated, with some modifications to address the less established PDI business needs, on an annual basis, as part of a **Winter School Programme**.

2. Introduction

In a jointly funded programme, BESO (British Executive Service Overseas) and Department of Trade and Industry (TISA / EMIA division) devised and implemented a pilot mentorship programme for Western Cape, Mpumulanga & Gauteng in Oct & Nov 2003.

Initially proposed by BESO in March 2003, the BESO mentorship pilot programme was finally rolled out in Western Cape between end Sept and end Nov 2003. In the course of the two-month long program twelve promising handcraft businesses each received a two-week one-on-one mentoring from the British Volunteer Consultant (BV) of their choice.

Each of the three BV's was located in the client business for 10 working days. In the course of this time they conducted a SWOT analysis and together with the client drew up short and long-term business goals. The daily routine and focus of the intervention was determined by the need of the individual business and by the specialist capabilities of the BV.

The broad aims of the programme were to

1. Establish the viability of mentorship intervention as a development tool, particularly as a means to fast-track developing businesses into export-readiness.
2. To establish the value of the BESO partnership.
3. To deliver benefit to the participating businesses especially with regard to their ability to export.

The Cape Craft & Design Institute was involved in the initial proposal and project management of the programme in Western Cape.

3. Cape Craft & Design Institute.

The Cape Craft & Design Institute (CCDI) is an independent not-for-profit Institute housed in the Cape Technikon and is mandated by the Administration of the Western Cape and the National Department of Arts & Culture to facilitate the development and growth of the craft sector in Western Cape. The CCDI was requested by the National Cultural Industries Manager, Nadia Sujee in early June 2003 to create a mentorship rollout proposal for Western Cape. This initial proposal detailed the needs of the Western Cape Craft sector; the type of intervention needed and outlined twenty possible businesses that could benefit.

CCDI was initially unaware of the larger scale of the mentorship programme and it was only once the MOU was signed between DTI & BESO at end June that the full scale of the programme and the range of multiple stakeholders became clear. As CCDI had already invested considerable resources into the programme at this stage, and was keen to input further into the Western Cape rollout of the programme, a request for project funding was put forward to DTI.

A project management budget was agreed by DTI in mid November (Appendix IV).

CCDI was involved in the programme from early June 2003 to its conclusion in end November 2003. This report is a summary of the processes followed, and the results achieved, from the CCDI perspective.

4. Methodology

4.1. Selection Criteria

The selection of participants took place over a period of about three months. An Initial 'call for interest', circulated through the CCDI Newsletter delivered only one response. Following this, the project manager trawled the CCDI database, and held discussions with other staff members in order to select a shortlist of possible candidates.

The criteria for selection were intended to identify businesses that were at a stage in their development where they could make maximum use of this mentoring. In order to achieve this purpose, a modified export-readiness criteria were used (see below).

Suggested Criteria
1. Annual turnover of R300,000+
2. South African Registered business with Western Cape headquarters
3. Business age of 3 years or more
4. 5 or more permanent staff
5. Product with export potential
6. Capacity to rapidly increase production
7. If exporting – 80% or more of turnover must be local trade
8. Priority to PDI businesses
9. Expressed enthusiasm for the programme
10. Willingness to comply with the reporting and attendance processes.
11. Willingness to dedicate fulltime attention to the mentor for 2-week period.
12. Businesses that had Not received significant intervention from the CCDI in the previous 12 months.

Twenty businesses were initially identified as possible participants, and interviewed to establish their level of interest. This figure reduced to fifteen between June & August as participants withdrew their application (lack of time, too much else going on, not ready etc) or were absorbed into other interventions.

In addition, results from the Export Development Pilot Programme¹ outlined the importance of avoiding "intervention overload". Intervention overload can occur when

¹ Summary Report 2/2003 Export Development Programme. Cape Craft & Design Institute August 2003

businesses receive too much strategic assistance in a short space of time. When there is insufficient time for the business to absorb, implement and recover from interventions the resulting overload on management time can seriously affect the business stability (and reduces the value of the intervention).

For this reason a number of promising export enterprises (and PDI businesses) were not included in the programme.

4.2. Final Participant Selection

The final fifteen businesses were requested to complete a comprehensive business profile, detailing numbers of employees, annual turnover, products etc. In addition they were briefly interviewed to establish how they prioritised their business needs. This information was forwarded to BESO UK in order to assist with the selection of suitable BV's.

The final twelve enterprises are detailed together with contact numbers in Appendix V. Analysis of the business types shows that half of the businesses were not-for-profit Community Projects. The other six enterprises were commercial businesses. All but two of the commercial businesses were strongly focussed towards empowerment and had a significant people-development and job creation agenda.

A number of the enterprises were less than 3 years old, with a few in the very early start-up phase. White women managed all but two of the enterprises.

4.3. The Buy-in process

A significant amount of time was spent by CCDI in order to 'sell' the concept of mentorship to potential participants.

Concerns over privacy, confidentiality, stealing of ideas, taxation and the prospects of 'someone coming in to tell me what to do' were raised, as was concern about the value of such a short intervention and the suitability of British Expatriates in the South African Context.

Through an on-going process of discussion in a combination of face-to-face interviews, phone interviews and email it was possible to allay many fears and to gain 'buy-in' to the mentoring process by all participants.

One of the tools utilised was to outline the cost of such a one-on-one mentoring, which would be in excess of R50,000 per business at commercial rates. The use of this ballpark figure helped businesses to realise the value of the mentoring on offer and buy-in was significant thereafter.

4.4. BV Selection.

The importance of good BV selection and careful matchmaking was identified early in the process, and CCDI were very keen to include enterprises in the process of selecting their own mentor. It is well-accepted Best Practise that an enterprise be closely involved in the selection of service providers / consultants. Cape Mac, the local Capacity Building consultants in Western Cape successfully implements a process that includes the enterprise input in final selection. CCDI endorses this viewpoint.

As the CCDI role in the project process was very unclear during July to November period, the final selection of the three BV's was made by BESO themselves. Fortunately it was possible to include the participants in the process of final matchmaking, and each owner/manager received the details of all three BV's, from which they were asked to rank their choice from one to three.

Despite initial concerns that opening this process up to the enterprise input might create havoc, this transparent selection worked very well indeed and all but one of the enterprises secured the mentor of first choice. Only one enterprise had to make do with their 'second choice' BV and it is worth noting that whilst this client was happy with the outcomes of the programme, they mentioned in their final feedback report that they had unmet needs that they felt might have been addressed by the first choice BV.

The indications are that the involvement of enterprises in match-making is a critical factor in the success of the programme, as it confirms the value of the enterprise opinion and indicates a level of respect for them and their needs.

4.5. The roll out process

Three mentors each worked for two weeks in four businesses. Once each assignment was complete they moved into the next business for two weeks and so on until all four assignments were completed. BV's were with the business owner/manager for ten working days for all or a significant part of each working day. Due to time constraints the last three enterprises received only eight days intervention.

BV's were 'off' over the weekend. Some weekends included hospitality outings arranged by participants.

BV's were billeted in a moderate apartment-style hotel in Cape Town, apart from three assignments in which the BV needed to be accommodated near to the out of town enterprise. This out of town accommodation proved to be an issue, as funding for accommodation was controlled by regulations that did not permit BV's to stay in B&B accommodation.

BV's were restricted by a daily budget that was very tight and required them to self-cater in their rooms in order to save costs. There appeared to be no allowance for entertainment or expenses other than the bare basics.

Transport to the client business was scheduled as part of the accommodation expense but the Hotel Taxi was prohibitively expensive, restricting the account of the BV even further. In some cases the client arranged daily transport to fetch & carry the BV.

4.6. Orientation to Western Cape

CCDI gave each BV an orientation and introduction to the Western Cape Craft industry, and a brief overview of their clients prior to the official introductions. CCDI had forwarded detailed business profiles for each enterprise to the BESO head office so this as scheduled as an additional introduction only.

The CCDI project manager was on call 24/7 for the period of the programme, and made a number of BV visits in order to clarify programmes, and to check on the welfare of the three volunteers.

The CCDI project manager was on call to drive the BV's to each new enterprise on day one of their assignment, although in practise this was only requested for four introductions.

The CCDI Project Manager made site visits during each intervention. However it became clear that some of these visits were detrimental to the relationship being formed between the BV and the client, and so subsequent visits were undertaken with some circumspection, and not undertaken at all for some clients. Follow up visits and interviews were made after the programme in order to record the response of the client to the programme.

5. Results

Eleven of the initial twelve participants completed the programme and their results are reported below. One enterprise dropped out after three days and this enterprise will be analysed separately.

5.1. Enterprise feedback.

Enterprises were contacted during their intervention, on a daily basis in order to monitor their progress. Feedback from these calls was overwhelmingly positive. Similar contact with BV's was more difficult to manage, as they were often unavailable at the hotel, and email & phone messages to the hotel were not passed on so generally communication was a bit tricky. However, when contact was made, feedback was positive.

5.2. Enterprise exit Reports.

Each enterprise was debriefed individually after the programme, through an interview and questionnaire process. The questionnaire was designed by CCDI for the purpose of analysing the impact of the mentorship.

A sample questionnaire is included in the Appendix I. Questions were designed to rate the value of the overall the programme and its components. The rating categories were as follows

1. **Overall** programme value
2. The **format** / structure of the programme
3. The Suitability of the **Mentor**
4. The impact of the programme on enterprise **Thinking** (Business processes)
5. The estimated impact of the programme on the **Future** of the enterprise
6. The role and value of **the CCDI** in the process.

The results summarised in Figure 1 below shows a high satisfaction with all aspects of the programme, and 80% of all scores in all categories rated at average or above.

Figure 1. Client Satisfaction Ratings

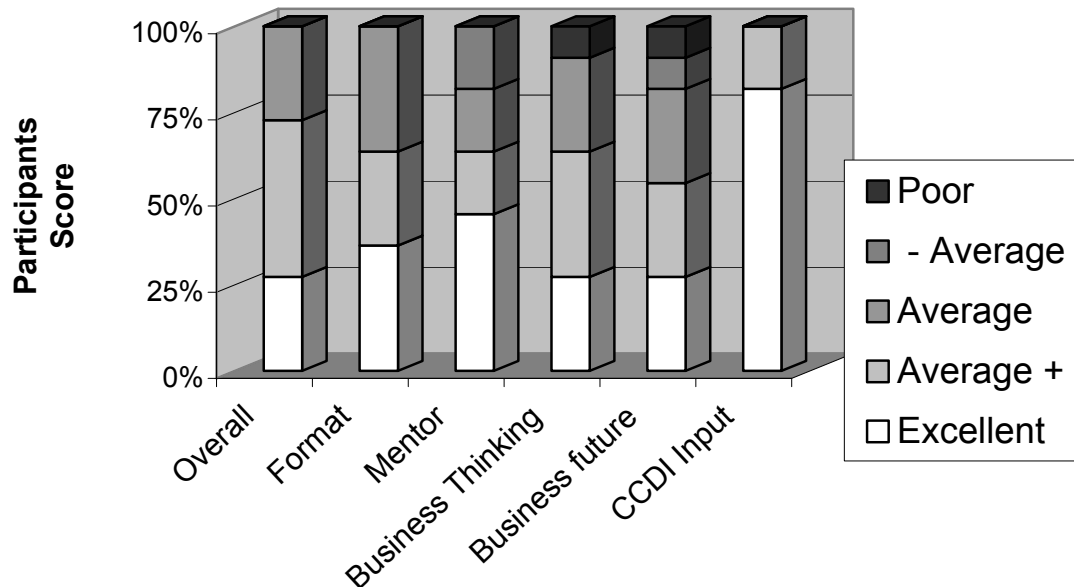
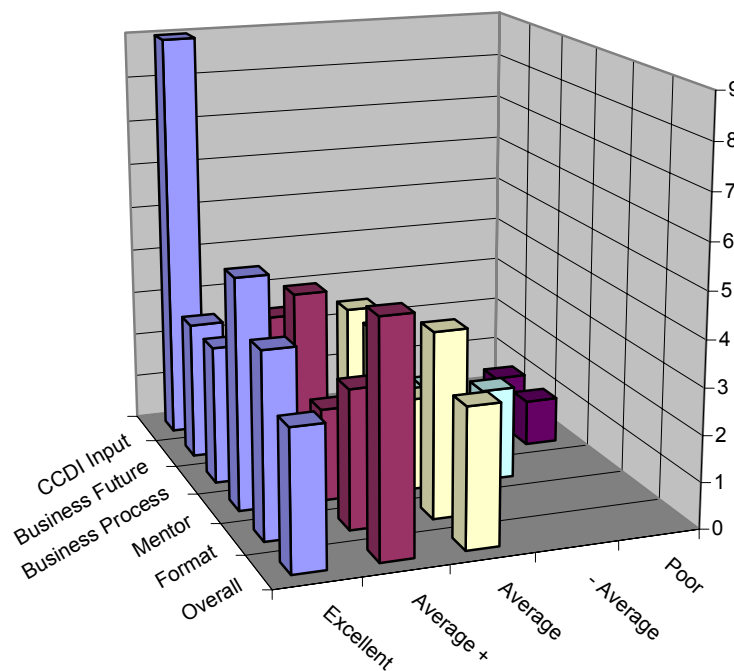


Figure 2 shows the range of response for each question. A significantly high level of satisfaction was expressed about the role of the local project management through the

Figure 2. Range of Enterprise Satisfaction



CCDI, and very high satisfaction in all other categories. There was some level of dissatisfaction indicated by one respondent who reported that the mentorship had no positive effect on business thinking and No future beneficial effect. Dissatisfaction generally was concentrated in two enterprises although every participant rated the Overall benefit of the programme as average or above.

Positive comments were recorded in profusion – a summary is as follows:

“Good sounding Board” “Beneficial Brain-storming” “Useful for strategic planning”
 “Programme flexibility perfect for our needs” “Helped to create time to focus and plan”
 “Contact with other businesses was fabulous” “Eager to participate in future” “Helped to give perspective” “Mentor slotted right in” “forced us to find time” “Very positive and encouraging” “I would recommend it most sincerely”

Negative comments or requests for change were much less numerous: “Mentor was negative & uninspiring” “Were hoping for marketing input” “Was expecting more specialist assistance” “Need more help with development / empowerment issues” “Didn’t understand the underlying theme of the business” “Not enough specialist ability” “Very bad time of year” “Not practical enough” “Not creative enough”

Suggestions for change / next step were also recorded:

“Lets have 6-monthly feedback sessions”, “Suggest a series of local mentor workshops and have BV’s return to support implementation process” “Follow-up visit please” “Join forces with other businesses” “Eager to have a second phase” “Create directory of local service providers” “Create a working Community Project group to generate solutions in W Cape”

In general the individual exit reports were overwhelmingly positive and all participants were extremely grateful for the opportunity to participate. Where clients felt mismatched with the BV, they still requested inclusion in future interventions such as this. All participants appeared to value the program.

5.2.1 Impact on Enterprise

Table 1. Below shows a summary of all rating scores for all of the participating enterprises. These results can be used to analyse the immediate impact the programme, in lieu of actual trading / export figures, which will only manifest in the medium term.

Impact on the business Thinking (understanding of business processes, changes to the way managers address problems, introduction of new methods of strategic planning etc) is significantly high, with seven enterprises scoring an “above average” or “excellent” influence.

Nine participants rated the long-term impact of the programme on the business as significant - (scoring “Average” or above in the Business Future question)

Table 1. Summary of Participant Rating					
	Sum of all scores across all participants				
Ratings	Excellent	Average +	Average	- Average	Poor
Overall	3	5	3		
Format	4	3	4		
Mentor	5	2	2	2	
Business Thinking	3	4	3		1
Business future	3	3	3	1	1
CCDI Input	9	2			

5.3. "Failed" Enterprise

One participating enterprise did not complete the program. It became clear after the third day that the management of the enterprise (a community project run by development crafters) were unwilling partners in the BESO process and as a result of their non-participation the mentor felt it was impossible to deliver results within this business in the two-week period.

Once the difficult decision to pull out had been made, it was discovered that other mentors and consultants had given considerable intervention to the project over the past two years. A number of reports such as SWOT analysis, Business and training plans had been written, but management had not acted on these suggestions. This history is an indication of the depth of the problem that exists within the project and confirmed the BV's impression that significant results would not be achieved in such a short intervention – especially as participants themselves were unwilling to be part of the process. The failure of the enterprise indicates a lack of communication between the Project Regional manager (with whom CCDI communicated) and the PDI crafters working at the project.

Much can be learned from this event and the 'failure' confirms

- The vital importance of obtaining 'buy-in' from **all** parties in the process.
- The need for long-term intervention into complex Community Projects (months and years, not weeks)
- The potential value of local mentoring for township-based business
- The specific difficulties of South African Community Projects and in particular the need to develop a system to effectively transfer management from experienced white management to developing PDI crafters.

Far from being a 'failure' to the programme, this event has been extremely valuable to the BESO process and has drawn greater attention to the 'Community Project' needs. Approximately fifty percent of all craft production in the Western Cape is from Community Projects, so this learning is an extremely critical component of delivery in the sector.

5.4. Mentor Rating

As it is useful to analyse the suitability of the three mentors to the businesses into which they were deployed, a summary of response, by mentor is shown in figure 3 below.

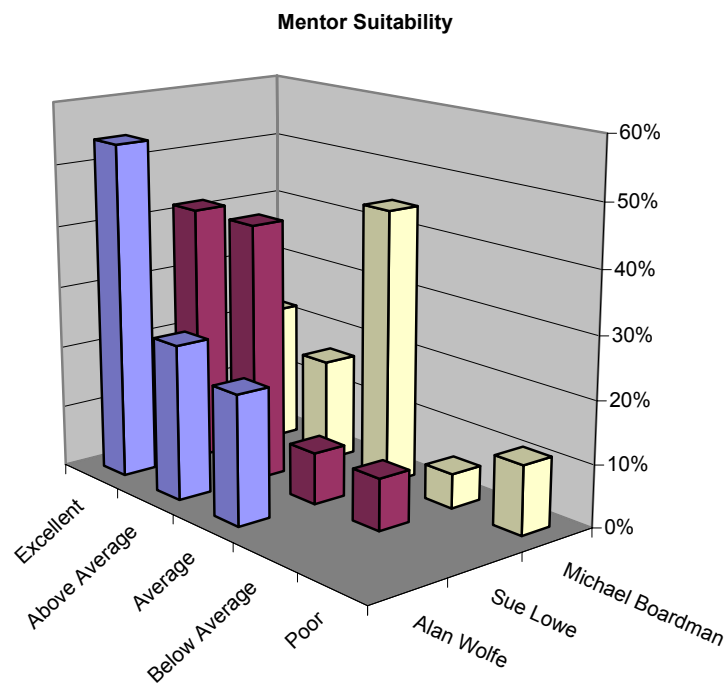
Using a general satisfaction rating (the sum of all positive and negative scores in the questionnaires) it is possible to identify which mentors matched the needs and expectations of the enterprises into which they were deployed.

Figure 3 shows that Alan Wolfe scored a high concentration in the 'Excellent' category with all ratings across each of his four clients at 'Average' or above. In contrast, Michael Boardman scored a wide range of ratings, with a concentration in the Average category.

Sue Lowe scored a range of ratings, with a concentration in Above Average and Excellent.

In a loose definition of suitability, this indicates that the most suitable or well-matched mentor was Alan Wolfe and the least well matched was Michael Boardman. Taken in context with the written comments on the forms, Alan Wolfe was highly valued for his specialist marketing knowledge and his business analysis capabilities. Sue Lowe was valued for her product development abilities, practical business sense and costing & pricing input. Michael was valued for his sensitive ear, but criticized for his lack of specialist business knowledge.

Figure 3. Mentor Suitability



5.5. Group Feedback – wrap-up Workshop

The final group workshop between the BV's, participants, CCDI, BESO & DTI confirmed much of the input that participants recorded in their exit reports. In particular

the positive benefits of the programme and the value of dedicating time to strategic planning were emphasized.

The value of group work and networking was also highlighted with a number of participants calling for regular group meetings such as this.

The BESO regional manager, Andrew Sanders recorded a detailed summary of the workshop responses, which is included in full in the Appendix II.

Points raised are summarised as follows:

- Training & mentorship projects should avoid the pre-Christmas rush.
- Mentorship's should end on a Friday & start on a Monday in order to give the BV the weekend to recover.
- There was enormous burden on dti/TISA to co-ordinate 6 BVs and 20 small firms in Western Cape, Gauteng and Mpumalanga. CCDI input proved invaluable to management of W Cape programme.
- Pilot Programme and joint venture partnership worked very well.
- W Cape Businesses were mostly 'white' run employing historically disadvantaged people in townships and rural areas, some with HIV/AIDS and abuse support groups. Businesses were selected against the brief that they could rapidly respond to the intervention and move into exports within a short time-span. **Need similar or longer term programme to address the development / PDI needs.**

BV feedback:

1. **Short term capital:** the lack of venture capital is a problem. However one must not confuse lack of profitability with lack of finance.
2. **Piracy:** Protection of copyright needs to be addressed – significant problem inside SA and internationally
3. **Entrepreneurship:** Recognise the nature of true entrepreneurs vs. people needing employment & enhance skills of entrepreneurs - short courses; budgetary control, business planning, marketing.
4. **Marketing:** step out into the market - Do not wait for customers to turn up. Fair trade - adds value.
5. **Exporting:** Go for higher value, choose export markets with care, walk the walk in cities you want to sell to. Test market your product
6. **Community projects or a business?** If you want to succeed in developing your community, make sure you run a successful business.

7. **BVs working as a team** enormous benefits came out of information sharing between the 3 BVs.

5.6. Participant feedback>

Participants were enthusiastic about the programme and keen to report the significant positive effects.

1. Programme met most clients' needs and was overall a significant success. Great benefits were obtained from the business analysis, strategic planning and business management tools.
2. BESO helped clients to see their business in a new, positive and serious light.
3. **Community projects** face significant problem with Transfer of skills, responsibility and self-determination. Management (mostly white women) want to transfer ownership to the people but don't know how to do so successfully
4. **Crafters feel isolated** - CCDI's role in bringing groups together is vital.
5. **Short and long-term objectives** highlighted by BESO are an essential discipline to longterm success.
6. **SA government** offers a lot of help but process confusing. Dti's intervention in this programme was first-class.
7. Value of **international mentor** was that scheduled appointments couldn't be shifted!

5.7 Press and PRO

Some good press copy was achieved through the programme, which was seen as an excellent venture in relationship building. A short very positive article in the Cape Argus and an internal article in the Technikon Bulletin provided an opportunity to highlight the value that the dti, BESO and CCDI bring into the craft community. (Appendix VI)

6. Discussion & Impact

6.1. PDI component

It is important to address the underlying reasons for the lack of representivity in this pilot programme.

The intention was to select twelve participating enterprises that had the ability to rapidly respond to the intense programme and gain maximum benefit from the 2-week intervention.

This meant selecting enterprises from the upper level of business development – i.e. those with established businesses, (or at least a good understanding of business processes) with an ability to expand production capacity in the short to medium term.

The CCDI has created a series of business categories for the craft sector in order to make such selections simple. These categories are as follows

1. Emerging Business
2. Intermediate Business
3. Micro Business
4. Established Business
5. Manufacturing / Export-ready Business
6. Community Project (can be sub-sector of other levels)

The Established Business category was identified as the suitable target for this 2-week mentorship programme.

In the craft sector in Western Cape there is a significant shortage of black-owned craft businesses in this position. The reasons for this are primarily that handcraft is a very new industry in the Cape (compared to the long tradition of handcraft in Kwazulu-Natal) and that individuals coming into craft tend to be those without any other skills to offer. In other words, PDI individuals who get into craft in this province tend to do so from a desperate need to generate money for food, rather than doing so because they have business skills and have identified craft as a vehicle for that business acumen.

As a result there is a very high concentration of individuals on the lower rungs of the business development cycle (Business levels 1 & 2 – entry & intermediate) with increasing numbers in Micro (level 3) and virtually none in levels 4 or above.

The few PDI businesses that do exist in category 3 & 4 had already received significant intervention in 2003 and were busy implementing (and recovering from) other programmes, so could not be selected. Other PDI-run businesses were approached to be included in this programme, but were unable/ unwilling to do so.

It is highly significant that the one enterprise that is run by black management fell off the programme within the first three days. This indicates a mismatch of expectations and confirms the vital need to match any intervention to the business needs of the client.

The CCDI runs other business development programmes for Historically disadvantaged producers, one of which takes crafters through a yearlong integrated business development process. (NQF4 learnership in Craft Micro Enterprise). There are many PDI crafters in the Micro-enterprise and emerging enterprise category (one-man businesses, generally informal, with little or no business systems, living hand-to-mouth with little stability) that need this level of intervention in order to move into the established business category.

It is recommended that the PDI development needs in this sector be addressed through a longer-term one-on-one mentoring process (one to three years) and through a series of group workshops to deliver specialist advice and training from qualified mentors. It is important that this information is 'accessible' to development crafters and appropriate

communication skills are essential. For this the role of local mentors needs to be analysed.

The value of 2-week one-on-one mentoring intervention into such immature businesses (below level 4) is questionable, and not considered a valuable use of resources.

6.2. Value of the BESO Programme

It is clear from the results that this pilot programme was a significant success. It resulted in significant benefits for ten businesses and has been rated by clients as having important beneficial influence on the future of the business by nine participants.

These results indicate that the 'short, sharp' intervention approach was valuable – especially for busy entrepreneurs – as the concentrated effort required tight timelines which is ideally suited to the category 4, Established business which is characterised by 'so much to do, so little time'!

The use of foreign mentors was a success, although some participants did comment that local mentors could 'do the same job for less'. The possibility of combining specialist overseas knowledge with local input seems valuable and the development of a pool of locally based mentors appears to need exploration.

Significant numbers of participants called for additional and future intervention, and the programme seems to be recognised as being step one in a longer term process. Even those clients who were not completely satisfied with the programme indicated a willingness to be part of a longer term and on-going programme.

It is important to make valuable use of limited resources and develop a strategy that will have greatest impact in the sector. However, step one is to prioritise income, employment and empowerment in the order of importance, as this will inform the correct intervention process. If development of PDI individuals is National priority, this high-level business development is valuable as it will produce a level of success for other developing enterprises to emulate, but an additional programme is needed to fast-track PDI businesses to follow in their slipstream.

6.3. CCDI as partner

The role of CCDI in the process highlighted some critical issues in a National programme such as this:

- A local partner is vital to the planning, implementation and long-term benefit of development programmes.
- Local partners improve communication, assist with selection and hand-holding and act as go-between for all parties.

6.4. Business skills

The BESO programme highlighted the need for basic business skills development in the craft sector. This need for business systems, financial skills and basic planning capability development was confirmed in the Export Development programme², in which business capability, and not export knowledge per se was considered to be a significant retardant to the export drive. For this, specialist business training is needed in addition to mentoring.

6.5. Western Cape – CCDI

The BESO programme was of significant value to the Western Cape. This process has helped to inform the CCDI policy and will be used to influence the programme of development in the province.

Significant areas of learning were:

- The identification of Community Projects as a separate business type in need of assistance.
- Confirmed the general shortage of Business Skills in the sector
- Confirmed the need to carefully match business needs to the proposed intervention.
- Highlighted the shortage of established PDI owned / managed businesses in craft sector (level 4 and above)
- Highlighted the need for specialist training & development in the less established PDI businesses in order to fast track their development.
- Improved understanding & value of the mentoring process.

² Summary Report 2/2003 Export Development Programme. Cape Craft & Design Institute August 2003

Potential future outcomes of this understanding include:

- Development of a formalised process to record and recognise Community Projects as a separate business system. (CCDI / Community / Academic joint working body)
- The need to develop uniquely South African solutions to the Community Projects dilemma including
 - Business / Financial models
 - Workable Co-operative management structures
 - Formalised rollout process of training & mentorship leading to transfer of management from experienced white managers to newly developed PDI management.
- Development of a mentorship programme as part of an integrated sector development strategy. Local & international mentors (British , Netherlands)

6.6. Export Growth

The export growth impact of this programme will become clear over the next 12 –24 months. Development of business skills is considered by CCDI to be a critical step in the process of developing export capability.

6.7. Integrated Business Development

The Craft sector (in Western Cape especially), is a very immature, developing industry. It is filled with people who have limited business management experience. In addition, business principles are often diametrically opposed to the very nature of the craft producer, who is more likely to be an artist or artisan than an entrepreneur or businessperson.

Development in this sector involves the kindling of an entrepreneurial spirit amongst those who lack it, or more importantly, the introduction of a business mindedness where it does not currently exist. There is a need to attract Business Brains into the sector.

Effective Business Development requires simultaneous growth along all parts of the value chain. It is vital the business development intervention in the craft sector recognises, and addresses the equal importance of financial management, production system management, technical skill development, product development, quality management, marketing, sales management **and** export knowledge in the development of businesses to export readiness.

Mentorship programmes are an excellent way to ensure this integrated value chain development takes place. In addition, training should be offered in an integrated manner in order to ensure that greatest value to participant, and country.

7. The next Step

7.1. Participants

Participants have requested the following:

- Follow-up visit by BV / 6-monthly check up
- Group workshops to be run under the CCDI banner
- Further business skills training

7.2. Phase II - BESO Mentorship

CCDI proposes that Phase II in the BESO project proceed as follows:

2004

- Repeat visit by mentors for Phase I participants (mid 2004)
- Business and export skills training for Phase I participants.
- Strategic exposure to foreign markets for phase I participants *as part of an integrated 3 – 5 year development plan devised in conjunction with thedti.*
- Repeat the Mentorship programme for ten new category 4 businesses,
- AND run a Series of group workshops for level 3 PDI craft businesses
- Repeat this annually as a “Winter School” development program.

2005

- Develop Phase I businesses as mentors for emerging PDI businesses
- Mentorship, workshops & training repeated annually as a “**Winter School**” program.

In addition, some suggested changes to the local programme are:

- Formalise the continued use of a local partner in the planning, implementation and long-term roll out of development.
- Ensure that well-matched BV’s with specialist knowledge and good business analysis capabilities are selected.
- Ensure that BV’s receive a generous living allowance during their visit.
- Consider requesting local enterprise to pay for mentoring on a proportional scale - increasing per repeat intervention.
- Create a more flexible accommodation & transport system for BV’s. Involve participants in the selection of accommodation

8 Conclusions

As a pilot programme, this BESO mentorship was highly successful. In addition to the learning it offered for role-players such as CCDI, significant results were achieved within

the participating businesses. All of the businesses, including the enterprise that did not complete the program, indicated that they had gained benefit from the process.

The BESO Mentorship program has resulted in

- Significantly improved understanding of the value of mentorship in craft business development.
- Improved understanding of the importance of matching business need to intervention (and mentor)
- Provision of important learning opportunity to twelve businesses.
- Significant improvement in the business potential of nine craft businesses.
- Significant improvement in the partnership between thedti, CCDI & BESO.
- The creation of an embryo working group of Established Craft Businesses in W.Cape.

A repeat BESO programme is recommended in Western Cape. It should include:

2004

- Follow-up sessions for participants
- Repeat mentorship for level 4 producers (established Business)
- AND a series of group workshops for developing PDI businesses (level 3 - Micro-enterprise)

2005

- Develop the 2003 participants as mentors for level 3 businesses
- Incorporate On-going mentorship and training as part of an annual “**Winter School**” programme

In addition, it is recommended that the initial benefits of the BESO programme be driven through to a concrete conclusion by ensuring that real Capacity building of these promising enterprises takes place. This will be facilitated through the implementation of an integrated 3 – 5 year development programme that incorporates, in addition to other needs, access to finance, business & export skills training, export events and mentoring.

Appendix I

SAMPLE EXIT REPORT COMPLETED BY EACH PARTICIPANT

Business name..... Your name.....

Your position.....Name of BV

Question and comment.	Rating				
	Yes - Excellent	Above average	average	Below average	No - poor
Did the BESO Programme match your expectations?	Yes - Excellent	Above average	average	Below average	No - poor
Did the format & structure of the programme suit you?	Yes - Excellent	Above average	average	Below average	No - poor
Did the assigned mentor meet your needs?	Yes - Excellent	Above average	average	Below average	No - poor
Did the BESO Programme make a significant difference to your business thinking ?	Yes - Excellent	Above average	average	Below average	No - poor
Do you think the BESO Programme will make a significant difference to your business future ?	Yes - Excellent	Above average	average	Below average	No - poor
Did the programme management by CCDI meet your expectations?	Yes - Excellent	Above average	average	Below average	No - poor
What aspects of the programme were of greatest benefit to you?					
Were you disappointed in any part of the programme, and if so what?					
What would you like to happen next?					
Would you recommend the BESO Mentorship Programme, and why?					

Appendix II

‘EXPORT DEVELOPMENT INITIATIVE 2003’ – DE-BRIEF
IN CAPE TOWN: 20 NOVEMBER 2003-11-21 (with additional comment by CCDI in italics)

Present: Cathy Wijnberg – Cape Craft Design Institute (CCDI) Export
Development Manager
Director of CCDI + 2 others

Mike Boardman – BESO Volunteer (BV)
Sue Lowe – BV
Alan Wolfe – BV

Andrew Sanders – BESO (Africa)

Charles Manuel – thedti/TISA/EMIA, Pretoria

Representatives from the 12 SMMEs

Theresa Smith – Cape Argus

Summary

- Very positive feedback from the SMMEs and the BVs. Any follow-up project should try to avoid the pre-Christmas rush in the arts and crafts sector but this was an important time to see how these SMMEs coped with the rush. BVs were worked hard, 60 hour week sometimes but lasted the full 8 weeks in good shape. *Yes – suggest mentorships end on a Friday & start on a Monday to ensure the BV has a complete weekend rest. (Alan and Sue were in ‘work-mode’ the whole time)*
- Enormous burden on dti/TISA co-ordinating 6 BVs in Western Cape , Gauteng and Mpumalanga visiting 20 small firms. Worked very well and congratulations to an excellent joint venture partner in TISA. *Yes, Charles Manuel was an excellent partner to work with.*
- Significant changes to some working practices by the SMMEs may result in more business gained. This needs nurturing; cannot leave it at this.
- BESO to discuss with Christiaan Saaiman of TISA the way forward especially with other parts of the dti responsible for small business development and mentoring.
- One note of caution; the 12 businesses are mostly ‘white’ run employing historically disadvantaged people in townships and rural areas, some with HIV/AIDS and abuse support groups. This comment is made because the mentors were interacting with skilled people mostly. The results from the Gauteng and

Mpumalanga interventions may give a different story. *Yes, CCDI flagged this as a concern from the start. Businesses were selected against the brief that they could rapidly respond to the intervention and move into exports within a short time-span. Our experience with the Export Development Pilot Programme this year clearly showed that most PDI-owned businesses need a much longer development programme geared towards their particular level of needs. CCDI have a twelve-month Craft Micro-enterprise programme running at the moment with 20 PDI entrepreneurs – which is proving to be highly successful. We have found that the PDI crafters we deal with in Cape Town have very low levels of formal schooling and significant life-skills development is needed before they can move into the formal business sector. A longer term mentorship programme seems better suited to their needs.*

Key findings are:

8. **Short term capital:** the lack of venture capital is not just an SA problem; but difficult to see why banks cannot offer short term capital against a firm export order at high interest rates. 2% per month is not penal for a 3 month advance to get an order out. When paid off the SMME can borrow again. Perhaps dti can be the guarantor of last resort for a premium similar to the UK's Export Credit Guarantee Department (ECGD)? Dti's annual Year Book should also add the contact details of trusts and donors to the list of start-up finance bodies. *Yes. Yes. Yes. However one must not confuse lack of profitability with lack of finance.*
9. **Piracy:** must be a way of controlling imitators. 'Proudly South African' is a way. Experience in Thailand shows that communities will 'steal' from each other rather than helping. Concentrate on high value added items; don't bother trying to compete with the cheats. *Yes, registration of original concepts as part of a craft branding / accreditation system?*
10. **Entrepreneurship:** accepted fact that true entrepreneurs are born that way. But much can be done to enhance skills of small businesses. Eg short accountancy courses so that an entrepreneur can actually communicate with an accountant or a bank. Other short courses; budgetary control, business planning, marketing. SA has all this available; it is a matter of organising this so that relevant short affordable courses (with refreshers) are available for hard-pressed entrepreneurs. Make sure youngsters are involved in business development. Need to pass on these skills at an early age. *Yes, however one must realise that people on the bread line cannot afford to take risks. Training / intervention must be dictated by the producers / businesses themselves, not by what we think is good for them.*
11. **Marketing:** it was realised that design and production absorbed costs; not until somebody bought the product was there any sign of income. Therefore marketing is essential. Do not wait for customers to turn up. SA can make a real impact on fair

trading issues, adding value by ethical trading and making sure a background leaflet is given on craft product (eg Bush Men) - adds enormous value.

12. **Exporting:** the world is full of cheap goods of poor quality and unreliable performance. Do not get involved. Go for higher value, choose export markets with care, walk the walk in cities you want to sell to. Test market your product – you may think it is fantastic and it probably is – but will it sell?
13. **Community projects or a business?** If you want to succeed in developing your community, make sure you run a successful business. Nothing attracts growth like a successful business. If you make a surplus (eg S21 not-for-profit), distribute your excess to those who are running businesses that need extra capital. There is nothing wrong in making a profit, you need it to re-invest and to keep shareholders interested in your business.
14. **BVs working as a team** enormous benefits came out of information sharing between the 3 BVs. So often, BVs work alone sometimes in countries with an interpreter. These BVs now possess a good working knowledge of the constraints and opportunities in one of SA's provinces. This ought to be harnessed and developed.

Other points

1. Do not rush into an idea; make a plan, share it around a do not discount bizarre ideas;
2. Who are you selling your product to? Think about the pricing structure (cost of materials, labour, fixed and variable costs, profit margin). Value your product accurately – look at competitors.
3. Keep relationships going; with competitors, suppliers, future purchasers, promotion, advertise.
4. Hobby is one thing, business is another. Do not confuse the two.
5. Get a small order first; get a reputation for performing and delivering and seeing how your employees perform. Then the client will want more and you can plan capacity expansion. Excellent example of one of the SMMEs winning an order from Body Shop for 2,000 units during the BV's stay.

Feedback from SMMEs

15. BVs were sensitive to needs. Act as a sounding board, gentle advisers.
16. Sometimes difficult to run a business on consensus; need strong decision making and get the workforce to buy-in.

17. Withdrawal of 'white' expertise in one project to help empowerment will lead to failure. This has to be done on a tapering basis. BESO has written up a case study on a small Johannesburg 'wind chimes' firm which was going bust. After 5 years of BESO intervention, it is now exporting to USA and UK. It needs long term support. Others believe intervention not helpful; like to learn by one's own mistakes (the result there was 18 years of business and 15 years of losses). *This issue affects the Clanwilliam, Kuyasa paper & Zenzele beaded sandals projects. It is also a side-issue (yet to develop as an issue because the managers don't yet want to move on) in Hands, Monkeybiz and M2M2B programmes! Transfer of skills, responsibility and self-determination is a BIG ISSUE – people want to transfer skills but don't know how to go about it. This is one that we all need to address. This sector is particularly tricky as many PDI individuals choose craft because of their lack of formal skills / education. We find that our PDI producers need basic reading, writing and arithmetic skills before they can grasp the business development.*
18. Crafters feel isolated; need help. *CCDI's role here is vital. Yes, standard SMME problem, not just a craft problem. Small business IS isolating. Grouping is a good solution.*
19. BESO's short and long term objectives an essential discipline. Really welcomed by some.
20. SA government departments offer a lot of help but it is really difficult to know where to start. *CCDI has a vital 'one-stop shop' role to play. But needs funding!*
21. Dti's intervention with this project was first-class. It brought together national, international, regional and local interest in very small businesses. The message from government was that they really cared about small business. Keep it up!
22. BVs did not have their own agenda. They listened and were there for you.
23. Important to be told that the mentors would be arriving on such a date; this meant the SMME could not wriggle out of a commitment to deal with the pressures of the day.
24. Could small businesses share export agents, especially if not competing products? Would save an enormous amount of research into export agents; piggy-backing on a container rather than ordering a special container?
25. SA needs local tanners. Silly to send products to Italy for tanning and then have to pay in dollars rather than rand. (BESO has probably the world's expert on tanning – ask Mike Boardman).
26. BV found an SA supplier of specialised wrapping paper at the Waterfront for a project in Tanzania (leper colony). This was before EDI 2003 had started. The opportunities for trans-Africa sales opportunities should not be overlooked.

27. Weakness in a strategic marketing plan fully addressed by a BV (this comment came from a well established small firm). Will now focus on exporting in 2004 after sorting out two local retail outlets.
28. BV challenged accounts; lack of inventory tracking. Not costing for growth. Demonstrated that some products were not viable as a business and should be kept as a hobby.
29. Short and Medium Strategic Plans were drawn up to help decision making.
30. Issue of copyright and intellectual property has to be addressed.
31. BVs to be encouraged to help CCDI/dti take an holistic view of small business problems and ways of implementing solutions. The needs of the 'economic citizen'.

Gauteng/Mpumalanga feedback

In Pretoria, aiming for w/c 24 November plus press conference with ministerial attendance

Andrew Sanders
BESO (Africa)

Appendix III

Criteria to Categorise Business levels in Craft sector.

Business Level	Characteristics/Criteria
<p style="text-align: center;">1. ENTRY LEVEL:</p>	<p>Product: Basic Product Skills Turnover: Occasional - Earn some income from Craft Registration: Informal Business TAX: n/a Business Age: new Staff: n/a Management: Owner part-time Work from home Production Capacity: Minimal Local trade: within own community Finance: Finances mixed personal/business Marketing: n/a Communication: Poor – perhaps Cell phone Quality: n/a Business Systems: Opportunist business Stock control: n/a hand to mouth – on order</p>
<p style="text-align: center;">2. INTERMEDIATE LEVEL:</p>	<p>Product: Fair Quality products Turnover: >R25000 Registration: Informal Business TAX: n/a Business Age: 1 year or more Staff: Occasional Employer / family Management: Owner Production Capacity: Occasional orders Local trade: Sales in & beyond own community Finance: Finances mixed personal/business Marketing: Some Understanding of market forces Communication: Some Communication skills Cell phone Quality: Some understanding of need Business Systems: Some Record keeping Stock control: May hold Some stock</p>
<p style="text-align: center;">3. MICRO BUSINESS:</p>	<p>Product: Good quality product Turnover: >R50,000 Registration: Informal Business TAX: May have Personal Tax registration Business Age: 2 years or more Staff: Employ contract staff regularly Management: Owner Production Capacity: Regular orders Local trade: Tourists, markets. Some Regular orders in retail. Finance: Active bank account Marketing: Business card, swing ticket Communication: Cell phone, email Quality: Understand need for quality control Business Systems: Separate personal/business accounting. Operational finance systems (record-keeping) Stock control: Hold Some stock</p>

<p>4. ESTABLISHED BUSINESS:</p>	<p>Product: Excellent design & quality Turnover: >R350,000 Registration: Formal Business TAX: Tax registered Business Age: 3 years or more Staff: Regular employees Management: 1 + Production Capacity: Meeting local orders on time Local trade: Regular orders Finance: Access to credit Marketing: Understand need for marketing plan. Website & Brochure. Communication: Some understanding of buyers needs. Email, fax, phone Quality: Quality control /assurance in place Business Systems: Financial records in place. Competent costing systems Stock control: In place</p>
<p>5. EXPORT READY: (MANUFACTURING)</p>	<p>Product: Exceptional design & quality Turnover: >R1 mill. Registration: Formal Business VAT: Vat registered Business Age: 5 years or more Staff: 10 + Management: 2 + Production Capacity: ready to expand Local trade: Well established Finance: Ready access to production / development finance Marketing: Excellent marketing plan in process Communication: Excellent understanding of retail & international buyers needs. Quality: Quality management tools in place Business Systems: Fully competent business systems and budgeting in place. Business plan in place. Stock control: Fully operational</p>

Appendix IV**Revised Budget for BESO Facilitation**

Assumptions : Three British Volunteers. Twelve craft enterprises. 3 volunteers operating at same time . Each mentorship to last 14 days (incl Weekends). Total project period 8 weeks

	Units	Rate/hr	R 150.00
		Hours	Total
PROJECT MANAGER - CCDI			
Phase 1 - Selection process			
1 Programme proposal, business needs assessment & BV selection	1	80	12,000.00
2 Matchmaking and Buy-in process	1	24	3,600.00
Phase 2 - Implementation			
Initial welcoming and commissioning			
3 Meet & Greet BV's. Welcome & Transport to Accommodation - three hours per arrival	3	3	1,350.00
4 Orientation to Western Cape craft industry, incl profile of crafters, outline of individual businesses - 3 hours per individual BV	3	3	1,350.00
5 Facilitate Introductory briefing together with partners WESGRO - 1 hrs preparation, 2 hours attendance	1	3	450.00
6 Invite, motivate & co-ordinate attendance by selected participants - half an hour per participant	12	0.5	900.00
7 Transport / introduce each BV to their craft enterprise. Travel with each to destination - 4 hrs per business	12	4	7,200.00
Programme facilitation			
8 Daily programme facilitation - call / meet with BV / enterprise on daily basis. 3 calls per day for 8 weeks / 20 min per call (excluding weekends)	40	1	6,000.00
9 Weekly written report to TISA - 3 hrs per report for 8 weeks	8	3	3,600.00
Group skills-transfer workshops			
10 Preparation for Skills-transfer workshop for wider craft body - 8 hours per workshop	5	8	6,000.00
11 Skills transfer workshops - wider crafter groups - 1 day per workshop	5	8	6,000.00
Phase 3 - Reporting & on-going roll-out of benefits			
12 Exit Interviews - Individual crafters - 2 hour per crafter	12	2	3,600.00
13 Final group workshop - preparation - 8 hours	1	8	1,200.00
14 Workshop facilitation - 4 hours	1	4	600.00
15 Final report & Recommendations	1	24	3,600.00
Sub-total			57,450.00
DISBURSEMENTS			
Travel			
2 round-trips to 2 rural projects (500km@R1.20/km)	4	500	2,400.00
2 round-trips to 2 peri-urban projects (200km@R1.20/km)	4	200	960.00
2 round-trips to 8 metro projects (50km@R1.20/km)	16	50	960.00
Admin costs			
Telephone, fax/photocopying, refreshments for workshops at 10% of project management costs			5,745.00
Sub-total			10,065.00
TOTAL			67,515.00

Appendix V

Business	Contact	Tel	E	Products	Needs
TOTAL Twelve projects employing 491 people					
Mielie BEE Woman empowering women	Adri Schutz	082 784 2661	adri@mielie.co.za	Embroidery bags Fashion handbags Embroidery home décor	Business Plan Export Marketing Fashion
Kunye Manufacturing agent	Alison Coutras	082 822 5550	dcoutras@iafrica.com	plastic animals fashion bags lampshades	Export marketing Business Plan Product Development
Vogels Ceres Farm to Fashion house Business	Marike Visser	023 312 1611	info@vogels.co.za	Ostrich products Leather furniture Leather products Egg décor	Glove making skills Product development Export marketing
Mothers to Mothers to be Community Aids Project	Tuffie Kirsten Maureen Ebdon	021 685 3921	peteleik@iafrica.com m2m2b@telkomsa.net	pouches beaded cellphone	Product development Marketing Plan
Kuyasa handmade paper Community Project	Libby Moore Deloris Adonis	021 783 4109 083 318 7051	libbymoore@mweb.co.za	handmade paper frames journals	Technical skills Product development Paper-making skills
Living Landscape Bushman Community Project	Tracy Proalendis	021 482 1911 021 788 2739	petetracy@yebo.co.za	leather gifts stone gifts bushman jewellery	Marketing Plan Export Marketing Product Development Skills Training
Hands Community Rape Crisis Project	Jeanette Gibson	021 851 5221	tinroof@mweb.co.za	Fashion accessories bead/wire lampshades top quality décor	Export marketing Production capabilities
Monkey Biz Community Womens' Project	Barbara Jackson Joan Krupp	021 426 0145	monkeybiz@iafrica.com	unique beaded items	Top end marketing Catalogues Promotional publication
Carole Nevin	Brian Margolis	021 701 9519	info@carolenevin.co.za	Handpainted table linen	Marketing plan Product Development Production Capabilities
Zenzele Bead & Leather Community project	Rosalind Bush	021 794 4291	zenzele-bl@iafrica.com	Beaded leather sandals	Business management cooperative management Marketing
The Potters Shop	Chris Silverston	021 788 1398 083 788 1398	silverston@gem.co.za	Unique ceramics ceramic tableware	Branding Packaging Website
Hanan Yanny/ Zatoona	Hanan Yanny	021 638 9453 083 685 9904	hyanny@mweb.co.za	Unique Fashion Jewellery	Marketing

Project Manager : Cathy Wijnberg. Cape Craft & Design Institute. Cape Technikon. 021 460 3944 / 084 668 4603

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