



## Presentation to the Portfolio Committee on Trade and Industry Update on turnaround – 07 October 2020

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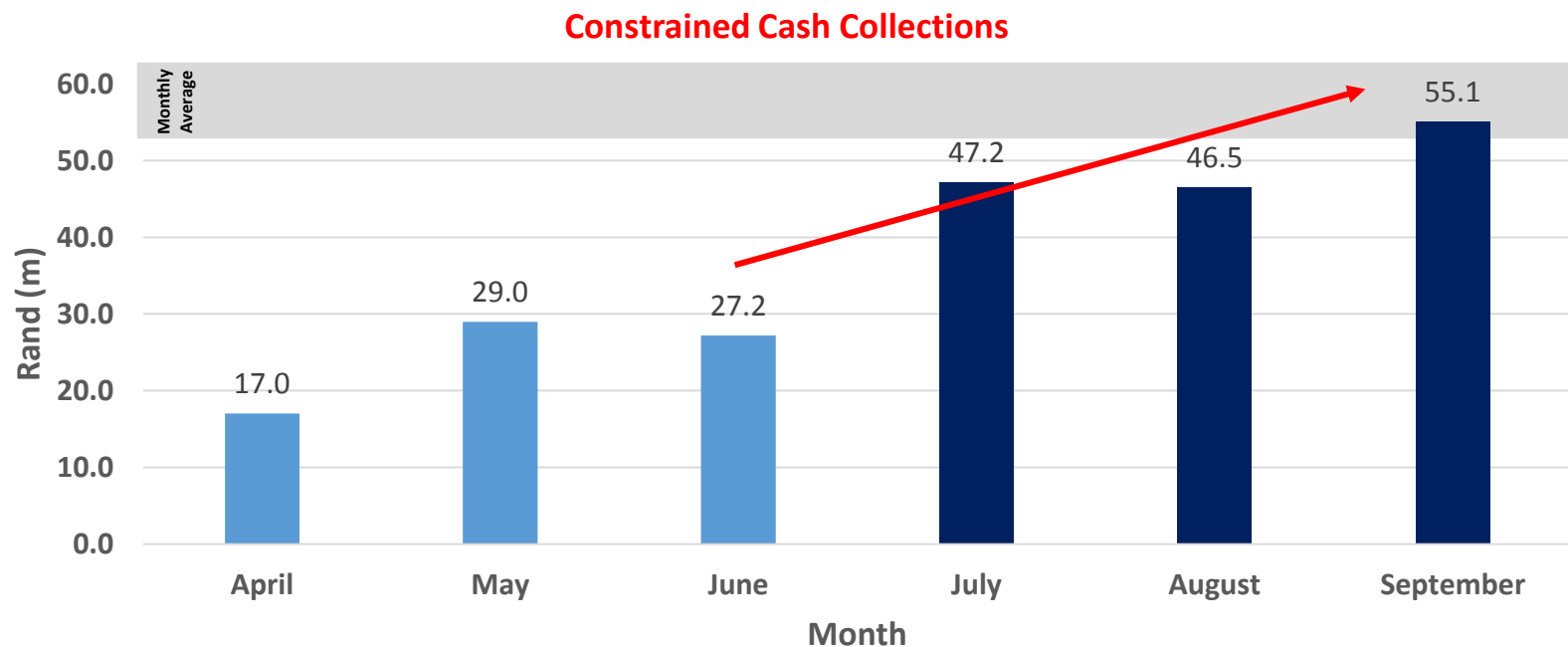
**Mr Lizo Makele**

Executive: Human Capital

- **Impact of Covid-19 on Revenue**
- **Supporting National Covid-19 Efforts**
- **Turnaround Strategy**
- **“Chart A New Course”**
- **“Fix The Business”**

## **IMPACT OF COVID-19 ON REVENUE**

- The SABS experienced a slow start to the financial year and has felt the impact of COVID 19 and the shutdown of the economy.
- Both revenue and cash collections were impacted. Under normal circumstances the SABS collects cash between R45m and R55m per month. These collections were severely constrained in the first three months of the financial year.
- Management has seen an increase in collections over the last three months and is expecting collections to stabilize at previously collected levels for the remainder of the financial year.

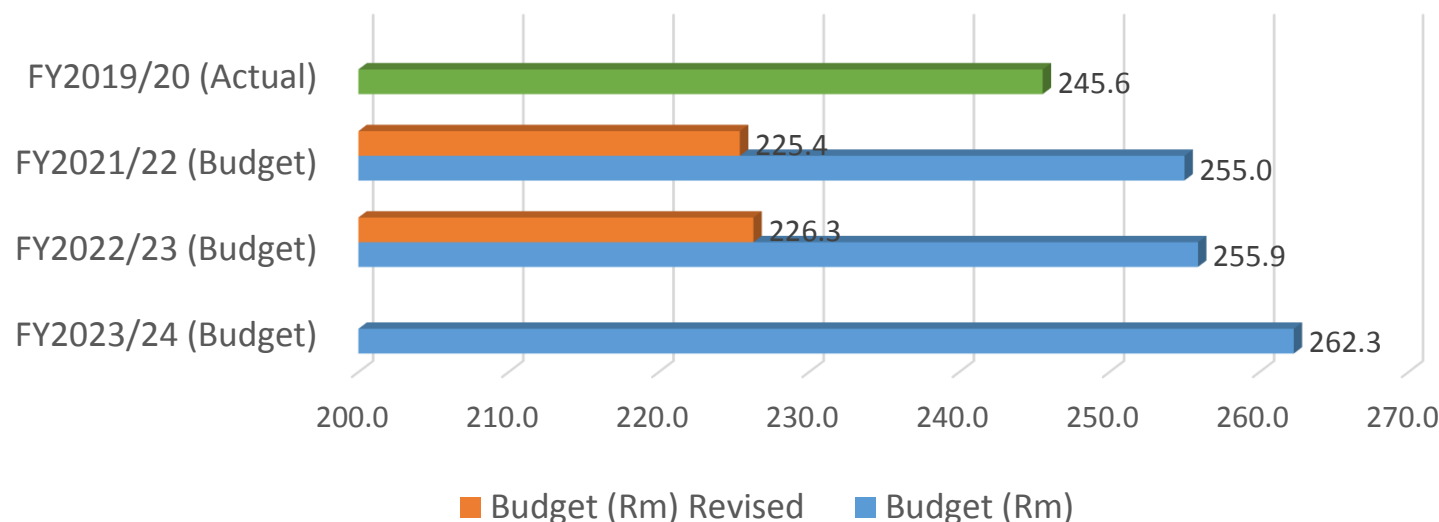


We have revised our financial projections for the SABS Group over the next three years

The following assumptions have been built into our financial model:

- Uncertain economic conditions caused by the impacts of COVID 19 and uncertainty on the road to recovery –this will **impact revenue generation**
- The SABS has applied a general **inflation rate of 5%** in the preparation of the Corporate Plan FY2021, except where specific adjustments or a budget for non-recurring expenses was done.

Over the MTEF, the **grant allocations** that has been made by **the dtic** in favour of the SABS are:



- A significant effort is being made to **focus on revenue generation** and a new client manager model which ensures ongoing engagement with customers, has been established.
- A **strategic partnership** is currently being finalised with a large company in the pump industry. The partnership and investment will open various opportunities in especially the broader pump industry.
  - Partnership completed and equipment installed and commissioned.
  - Testing of pump samples from various manufacturers conducted effective from August 2020.
- Repair of NETFA test infrastructure will open various opportunities in the testing of **medium- to high voltage transformers**.
  - Repair completed and equipment commissioned.
  - Testing of customer samples started from mid September 2020.
- New opportunities in the **testing of cold storage** products are being pursued.
  - In progress as part of sector focused revenue generation initiatives.
- **Planned capex** – Radiation Protection: R60 million over three years – secure revenue stream.
  - Specification documents being reviewed and to be issued by mid October.

- Testing of **Personal Protective Equipment**
  - Capex for testing of ventilators approved.
  - Approval by National Treasury to appoint CSIR as an implementing partner requested.
- **Sector focused sales approach** in collaboration with Business Development and Certification has been initiated to improve the pipeline of revenue opportunities.
  - Focus groups sessions initiated and feedback provided via monthly Sales and Operations meetings.
  - First monthly meeting held on 31 August 2020.
  - Revenue opportunities still need to be enhanced.



## **SUPPORTING NATIONAL COVID-19 EFFORTS**

The SABS supports various essential services industries as well as assists manufacturers and distributors to prepare for licensing, approval of products and assisting government entities with procurement decisions

### **Supplier product vetting and inspection:**

The SABS is collaborating with Business for South Africa (B4SA) in verifying the products and documents that are uploaded by potential suppliers on the B4SA COVID-19 manager website and helping to:

- Ensure compliance with national and/or international requirements before possible procurement by the government and other interested organisations that are offering support to the government and the nation
- Initially working on the project with 6 auditors on 20 April 2020 and currently have 20 auditors working on the project on a rotational basis
- Select samples by the SABS auditors for submission to the test laboratory for critical tests to be conducted

The SABS has verified more than 1 500 products to date and are also actively participating in supporting local manufacturers with compliance requirements

### **SABS has also allocated two members from the management team to:**

- Ensure the effectiveness of the product verification process
- Co-ordinate the inspections and ensure that the turnaround times are as short as possible (between 4 and 24 hours)
- Deal with all COVID-19 PPE queries
- Chair the COVID19 OHS/HTA QA Committee through the Wits Health Consortium

### **Local manufacturing**

- In supporting local manufacturers with the certification of masks and hand sanitisers, the SABS augmented the SABS Certification process to include a first phase certification and a second phase certification.
- The SABS introduced a quick mechanism for the issue of letters of conformance (LoC) in terms of the SABS Product Certification (Mark) Scheme,

## Local manufacturing

The Letter of Conformity (LOC) process allows for the new manufacturers of masks and hand sanitisers to be audited, tested in part and issued with a temporary license to supply their products into the market whilst the balance of the testing continues.

The temporary license is valid for 8 months thereafter the second phase of certification would be completed and the permit issued for three years, subject to meeting compliance standards

The SABS has also implemented the LoC process as a standalone process for manufacturers of fabric masks according to the Updated Recommended Guidelines for Fabric Face Masks Manufactured by South Africa's Clothing and Textile Manufacturing Industry for General Public Use, dated 24 April 2020.

The process includes:

- The inspection of the manufacturing process
- Selection of samples and testing for particle penetration, breathing resistance, and practical performance.
- Evaluating manufacturers information related to the product specifications, design of the product, fabric used and the end-user instructions

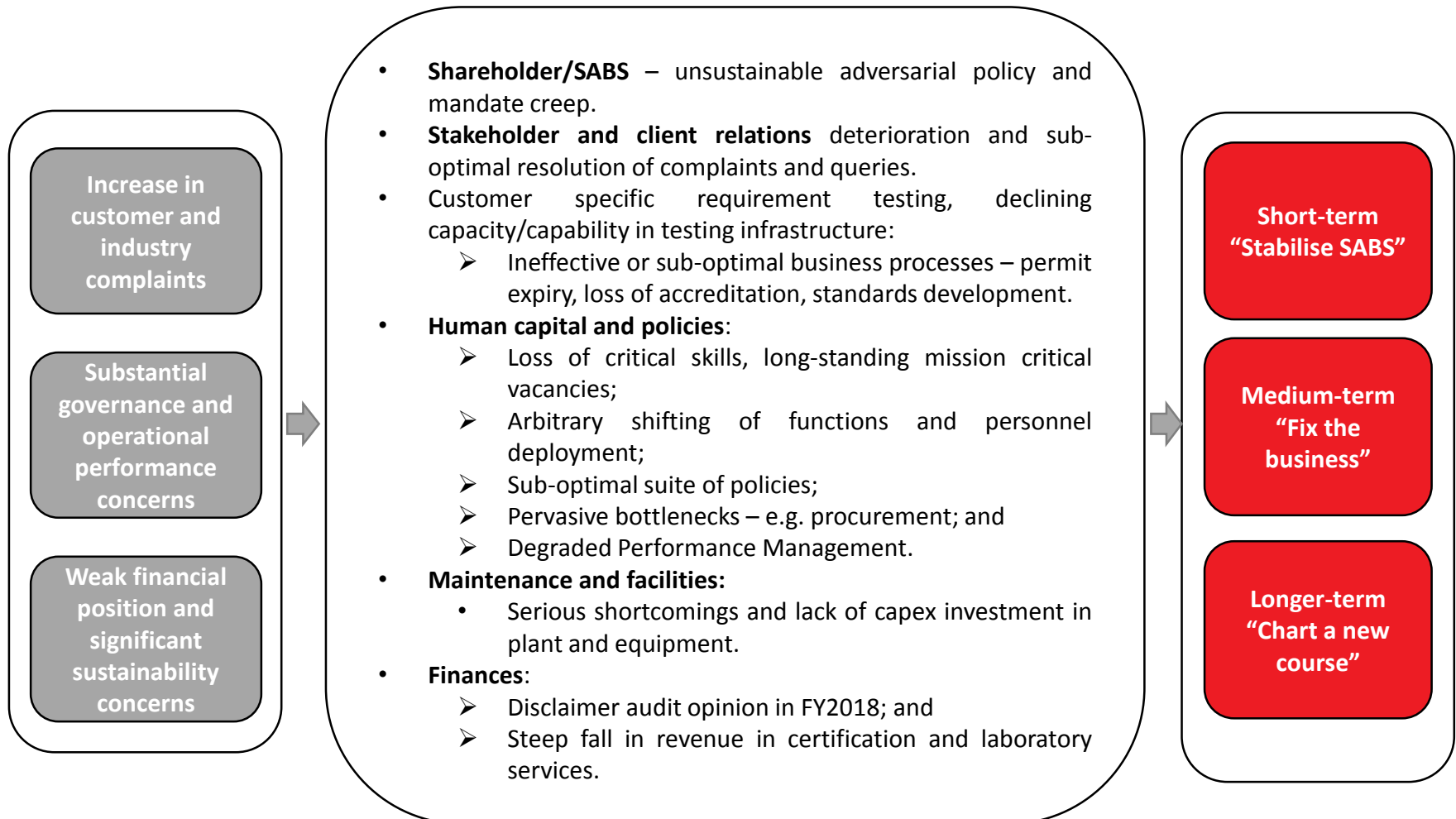
## **TURNAROUND STRATEGY**

The need for turnaround  
plan driven by ...

SABS placed under administration in July 2018

Turnaround plan  
developed with ongoing  
refinement

Diagnostic process – highlighted....



## Phase 1: “Stabilise SABS”



## Phase 2: “Fix the business”



## Phase 3: “Chart a new course”

- Co-administrators appointed July 2018.
  - High-level top-down approach.
  - Minister approved plan in January 2019.
  - Various successes achieved.
  - Recognised despite some achievements there would be no “silver bullet” for an institution in significant distress.
- “Integrated Operational Excellence” focus.
  - Need to rectify various basic business processes before determining a long-term strategic course.
  - More iterative process involving general and senior managers across the organisation.
  - Facilitation support from an external specialist and turnaround consultant with the requisite technical skills.
- Address longer-term structural, strategic and systemic issues involving the future direction of SABS including its business model and company structure, its high cost, cumbersome and outmoded national infrastructure and employee profile and the mix of ‘public good’ and commercially viable services.

## Desired outcomes

1. Develop, promote and maintain South African National Standards which are aligned to Government’s industrialisation strategies.
2. Provide internationally recognised **conformity assessment services that continue to support the needs of South African enterprises** competing in a fast-paced global economy.
3. Build a **capable and efficient SABS**:
  - Reduce financial losses and achieve financial sustainability;
  - Improve operational efficiencies;
  - Improve employee engagement and create a high-performance culture; and
  - Increase economic participation of designated groups.

## Phase 1: “Stabilise SABS”

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## Phase 2: “Fix the business”

- “Integrated Operational Excellence” focus.
- Need to rectify various basic business processes before determining a long-term strategic course.
- More iterative process involving general and senior managers across the organisation.
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## Phase 3: “Chart a new course”

- Address longer-term structural, strategic and systemic issues involving the future direction of SABS including its business model and company structure, its high cost, cumbersome and outmoded national infrastructure and employee profile and the mix of ‘public good’ and commercially viable services.

Current Focus

## Desired outcomes

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## **“CHART A NEW COURSE”**

- An external service provider has been appointed to assist the SABS with developing an appropriate **organisational operating model and structure**:
  - The work commenced in May 2020 and is anticipated to run until November 2020.
- **Key outcomes** includes:
  - A diagnostic **review of the business landscape and SABS operating model** in line with the strategic, operational plans, business objectives, and current SABS structure and compilation of an organisational capability assessment report outlining gaps or inefficiencies.
  - Review the **SABS business value chain in order to identify bottlenecks, duplications or redefine areas of specialisation**.
  - Analyse business processes, structures, systems in order to **guide on the following principles**:
    - Work specialisation and departmentalisation;
    - Chain of command and span of control;
    - Extent to which to centralise/decentralise; and
    - Authority and responsibility.

- **Key outcomes:** (continued)
  - Propose a **fit-for-purpose macro-level (group level) and micro-level (divisional level) organisational design** solution inclusive of improvement processes and procedures within the organisation in line with SABS mandate, strategy, and best practice. Produce a report detailing the entire process and methodology employed
  - Propose an **optimal workforce plan** to deliver SABS strategy and to alleviate duplications across functions/departments in line with staffing norms and standards, and best practices
  - Propose a **change management, communication plan and capability/skills transfer plan** for human capital and management, also transfer skills from consultants to SABS colleagues
  - Coordinate and implement the organisational structure optimisation initiative. Produce and execute a detailed implementation project plan
  - Provide and recommend organisational design best practices for macro-level and micro-level structure design and implementation (in a manual format), for future in-house organisational design initiatives

The SABS has reached the stabilisation stage, which has entailed undertaking a comprehensive organisational review, to ensure a fit for purpose SABS.

Progress on key outcomes is as follow:

- **A diagnostic review of the business landscape (Complete);** A culture diagnostic survey; SABS operating model in line with the strategic, operational plans & business objectives.
- Review of the SABS **business value chain (Underway)** in order to identify bottlenecks, duplications or redefine areas of specialisation .
- Proposal for a fit for purpose **macro level (group level) and micro level** (divisional level) organisational design **(Underway)**.
- Proposal for an optimal workforce plan **(Underway)** to deliver SABS strategy and to alleviate across functions/departments in line with staffing norms and standards, and best practices
- A organisational skills audit **(Underway)**

## **“FIX THE BUSINESS”**

### **Focus areas:**

- Improve operational efficiencies;
- Generate revenue; and
- Address various internal institutional gaps / weaknesses.

## UN Sustainable Development Goals (SDGs)



## SABS National Standardisation Strategy

- Technical committee structure and scope
- Technical committee Strategic business plans
- Strategic leadership and influence at ISO, IEC, ARSO, AFSEC, SADCSTAN, AfCFTA

International

National

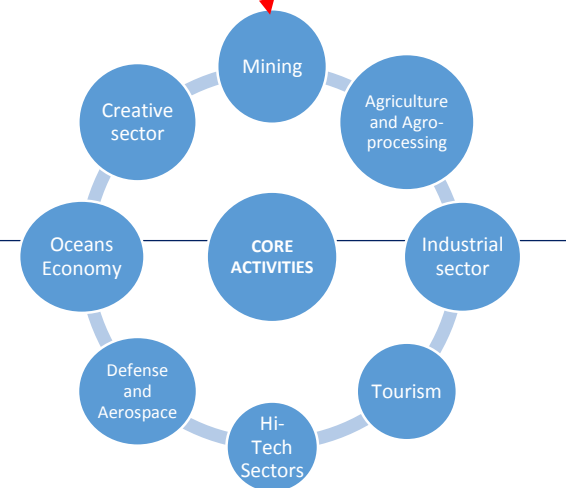
Local

## National Development Plan



## IMPACT AT A GLANCE

ISO contributes to all of the SDGs. Here you can see the number of ISO standards that are directly applicable to each Goal.



## the dtic Sector Priorities

## WHAT WE SET OUT TO FIX?

### Standards development

- Alignment to **Industrial priority sectors** and **national priorities (NDP)**.
- Improve **stakeholder engagement** and **gender representation** in committees.
- Support **regional integration** and implementation of the **AfCFTA**.

### Improve operational efficiencies

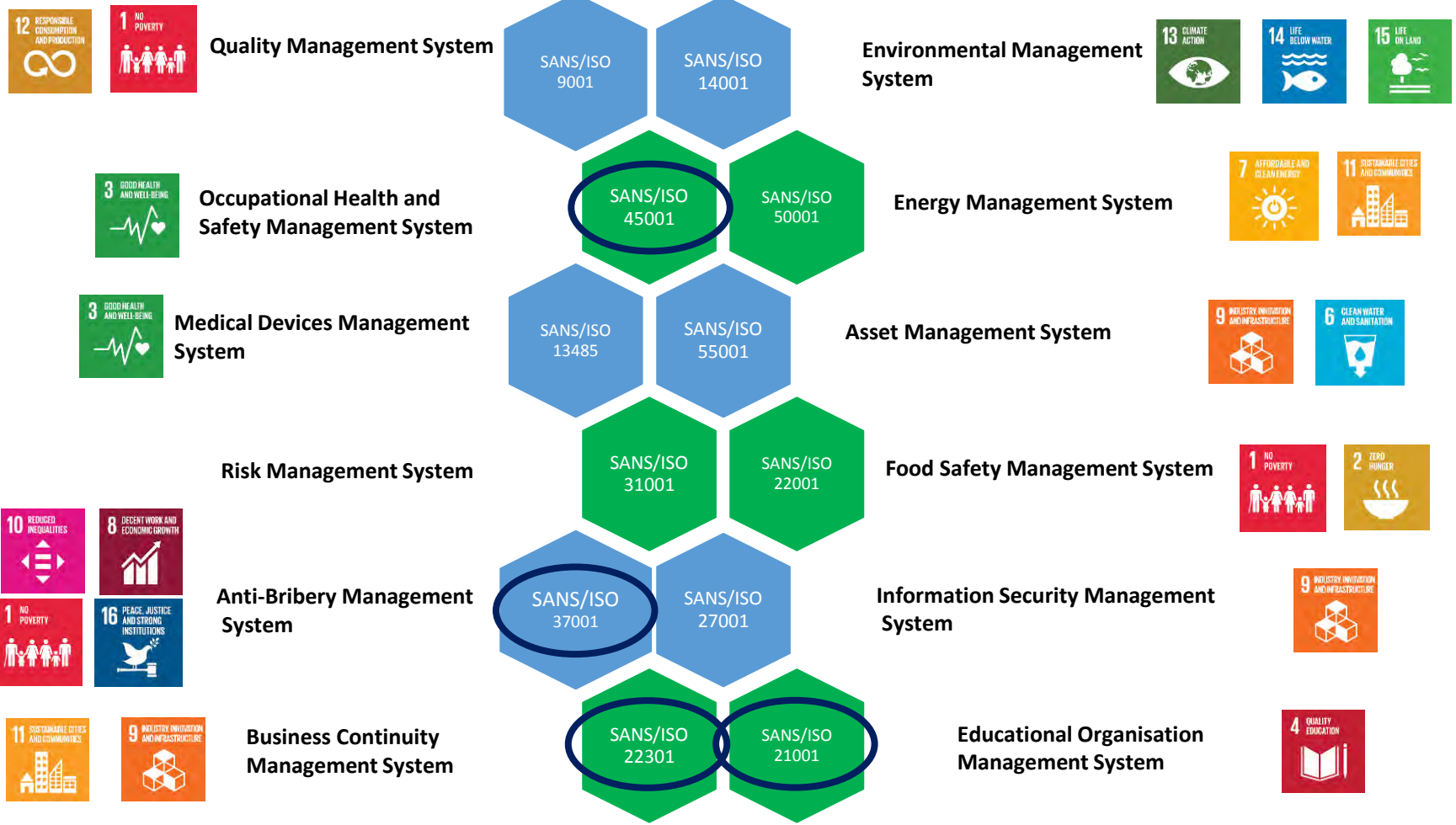
- Review of **ICT infrastructure, tools and digitisation solutions**.
- Reviewed various committee structures, membership, program of work - Implemented corrective actions & improved productivity
- Improve **management of projects** for timely delivery of publications.

### Promotion and dissemination of Standards

- **Promotions and marketing plans** to enhance the understanding and implementation of standards.
- Upgrade and enhance functionality of current **E-commerce platform** for efficient dissemination of standards.

- **Supporting Government's industrialisation efforts:**
  - **Development of Standards aligned to Industrial priority sectors**
    - Three standards road maps have been drafted covering agro-processing, the fourth industrial revolution (4IR) including renewable energy and energy efficiency.
    - 32 of 53 standards deliverables (YTD 60%) aligned to SABS commitments to dtic Industrial priority sectors for the period 2020/21 have been published .
  - **Government engagement plan -**
    - Promote SANS for utilisation and implementation by government to support policy, procurement objectives and implement good practices in public administration.
    - Government Department Engagement programme
      - DTIC, DWS, DoT, DMRE, DSBD, DoH, DEFF.
    - Engagement with regulators to reference SANS as solutions to achieve regulatory objectives.
    - Recently published SANS 18091 – Quality Management Systems – Guidelines for the application of ISO 9001 in Local Government
      - The guideline provides a comprehensive process and evaluation tools of implementing a quality management system in local government.





- **Regional integration – AfCFTA:**

- SABS **regional engagement framework** to support the implementation of the AfCFTA has been developed.
- The **African Organisation for Standardisation (ARSO)** has reconfigured its harmonisation technical committees and South Africa as an active member of ARSO is in the process of nominating technical experts to participate in relevant standards committees.

- **Improving standards development process:**

- Improvement in the **number of days to publish a standard** -
  - Average number of days to publish a standard improved to **359 days** during Apr – Aug 2020 in comparison to the FY2019: 497 days.
- Number of Standards published YTD is **121** against an annual target of 250.
- **Review of Committee structures and representation** is an ongoing process with **gender representation** as an important focus. The current female representation in technical committee is 26%.
- **> 850** standards development projects are in the 2020 programme of work.
- **15% of projects** that have surpassed the publication dates are under review in consultation with the technical committees in order to implement appropriate corrective actions.

- A tool to monitor **staff productivity** has been developed and is currently under implementation.
- Convening of **virtual technical committee and working group meetings (231/325)** has been successful over the past six months and committee members have embraced the new normal which will continue into the future. See next slide.
- The Standards Division is utilising **ISOlutions ICT tools hosted by ISO:**
  - ISOlutions Technical committee collaboration platform;
  - E-balloting tool;
  - ISOlutions webstore; and
  - SABS is engaging ISO on additional functionality requirements to support national mirror committee collaboration.
  - A new **E-commerce platform** for the dissemination of publications is currently in the process of being procured.

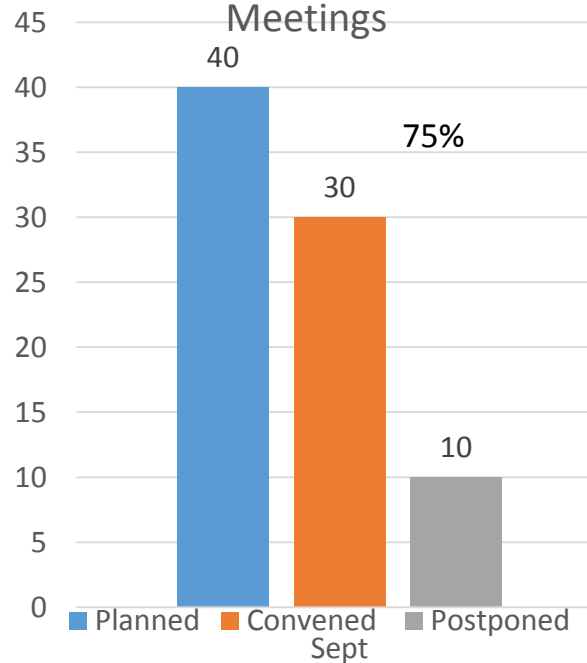
**302**  
TCs/SCs

**>1700**  
Stakeholders

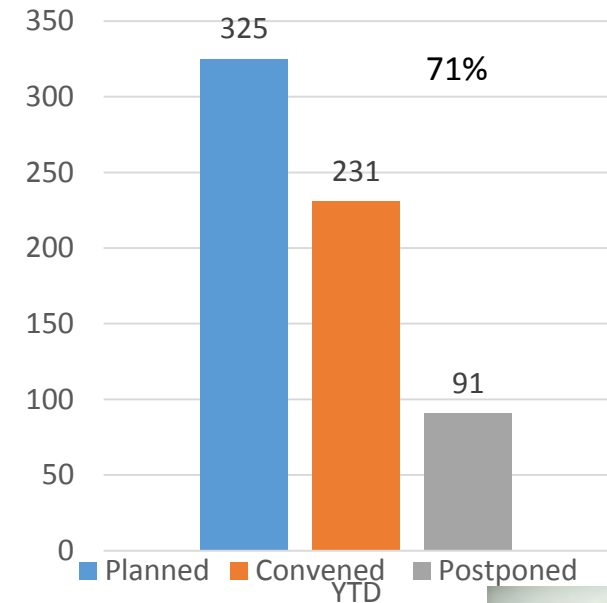
**859**  
Standards Projects

**359**  
Days to publication

Virtual Committee Meetings



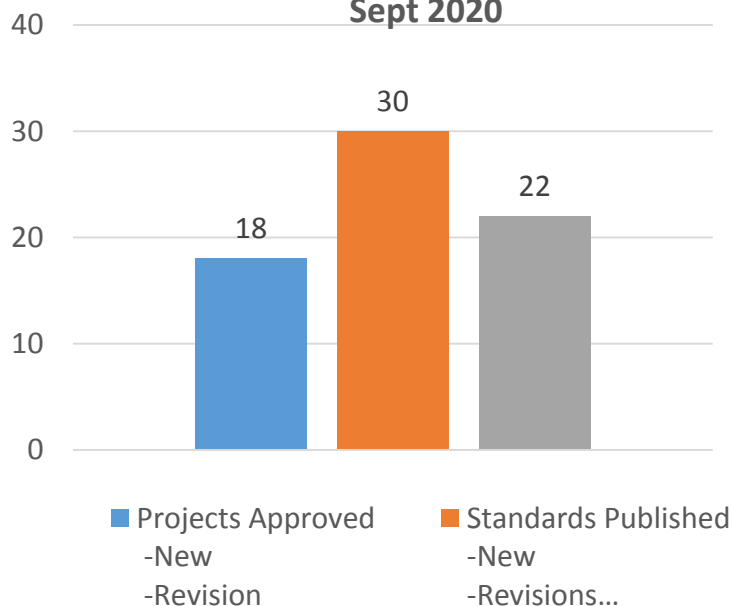
Virtual Committee Meetings



## Reasons for Postponement of meetings:

- Chairperson not available and proposed postponement
- Meeting quorum not achieved
- Internet connectivity – members and host
- Committee members unavailability to confirm participation in meetings

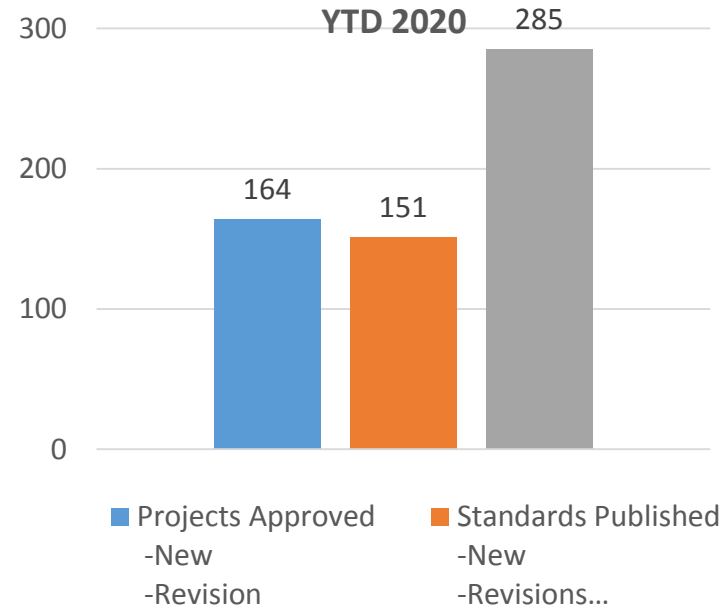
**Projects and Publications  
Sept 2020**



**Projects:**  
New - 8  
Revisions - 10

**Publications:**  
New - 10  
Revisions - 14  
Amendments - 6

**Projects and Publications  
YTD 2020**



**Projects:**  
New - 60  
Revisions - 104

**Publications:**  
New - 57  
Revisions - 59  
Amendments - 35



## WHAT WE SET OUT TO FIX?

### Improve operational efficiencies

- Implement a new **operating model to improve planning and scheduling (C4)**. This project is ongoing. All employees have been seconded into new roles. The responsibility Matrix in place.
- Review and optimise **process flows**. All processes have mapped and defined.
- Implement new **digital management system**. Project is underway, its expected to be fully operational by end March 2021. Although the first phase of the management system should be in place by November 2020.
- **Improve collaboration** across the various divisions. Progress has been made in this regards, including integration of operational processes in the new developed Certification Digital platform.
- Ensure we **maintain our RvA and SANAS accreditation**. Although there are still challenges in closing of finding successfully which poses a risk to the maintenance of accreditation.

### Increase revenue

- Develop capacity to support **local content verification**.
- **Improve engagement** with industry associations and regulators.
- **Seek new revenue opportunities**
  - Inspection
  - New Schemes

### Improving operational efficiencies:

- Implementing a new approved **operating model** which seeks to optimise resources by ensuring central planning and execution of key activities (C4) -
  - Secondment process has been completed. Broader implementation has been put on hold to accommodate the organisational design review (see below for more). *Job descriptions and responsibility matrix is in place. Dedicated team of employees are now focussing on client retention and identification of revenue opportunities.*
- The acquisition of a **digital operating management system** to improve operational efficiency has been approved -
  - The SABS' management system service offering to be operationalised by the end of November 2020. Product certification services to then follow.
- Process to define the **end-to-end certification process**, including customer feedback protocols, has been completed. Standardisation of processes across the division has commenced to ensure that consistent application of processes. This will be incorporated into the digital operating management solution. *All processes have been mapped.*
- **Sales and operations forum established** with LSD, Certification sales and marketing unit, procurement. *Forum meets on a regular basis to advance revenue initiatives and unlocking of bottlenecks.*

## Audits Planned vs Conducted

Mark Scheme	Feb-June	July	Aug	YTD	Narrative
Audits Planned	2437	713	467	3617	<p>SABS Certification took a decision to hold back on international audits at the end of January 2020 informed by the trends that were being reported by the WHO on COVID-19.</p> <p>Unfortunately the advent of COVID-19 exposed the lack of readiness in most of our certification activities in so far as the execution of remote audits is concerned. Notwithstanding the latter, SABS managed to put in place key procedures aligned to accreditation guidelines in the execution of desktop/remote audits.</p> <p>Although there is a stop and go in the planning process of audits informed by last minute postponements due to COVID cases, with most of our clients continuous planning is taking place.</p>
Total Audits Conducted	668	420	425	1513	
Desktop/Remote Audits (Included in Total Audits Conducted)	262	147	149	558	
Variance	1769	293	42	2140	

System Certification	Feb-June	July	Aug	YTD	Narrative
Audits Planned	673	252	273	1198	<p>The narrative above is also applicable to system certification.</p> <p>SABS continues to prepare its clientele for increasing remote audit activities. The entire backlog has been planned throughout the remainder of the year, although it gets disrupted from time to time due to COVID cases still being reported.</p>
Total Audits Conducted	492	201	221	914	
Desktop/Remote Audits (Included in Total Audits Conducted)	394	120	132	646	
Variance	181	51	52	284	



### Maintaining accreditation:

- **RvA Assessment conducted in May 2020 -**
  - SABS accredited by RvA-2 schemes FSSC (&ISO 22000) and ISO 45001:2018.
  - Virtual Assessment performed by 2 Assessors in May 2020.
  - Strong points noted; included- strong commitment, Progression noted in the transformation of the 'many SABS' to the 'One SABS' in the C4 structure (although not complete), The thorough approach of the Risk Assessments due to the COVID-19 pandemic across the schemes (both FSMS & OHS)
  - Non conformities raised were ten (10) in total, one rated major and the rest minor, with 2/10 being cleared.
  
- **SANAS Assessment conducted in May 2020 –**
  - SABS accredited by SANAS schemes QMS, EMS, HACCP, OHS, EnMS, ISO 50001, ISO 27001, FSSC (&ISO 22000) and ISO 45001:2018.
  - Virtual Assessment performed by 5 Assessors in July 2020.
  - Strong points noted; included- strong commitment, Progression noted in the transformation of the 'many SABS' to the 'One SABS' in the C4 structure (although not complete), The thorough approach of the Risk Assessments due to the COVID-19 pandemic across the schemes.
  - 11 of the 12 findings were cleared – deepened our understanding of the root cause analysis

### Revenue generation initiatives:

- **Local content verification**
  - Preparing for expected increase in demand anticipated from mining companies to adhere to the Mining Charter (October 2020):
    - ❖ Training of auditors in local content verification commenced;
    - ❖ 30 auditors have been trained on first phase of the training programme. The second phase will include one assessment and one onsite practical verification. By end of Q2 of FY2021 a total of 60 (inclusive of the 30) auditors or ~50% of auditors, should have been trained.
- **Consignment inspection services-**
  - Growth opportunity to support government and local industries, especially with the export of products to the rest of Africa.
- **Partnership**
  - To identify new opportunities early and build better relationships we are engaging various industry associations, regulators, government departments and the trade desk at **the dtic**.
- **Conducting desktop** audits during the lockdown period, where possible.
- Certification of **Personal Protective Equipment** on the back of the COVID-19 pandemic.

## WHAT WE SET OUT TO FIX?

### Upgrade and refurbishment of laboratories

- Phased **programme to upgrade** laboratories:
  - Process flows; and
  - Sample management.
- **Capex investment.**
- Improve laboratory **test conditions.**

### Improve operational efficiencies

- **Improve planning and scheduling:**
  - Review and standardisation of Labware/LIMS software across the various laboratories.
- Filling of **critical vacancies.**
- **Address backlogs.**

### Increase revenue

- Implement a **business development and revenue** programme.
- Develop **strategic partnerships.**

### Upgrade and refurbishment of laboratories:

- **Refurbishment of three additional laboratories** has been completed, namely pump test, condom testing and plumbing –
  - This brings the total number of laboratories refurbished in the past eight months to nine (inclusive of the six completed in the previous financial year).
- **Investment in laboratory infrastructure and equipment to the value of R15,1 million spent as of 31 August 2020. R27 million is committed at 31 August 2020 (in PO phase) –**
  - Critical equipment paid for in the current financial year:
    - ✓ High power plant repair (R6,5 million);
    - ✓ Thermo – Luminescence Dosimeters (R5,6 million);
    - ✓ Other small equipment (R2,9 million).
- **Ad hoc project approved, but not spent**
  - Laboratory equipment for testing of ventilators (R6,4 million).

### Upgrade and refurbishment of laboratories:

- **Improvement in the availability of testing environmental conditions** has been achieved following the successful completion of the plantroom refurbishment project conducted in December 2019, however, power outages/interruptions have affected consistency thereof.
- **Update on cement lab**
  - Improved testing conditions with the new HVAC system;
  - Backlog has not yet been eliminated as new equipment must still be delivered:
    - ❖ Reduction in turnaround times dependent on delivery of new equipment;
    - ❖ Procurement process of required equipment has been completed and in PO phase;
    - ❖ Subcontracting of testing to an independent accredited laboratory has been initiated to improve turnaround times until the required equipment is commissioned; and
  - Procurement of robotic arm delayed due to COVID-19.
  - Project has been revived i.e. scope and technical drawings are being reviewed for approval.
- **Labware LIMS was recently updated -**
  - Platform upgrade from version 6 to 7:
    - ❖ New functionality, ease of use and maintenance, performance improvements.
  - Enabled the delivery of an improved solution design to standardise the configured processes that would enable a rapid Labware LIMS roll out.
  - Progress in Labware LIMS roll out project impacted by lack of critical resources
    - Recruitment/ Secondment of a Project Manager in progress.

- Improving **operational efficiencies**:
  - Achieved year to-date of 59% on contracted delivery times (target: 75%).
  - Q1 was severely affected by level 5 and 4 restrictions. In level 5, there was a limited number of labs which were operating
  - Power outages/ interruptions have also had a significant impact on the divisional performance.
- Filled various **critical vacancies** -
  - Progress on the appointment of critical resources impacted due to organisational review project underway and moratorium.
  - Process to be reviewed once the organisational review has been completed, however, secondments are considered where possible to enable service delivery to clients.

### Improving operational efficiencies:

- Recruitment of five additional graduates has been approved, however COVID-19 lockdown delayed the process.
  - Some interviews have been completed, whilst others are underway.
  - Appointment of recommended graduates is imminent.
- Completion of an internal assessment of the **capacity and capabilities review of the mining and minerals department**. Review of National Electrical Testing Facility (NETFA) capacity and capabilities conducted by internal resources is in progress. An external and policy perspective still needs to be explored to ensure a balanced approach is adopted.
  - Engagements with relevant policy stakeholders in progress with the aim of identifying priority sectors and alignment.
- A request **for proposal for a forecasting and planning tool** has been issued. This is critical for capacity planning and tracking of turnaround times within the various business units in the division.
  - Bids submitted by various potential services providers are being evaluated and appointment is imminent.
  - Currently, excel spreadsheets are utilised for planning and scheduling purposes.

- **Action plans have been implemented**, where possible, to address backlogs -
  - Cement: 60% - 70% of backlog will be cleared by end November.
    - Clearing of backlog impacted by Covid19 cases in cement lab and power outages.
    - Subcontracting initiative and availability of stable environmental testing conditions.
    - Working overtime to reduce the backlog with weekly meetings to monitor backlog
    - 150 samples have been subcontracted to an independent laboratory.
    - Weekend overtime approved until end of November 2020 in addition to work conducted during the week.
    - Testing process definition, mapping and optimization 90% complete.
  - Fluid Technology: All backlogs cleared.
  - **Need to perform a balancing act between safe operations and servicing demand.**
  - All required resources are 100% back at work with limited numbers allowed in the testing areas to ensure compliance with HSE protocols.
  - Condom testing: Backlog cleared.
    - Additional capex has been allocated to address equipment capacity constraints.
  - Materials and Installations (NETFA):
    - Materials: close all backlogs by end September 2020 with operations normalising from October; and 80% already cleared
    - Short circuit: The repairs project for the HP plant was completed and commissioned. Also commenced procurement process to replace 100kVA switchgear. Stakeholder engagements underway to create awareness and create revenue opportunities.



- **What we set out to fix?**
  - Implement a digital learning solution; and
  - Expand consulting services.
- **Progress:**
  - Process to acquire a **digital learning management system** for on-line learning has been approved and currently in procurement process. This will open new revenue generation opportunities for the SABS.
  - Currently implementing **training courses via virtual platform (MS Teams)**
    - 24 courses converted to online medium;
    - 10 courses launched.
  - In the process of **establishing advisory and consulting portfolio of services** which includes the current provision of services to SMMEs i.e. development and implementation of management systems.

## WHAT WE SET OUT TO FIX?

### Group Finance

- Address **external audit** findings.
- Refurbishment of **facilities and general infrastructure**, including security.
- Resolve **Q-block**.
- Reduce bottlenecks/turnaround times **of procurement** processes.
- Implement **new pricing strategies**.
- Develop **property optimisation** strategy.

### Human Capital

- Review **organisational design** and conduct **skills audit**.
- Improve **employee engagement**.
- Review of **key policies**.
- Filling of **critical vacancies** and implement a **graduate programme**.
- Drive a **high-performance culture**:
  - Implement new performance management system.

### Marketing

- Improve marketing efforts.

- **Financial position:**
  - The SABS's financial and cash flow position remains constrained, exacerbated by the impact of the decline in economic activity due to COVID-19.
  - The financial situation of the SABS is being monitored on an ongoing basis and the SABS has embarked on an exercise to **further reduce costs and generate additional revenue**. The current challenge is that operating costs exceeds revenue generation capabilities.
  - The SABS understands that there is no further funding available due to the constrained fiscal environment and these cost cutting and revenue generating initiatives will ensure financial sustainability in the long term.

- **Capital expenditure for the period ended August 2020 totalled R20.4 million:**
  - Laboratory infrastructure and equipment spend to the value of R15.1 million mainly on:
    - Higher power plant repairs of R6.5 million
    - Acquisition of dosimeters of R5.6 million
  - Upgrade of the plant room phase 2 to the value of R2.7 million
  - R1.2 million was spent on asset and facilities management system
  - R0.94 million was incurred for the fire detection system upgrade

### LABORATORY EQUIPMENT

- Radiation Protection - R60 million over three years with R14 million planned for 2021
- Other laboratories Capex - R23.7 million
- Ventilators - R6.3 million
- Condom lab and materials and installations - R6 million
- Surgical masks - R5 million

### TECHNOLOGY

- New certification system - R8 million
- Online training solution - R8 million
- E-commerce and Digital Content Management: R8 million
- IT infrastructure (hardware, servers) - R8.8 million
- Computer equipment - R7.1 million

### FACILITIES

- Break test switch gear - R2.3 million
- Transformers - R15 million
- Gas and Flammable storage - R2 million
- Plant room upgrade - R20 million
- Implementation of the security strategy - R10 million

### Facilities:

- Critical maintenance work on transformers completed. This was a major risk for the SABS as maintenance was not done in the past.
- Obtained DOL certificate for boiler 1 in the plant room. The SABS has not had a compliance certificate in years.
- Phase 2 of the plant room upgrade in progress. Installation of a Building Management System expected to be completed end October 2020.
- Q block – assessment completed by independent engineers. Costing to move labs underway. Final decision to be made on the way forward
- Comprehensive maintenance schedule has been developed for FY2021 -
  - Recently procured a facilities and assessment management system that will ensure our ability to track maintenance of all assets going forward; and
  - Various other laboratory upgrades and maintenance activities – ongoing.

**New pricing strategies** were approved and implemented.

### Long-term property development plan:

- SABS in discussion with the dtic regarding unutilised land and buildings.
- Rental income: Exploring options to rent out vacant space to earn additional rental income.
- A long-term property development strategy to be developed.

# GROUP FINANCE - FACILITIES

Property description	Legal Owner per Deeds Register	Registered property name	Province	SABS office	Suburb	Street name and No	Property land area sqm (1 hectare = 10 000 sqm)	Percentage Occupied
Pretoria Groenkloof Campus	South African Bureau of Standards	Farm Groenkloof 358 JR Ptn 113, Gauteng Province	Gauteng	Pretoria	Groenkloof	1 Dr Lategan Street	220 907 000	90%
Pretoria NETFA office	Council of the South African Bureau of Standards	Portion 25 of the Farm Witkoppies 393 JR, Gauteng Province	Gauteng	Pretoria	Olifantsfontein	1 Apollo Road Olifantfontein 1665	113 927	100%
Cape Town SABS Office	SABS	Cape Town Erven 31300, 31301, 31304 Re & 32026, Western Cape	Western Cape	Cape Town	Rosebank	20 Liesbeek Road, Rosebank, Cape Town	4 121	90%
Durban SABS Office	South African Bureau of Standards	Watervalpark Erf 27, Durban	Kwazulu-Natal	Durban	Mayville	15 Garth Road Durban	24 272	50%
East London SABS Office	South African Bureau of Standards	Farm Meier 1215 Ptn 7, East London RD	Eastern Cape	East London	Sunnyridge	1 Teichman Drive, Sunnyridge East London	82 672	60%
East London - Little Go Farm (96 ha)	South African Bureau of Standards	Farm 995, Farm Littlego 996, Farm 976, Farm 977, East London RD	Eastern Cape	East London	East London	Farm 964, Cove Road, East London	961670	0%
Secunda SABS Office	Coal and Minerals Technology (Pty) Ltd	Secunda Ext 3 Erf 2121	Mpumalanga	Secunda	Secunda	8 Bunsen Road, Secunda	1000	100%
Saldanha SABS Office	Coal and Minerals Technology (Pty) Ltd	Erf 10726 Saldanha	Western Cape	Saldanha	Saldanha	22 Henrywicht Drive, Saldanha, Western Cape	647	0%

### **Procurement:**

- Ongoing improvement in turnaround times.
- New supplier development program implemented.
- Integrated demand plan prepared and submitted to National Treasury.
- Ongoing review of supplier contracts to ensure value for money.

### **Supplier discounts negotiated to date:**

- Travel Management Services - Negotiated a reduced monthly management fees from R 55,010 to R 30,805 which is a 44% reduction.
- Secunda Lease - Negotiated a reduced annual rental increase of 6% to 2.1% which is inflation linked.
- Reduced security staff complement due to work from home policies – saving of R1.45m per annum.
- In process of negotiating for reduced rental increases for other office/lab leases and the fleet contract deferment for delivery of vehicles.

### **Security:**

- Security strategy for the SABS Group completed and implementation in progress



- The **Organisation Review Project** commenced in May 2020 to conduct a diagnostic analysis and ensure the development of a fit-for-purpose macro and micro structure in line with the organisational mandate. The project is due for completion end of October 2020. The following deliverables have been completed: **organisational strategy, operating model, and functional macro structure**. The review and development of the micro structures (divisional and departmental) is currently underway.
- **Change readiness and Culture survey** was conducted as part of organisation review project to ensure change readiness and effective project implementation. The report was approved by EXCO and subsequently shared with all key stakeholders including Organised Labour, management and staff.
- A **detailed change management and communication plan** was developed to support the implementation of the organisation review project to ensure a seamless transition into a new organisational landscape.
- Drafting of the SABS workforce plan for the next 2 – 3 years currently underway. Ramping up the recruitment of graduate trainees in the LSD as a way creating a pipeline to succeed those employees going on retirement in the next 12 months.

- **Focus group sessions** are currently underway to gain an in-depth understanding of the employees' views on the current culture to enhance/solidify the implementation plan. This efforts will aid the organisation to successfully create a strong organisational culture in support of the new strategy and the operating model thus ensuring business sustainability.
- All **Job profiles** have been reviewed and developed. This is subject to further review post the finalisation of the Org Review Project to ensure alignment with the approved macro and micro structures.
- The **Skills Audit** exercise is currently underway aimed at assessing employees' current skills and knowledge against the organisation's skills requirements to ensure attainment of the organisational mandate. This initiative will enable the organisation to determine the skills gap and identify relevant developmental interventions and strategies to address identified skills deficiencies, career pathing and talent management needs.
- EE Stats:
  - Women – 45%
  - Youth (35 years old and below) – 20%
  - People with disabilities – 1,7%

- A total of **19 graduates** were recruited (1 resigned) as part of a structured “Graduate Recruitment and Development Programme” for a period of two years to October 2021. The graduates are placed in the different divisions within the organisation with 8 of them placed with Laboratory Services Department(LSD).
- **A total of 13 Senior Managers** enrolled for an Executive Development Programme (11 funded by the Services SETA and 2 funded internally) and 3 of these have since resigned. This is part of the talent management mechanism to develop leadership capabilities that are required to take the organisation forward given the current internal and external environment.
- In an effort to drive the transformation agenda and ensure legislative requirements, the Transformation Committee has been established and is fully operational. The **Employment Equity Report** was submitted to the Department of Labour in January 2020. The review of the **Employment Equity Plan and Policy** is currently underway.
- The development of employees is an ongoing activity. The 2020/21 training plan puts more emphasis on the development of technical skills in LSD, Certification and Standards (the core divisions of SABS).

### **SABS Digital Marketing:**

Due to stakeholders mostly working from a home, SABS opted for a digital approach to marketing SABS services -

- MarCom developed video material that was shared on social media what in return created an increase of 602% on video views.
- Social media such as Facebook benefited from an engagement increase of almost 300%, a reach of over 300% (between May and June we reached over 42 000 people).
- LinkedIn has grown its followers to almost 25 000 and has a steady engagement rate between 2.5% and 3.0%.
- Standards campaigns have been consistent and have driven potential leads to our websites and our Customer Service Centre.
- Through our Digital Media channels we have put focus on Standards, Training and Local Content Verification through various campaigns, resulting in an increase in “marketing leads”.
- SABS Training Campaign has started for the coming months and has already attracted a lot of interest from our stakeholders.
- Promoting services on Municipality Procurement website for the coming 12 months.
- Due to COVID-19 SABS had to rethink EXPO planning and have engaged with EXPO Event companies to be part of their Webinars.
- Delivered a number of SABS Standards Webinars

**THANK YOU**

## Key Stakeholder Engagements / Collaborations

Stakeholder	Outcome
DBSA	A meeting was recommended to include DTIC as well to look at Local Content Verification being added to “Developmental Projects”. How do we move into “up front verification”.
Ministry of Trade & Industry (Lesotho) Zambia Standards Organisation Zambia Compulsory Standards Agency Swaziland Standards Organisation	A meeting intended to encourage acceptance of each others conformity assessment schemes including harmonisation of standards, to make it easier for South African exporters to have access to markets.
DTIC	Discussions on repositioning of Local Content Verification as a pro-active intervention as oppose to its reactive approach.
NCPC (CSIR)	Webinar as a joint partnership with NCPC in promotion of uptake of the energy management standards in the country.
Proudly SA	MoU in final stages between the two entities with the view to compliment the work of each other.
Minerals Council of SA & Procurement Managers of various mines	Dissemination of Local Content requirements to stimulate uptake in the mining sector.



Cluster	Sub-Cluster	September Completed Engagements	Summary of September Engagements	October Planned Engagements
CHEMICAL	Chemical, Petroleum & Paints; Rubber & Plastics	74	<ol style="list-style-type: none"> <li>1. Complaints about unresolved issues dating back to 2019</li> <li>2. Appreciate SABS client managers initiative</li> <li>3. Negotiating fees reviews</li> </ol>	48
MECHANICAL & MATERIAL	Civil, Buildings & Construction incl Engineering Services	62	<ol style="list-style-type: none"> <li>1. Outstanding fees</li> <li>2. Consent for outsourcing of testing- Cement</li> <li>3. Clients requesting feedback on test reports and updated schedules</li> <li>4. Negotiating SABS fees</li> <li>5. Reviewing of new applications</li> </ol>	13
MECHANICAL & MATERIAL	Mechanical & Metallurgical	47	<ol style="list-style-type: none"> <li>1. Finance related (outstanding payments – invoices not received by the client; outstanding credit notes)</li> <li>2. Acknowledged and welcomed the role of CMs</li> <li>3. Slow / no response to long outstanding queries</li> </ol>	16
MECHANICAL & MATERIAL	Timber, Paper, Publishing, Printing; Fibre, Textiles, Clothing, Leather & Footwear	23	<ol style="list-style-type: none"> <li>1. Style approval</li> <li>2. Certification</li> <li>3. Request for audit date</li> <li>4. Outstanding fees</li> <li>5. Postponed audit</li> </ol>	15

Cluster	Sub-Cluster	September Completed Engagements	Summary of September Engagements	October Planned Engagements
<b>SERVICES</b>	Fire Extinguishers (SANS 1475)	20	1. Outstanding fees affecting upcoming audits & client requested invoices.	38
<b>SERVICES</b>	Services	28	1. Presentation for proposed business tool for SHREQ 2. Migration planned for ISO45001 and planning of annual audits 3. CM introduction and follow up on account payments	20
<b>ELECTROTECHNICAL</b>	Electro technical	63	1. Request for outstanding fees 2. Credit given due to no on-site audits 3. General discussion on how SABS can offer other schemes	23