

# Furniture Manufacturing Skills Development

## SMME Engagement Strategy

Prepared For:



30 June 2003

- • Objectives and Scope
- Background
- Assumptions
- Inputs to the SMME Engagement Strategy
- SMME Engagement Strategy
  - Awareness Creation and Strategy Refinement
  - Furniture Manufacturing Skills Programme Engagement
  - Value Chain Support
- Suggested Alternative Model

- The FIETA is undertaking an initiative to develop furniture manufacturing skills, stimulate growth and job creation within SMME's in the furniture industry.
- This initiative aims to provide furniture manufacturing skills through learnerships and skills programmes for workers and entrepreneurs who will be equipped to manufacture compact, affordable, multipurpose furniture for use in small affordable houses.
- Within this context, the FIETA requires the consortium to:

**Develop a strategy for engaging with SMME's in the Furniture Manufacturing sector.**

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- As part of the strategy development process, a survey was conducted on SMME's in the furniture manufacturing sector to ascertain their size, needs and willingness to participate in the initiative.
- This survey was conducted along the following steps:
  - Review the database of SMME's that was provided by FIETA
  - Using a sample from the database, establish:
    - The technical and business development skills needs
    - Learnership awareness
    - Capacity to support learnership and skill development programmes
- A market survey was conducted by Ask Afrika to:
  - Explore opportunities in design
  - Assess the potential for the manufacturing of Compact Affordable Multi-purpose Furniture for use in smaller housing units

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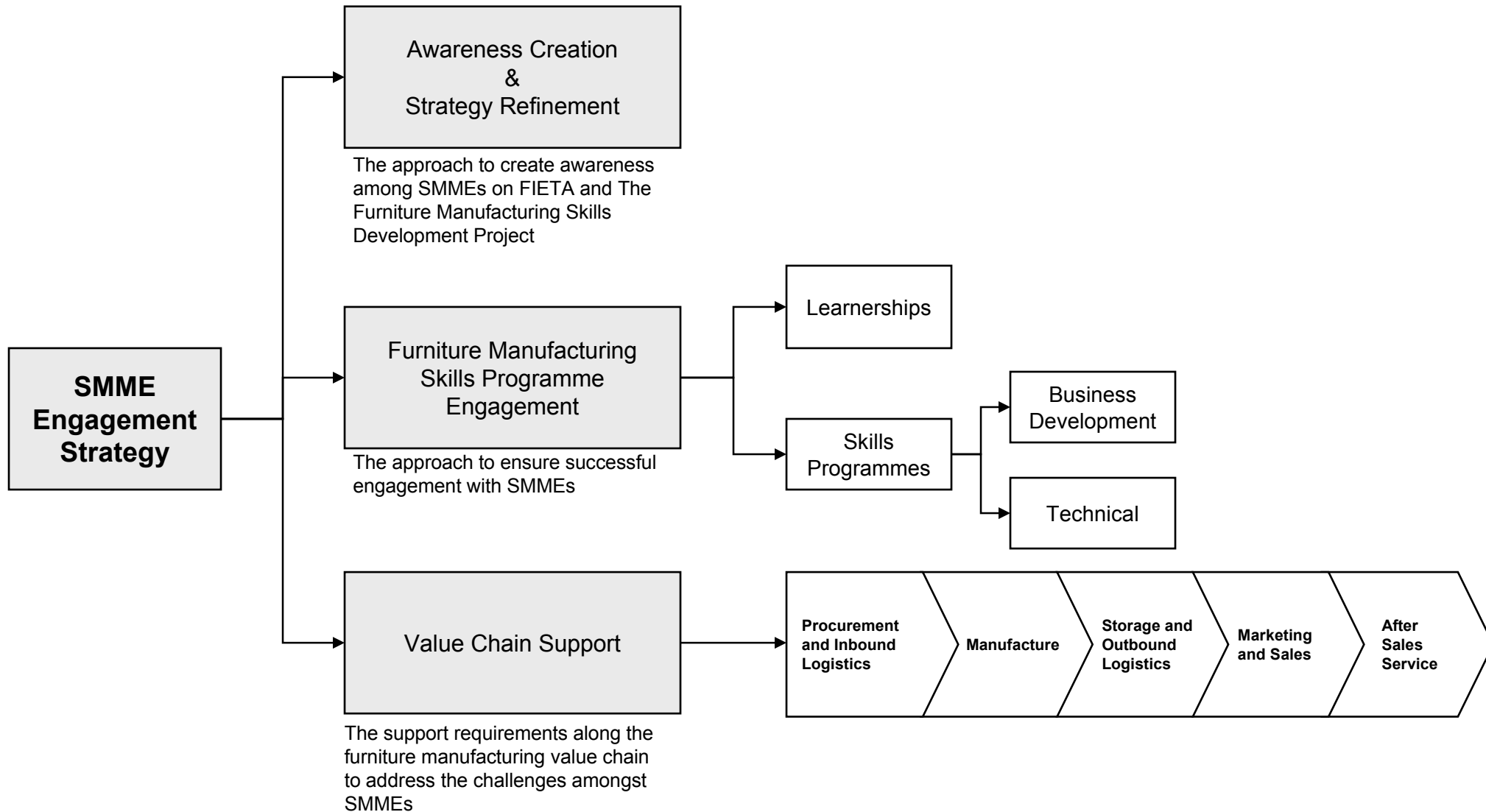
- A market for compact, affordable, multipurpose furniture exists
- The financial feasibility of SMME's manufacturing compact, affordable, multi-purpose furniture was established
- The need for this initiative to address the backlog of skills and growth in the sector, has been established
- The sector growth and specific market (compact, affordable, multipurpose furniture) will be able to absorb the targeted learners
- The project goals and objectives need to be achieved before the end of December 2004.
- The strategy focuses only on existing SMME's that manufacture furniture.

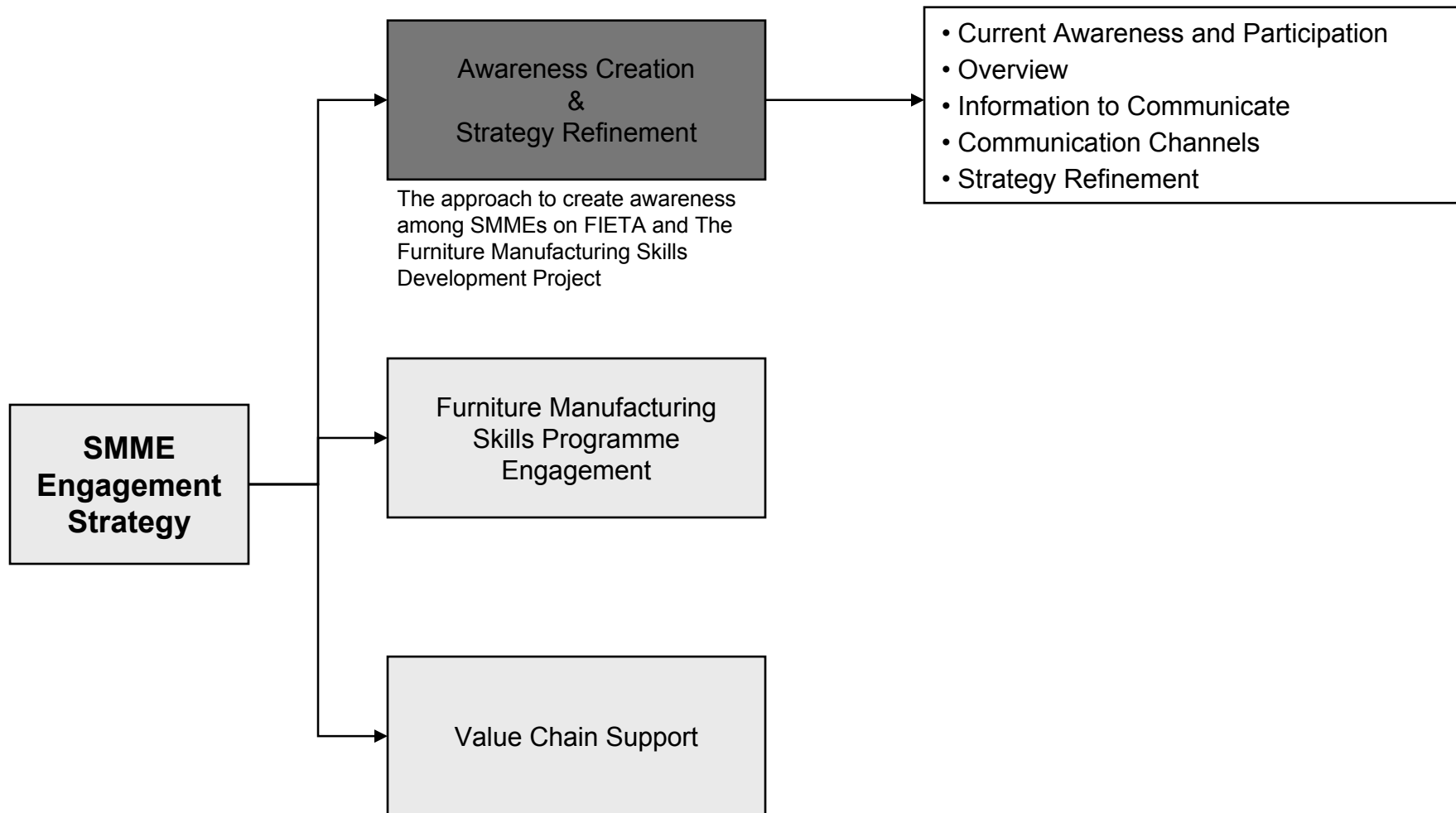
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- FIETA Sector Skills Plan – 31 October 2002
- Market Survey Report – Ask Afrika May 2003
- Furniture Manufacturing Skills Development Project Framework – 14 December 2001
- Survey of SMME Furniture Manufacturers – May 2003
- Discussions with FIETA project team

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## The strategy is composed of 3 components.

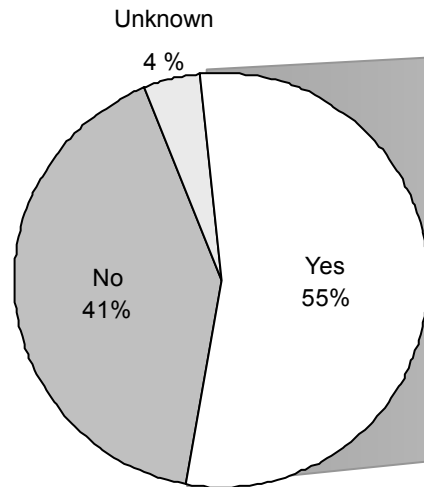




**Current SMME awareness of FIETA and it's initiatives are low, with poor levels of participation by them.**

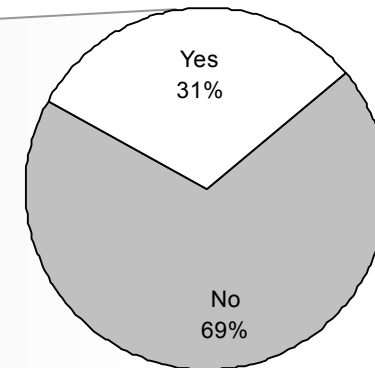
## SMME Willingness to Participate in Furniture Skills Development

(Sample of 202 SMMEs surveyed)



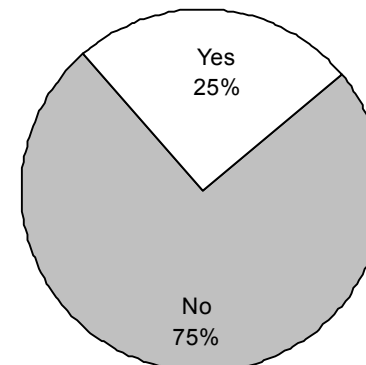
## Willing to Participate and Received Information from FIETA

(Sample of 110 SMMEs willing to participate in Skills Development)



## Received Information from FIETA

(Total Sample of 202 SMMEs)



- The field visits highlighted a keenness of the emerging businesses to participate in skills programmes and learnerships, with a limited number of established businesses willing to participate
- The field visits also indicated limited knowledge of:
  - SETA structures and FIETA in particular
  - Learnerships and Skills Development

### **Awareness creation of FIETA and it's initiatives is critical to increase levels of participation and ensure success.**

- It is therefore necessary to increase awareness of:
  - FIETA
  - Learnerships and Skills Development Programmes
  - Training Providers
- In addition, there is a need to increase awareness of:
  - The CAMF project
  - The market for CAMF
  - The business impact that training can have
  - Local and International competitiveness issues
- The awareness campaign should also be used to elicit feedback from SMMEs that will serve to further enhance and refine the project and strategy
- Furthermore it can also be used as an opportunity to create linkages between SMMES and service providers, equipment and raw material suppliers and financial institutions.
- Particular focus should be given to areas such as Pretoria, Cape Town, and Johannesburg, in which SMMEs have indicated a relatively low level of willingness to participate.<sup>1</sup>

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<sup>1</sup> Source: SMME survey data

**The information communicated should be comprehensive and focused on how SMME's can benefit from participating in this Project.**

**National Skills Fund, SETAs, FIETA, and Furniture Chamber**

- Roles of the institutions
- How information can be accessed
- The business benefits of engaging with these institutions

**Learnerships, and Skill Development Programmes**

- Information on Providers
- Types of programmes available
- Financial impact of engaging in these programmes
- How further information can be accessed
- Findings of SMME research

**The CAMF Project**

- The business case for the CAMF project. This must include:
  - Findings of market survey
  - Product range
  - Market size
  - Market location
  - Support available for training, materials supply, finance and marketing

### The key channels of communication to SMME's should be Seminars and Conferences.

The experience gained in communicating with SMMEs during the survey indicates:

- That the use of electronic mail, faxes and telephones elicits a poor response and also limits to ability to obtain feedback
- One-on-One Meetings and focus groups are effective. This however is both resource intensive and time consuming and may not be suitable considering the project time constraints



#### Recommended form of Communication

It is recommended that communication with SMMEs be conducted mainly through Seminars and Conferences within the geographical regions. The main reasons are:

- Cost effective
- Less time and resource consuming
- Allows for elicitation of feedback
- Creates networking amongst SMME's, to initiate future collaboration
- Creates networking opportunities with Providers, Equipment and Raw Material Supplier and Financial Institutions.
  - Allows for showcasing their products and services
  - Opportunity to obtain sponsorship for these seminars



**Other channels should also used to enhance the awareness campaign, and requires further development.**

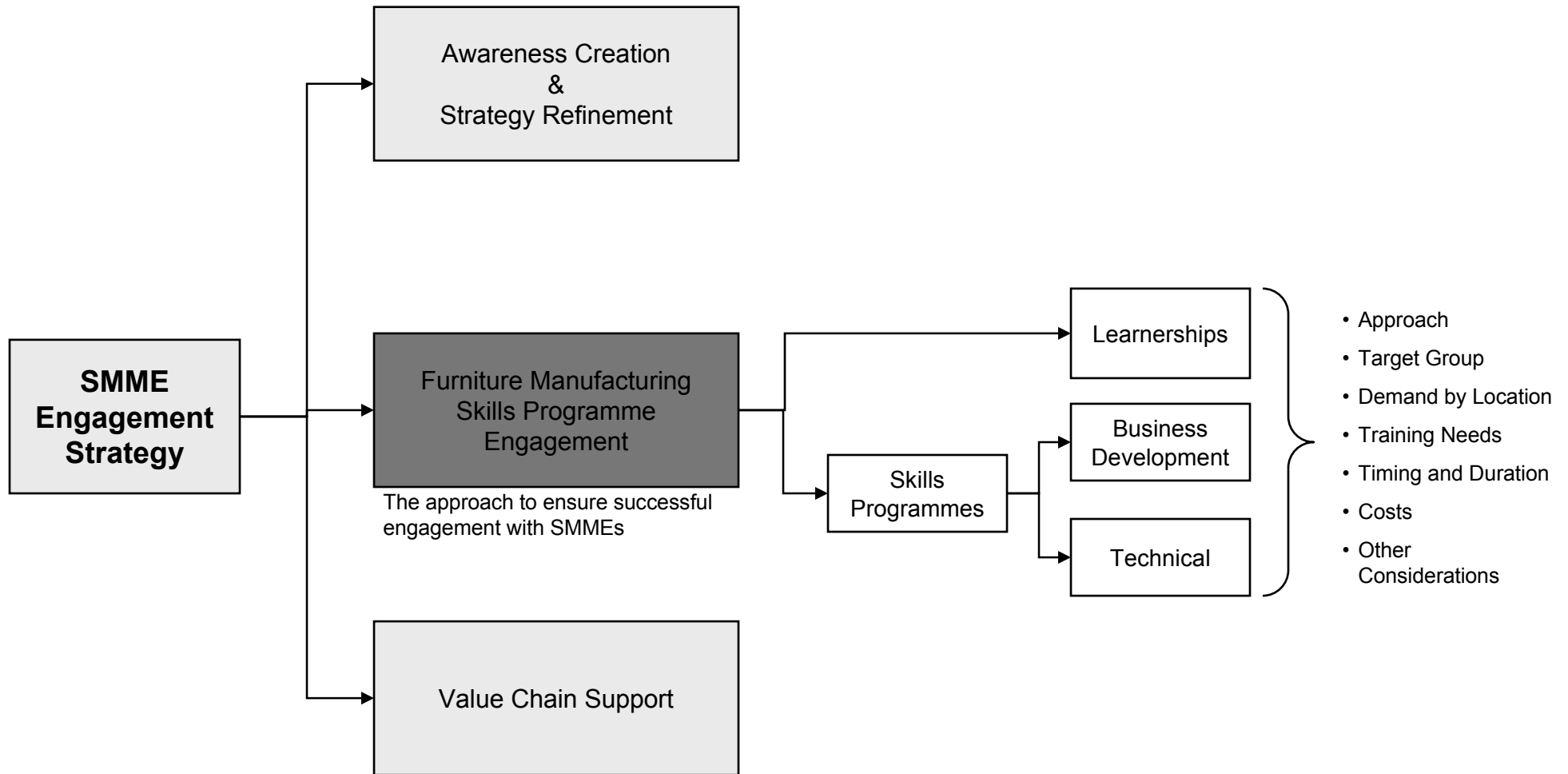
**Feedback obtained through communications with SMME's should be used to further refine the SMME engagement strategy.**

- An effective means of collating and summarising feedback should be designed into the communication programme
- Feedback will need to be obtained in the following areas:
  - Perceived skills and training needs
  - Product offering and customer preferences at a local level
  - Obstacles and barriers experienced in this sub-sector
  - Perceptions on provider performance
  - On-going support required across the value chain
  - Appropriate further channels of communication

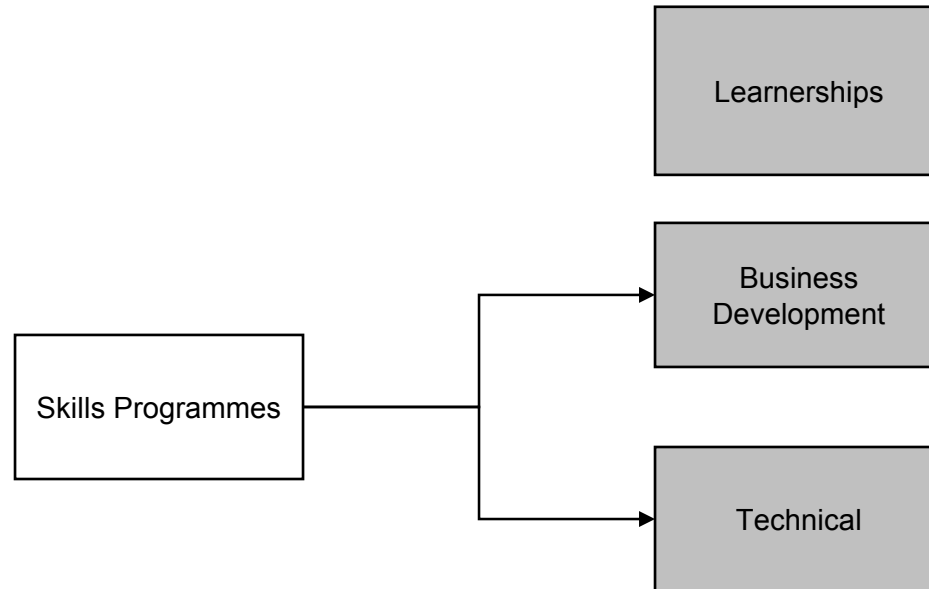


**The communication channels established during this phase should be used to communicate with the SMMEs on an on-going basis, for the duration of the project.**

# Engagement in Furniture Manufacturing Skills Programme: Approach



**The strategy for engaging with SMMEs should be considered separately for the 3 areas of skills development.**



**Each of these areas have:**

- **Different target groups**
- **Unique issues that need to be considered during the engagement with SMMEs**

### **Business Development Skills should be aimed at owners/senior management staff of SMMEs.**

- 55 % of SMMEs surveyed (202) expressed willingness to participate in skills development<sup>1</sup>
- Assuming a 20% increase post-awareness creation phase across all verified SMMEs (681)
- Also assuming 70% of target group will actually participate with 1 candidate per SMME

$$681 \times 0.55 \times 1.20 \times 0.70$$

- Therefore potential number of candidates estimated at 314

#### **Candidate Profile**

Owners / Senior Managerial staff:

Rationale:

- In SMME's it is this group that will have the greatest impact on Business Functions covered by BDS
- If mentoring skills are covered, it would prepare this group to support and encourage learnerships
- The BDS course could be used to instill further interest in growing their businesses within the market defined by the CAMF project



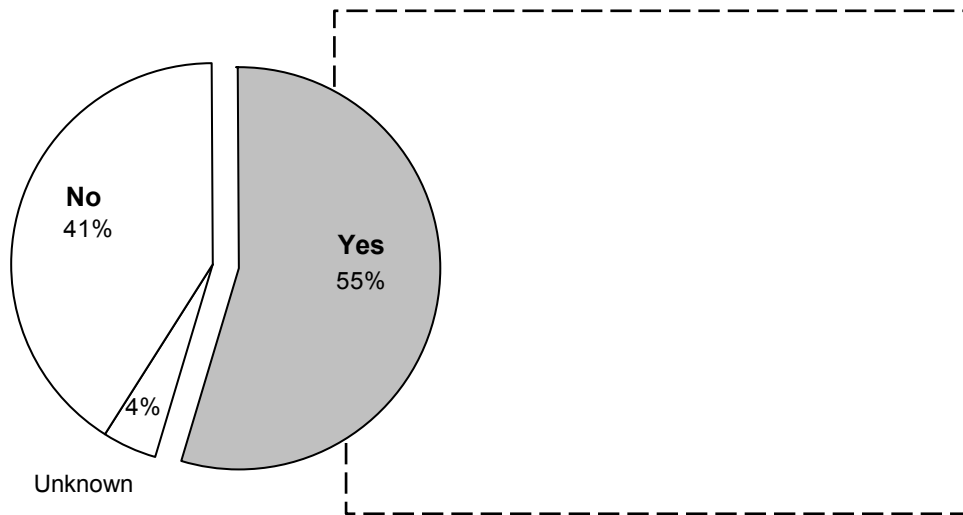
**The potential number of candidates for Business Development Skills programmes is estimated at 300.**

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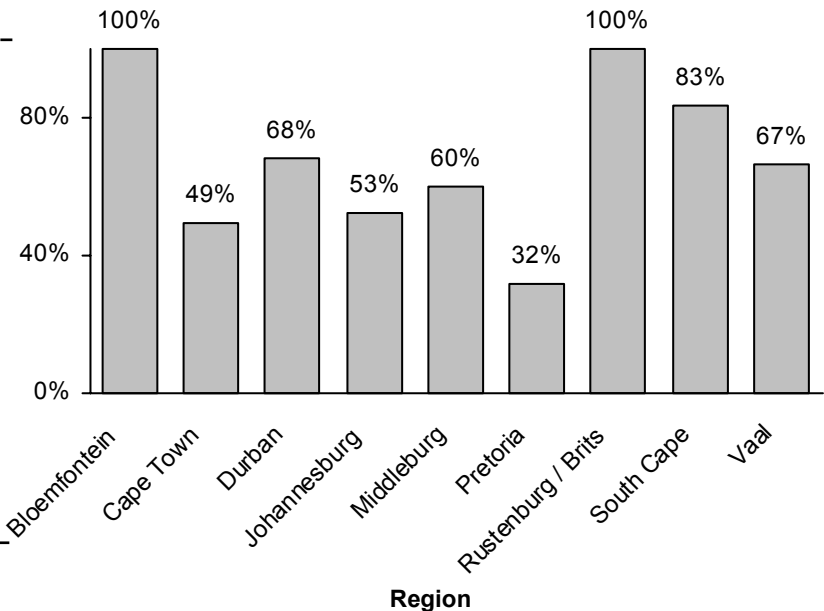
<sup>1</sup> Source: SMME Survey Results (see graph earlier on "SMME Willingness to Participate in Furniture Skills Development")

**Suitable service providers are required in all major geographical regions.**

**SMME Willingness to Participate in Furniture Skills Development**  
(Sample of 202 SMMEs surveyed)



**% of SMMEs willing to Participate – by Region**  
(Sample of 202 SMMEs)



## Provider Selection

- Ensure Providers in the respective location have sufficient capacity.
- Investigate whether Business Partners (old SBDC) has BDS programmes that could be rolled out nationally through accredited Service Providers.

## Marketing to Target Group

- FIETA should work jointly with local Providers to market BDS programmes in their defined geographical regions

## **The SMME survey has identified specific training needs.**

### **Findings from Field Visits**

The key list of prioritised BDS skills requirements are:

1. Understanding of the Market
2. Financial Controls
3. Costing
4. Development of Supplier Network
5. Credit Control (Suppliers)
6. Time Management
7. Controlling Production Flow (Workflow)
8. Quality Control
9. Waste Management
10. Marketing
11. Credit Control (Sales)
12. Responding to Market Needs
13. Cooperative Business Ventures

### **Approach**

- The BDS programme should incorporate the perceived training needs as this will ensure that the SMMEs' needs have been taken into consideration. This will further increase support of the FIETA project.
- Consideration should be given to include mentoring skills in the programme. This would serve to prepare SMMEs for learnerships.
- The BDS skills programme could also be used to generate interest in the CAMF project
  - Case studies should be structured to take this into account.
- Although Occupational Safety has not been listed as a major requirement, it is recommended that a module on Occupational Health and Safety be included in BDS skills programmes. NOSA could be approached to design a module specifically for SMMEs.

**The duration and timing of the skills programmes must be carefully planned to minimise disruption to business and create a platform for a successful project.**

	<b>Approach</b>	<b>Rationale</b>
<b>Duration and Timing</b>	<ul style="list-style-type: none"><li>• The willingness to participate in training after normal business hours and on weekends should be explored</li><li>• The BDS programme should be conducted before engaging with SMME's on furniture manufacturing skills and learnership programmes</li></ul>	<ul style="list-style-type: none"><li>• This is necessary as the target group is engaged in the day-to-day running of their businesses, often at an operational level</li><li>• This will prepare the SMMEs with mentoring skills required for effective learnership programmes</li><li>• This will create interest in the CAMF project</li><li>• They will have a greater awareness of the need for furniture manufacturing skills programmes</li><li>• SMMEs who use these skills to plan to grow will create capacity to absorb newly trained entrants from the unemployed sector</li></ul>

**The costs associated with the Business Development Skills programme should be kept to a minimum.**

### **Survey Findings**

- Training perceived to be expensive
- SMMEs unaware of how to access training grants
- SMMEs have little administrative capacity to manage levy refunds, and training

### **Approach**

- Training should be offered free of charge

or

- Support should be provided to improve SMME administrative capacity

or

- FIETA should arrange to pay Providers directly



**This will serve to encourage participation in BDS programmes**

**Training should be arranged in groups to encourage networking and interaction amongst participants.**

### **Findings**

- The Sector Skills Plan indicates that this sector is not sufficiently united.

### **Approach**

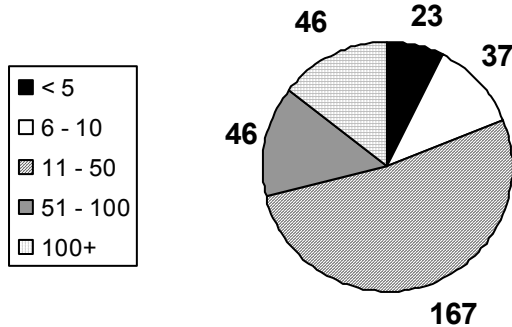
- During group sessions facilitators should encourage participants to
  - Collaborate and participate in industry structures.
  - Unite around industry issues
- Furthermore this could also in the long term encourage collaboration which is suited to component manufacturing, improved sharing of resources, improved input costs through volume leverage.

**Employees of SMMEs should be targeted for technical skills development.**

**Profile of All Furniture SMMEs – By Number of Employees and Willingness to Participate**

(643 of 681 Verified SMMEs with employee data)

(Willingness to Participate is based on 202 Survey Sample across Employee categories)



**Candidate Profile**

The potential candidates are employees of SMMEs as this is the group with the greatest need.

This may be adequate to meet FIETA's target of 700 learners before December 2004

Category (Number of Employees)	Target number of Learners per SMME	Potential Number of Learners
< 5	None	None
6 – 10	1	37
11 – 50	2	334
51 – 100	3	138
100 +	5	230
<b>Total Number of Potential Learners</b>		<b>739</b>

- In considering the potential learners to be targeted, due consideration was given to
  - Minimise impact of lost capacity during training
  - The tight timeframes to meet the skills development targets. Hence the targeting of SMMEs that already indicated a Willingness to Participate.
- This ensures that equal access to training is offered to all SMMEs.

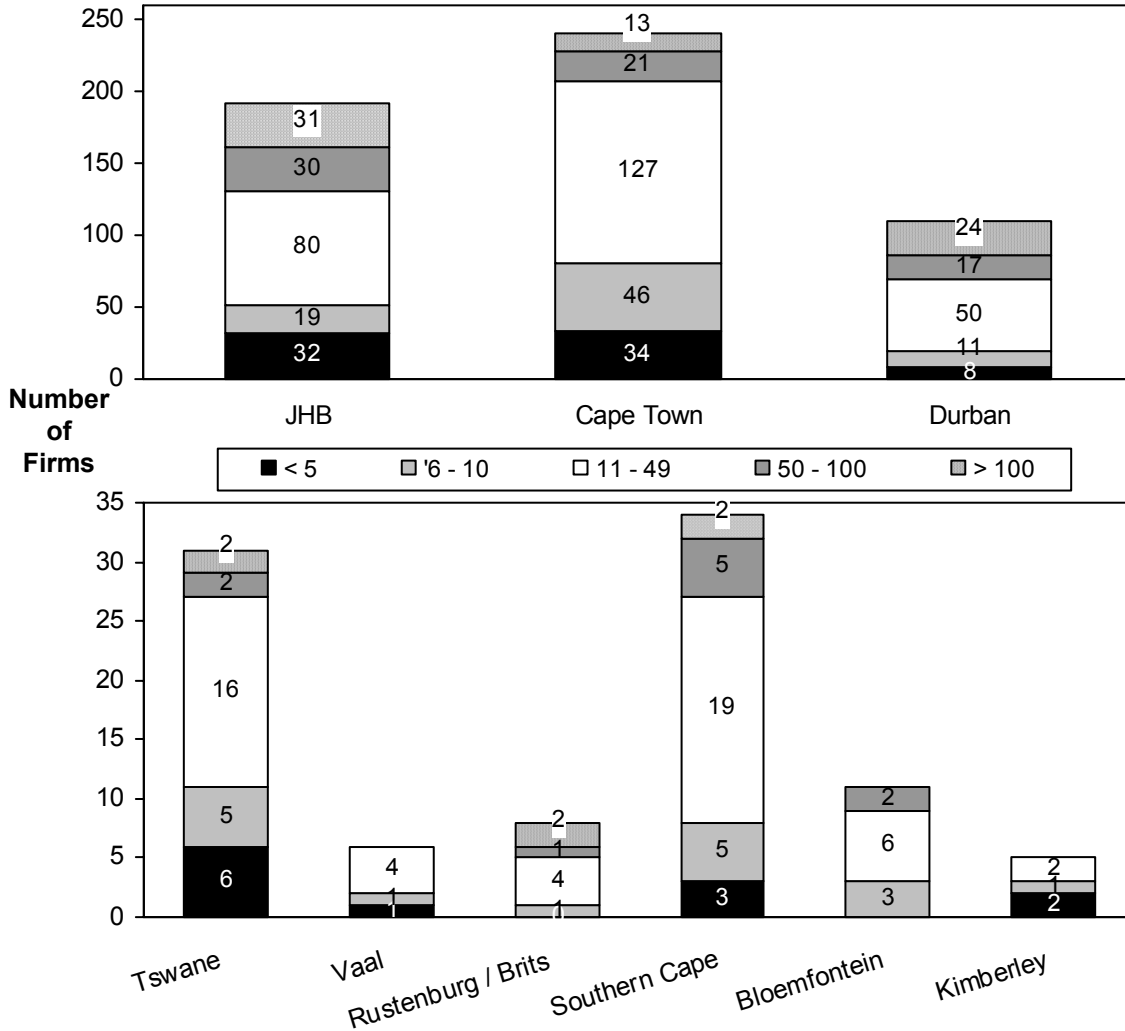


**The total number of potential trainees that could be targeted for skills programmes is 739.**

## A demand for Providers will be created in all major geographical regions.

### SMME Employee Profile – By Region

(643 of 681 Verified SMMEs)



### Provider Selection

- Providers should be linked to SMMEs within their geographical region. This would serve to minimise travel for the candidates
- In cases where this is not possible, mobile training centres should be used to conduct training for clusters of SMMEs who are within close proximity to each other.
- For SMME's that have > 100 employees, the possibility of conducting training at the workplace should be considered

### Marketing to Target Group

- FIETA should work jointly with local Providers to market the required furniture manufacturing programmes in their defined geographical regions



**Note: Further analysis is required to link SMMEs and Providers who are within reasonable travelling distance of each other**

### **The SMME survey has identified specific training needs.**

#### **Survey Findings**

(Not prioritised - Priority not available)

- Cabinet making
- Polishing
- Finishing
- Cutting
- Assembly
- Joining
- Technical literacy

#### **Approach**

- As with the BDS skills programme, the furniture manufacturing programme should incorporate the perceived training needs as this will ensure that the SMMEs' needs have been taken into consideration. This will further increase support of the FIETA project.
- Consideration needs to be given to certification of candidates after each module. This will serve as motivation for candidates to continue to participate in further programmes.

**The timing and duration of programmes should be designed in close consultation with SMMEs.**

	<b>Approach</b>	<b>Rationale</b>
<b>Timing and Duration</b>	<ul style="list-style-type: none"><li>• Candidates from the unemployed group that have been trained should be offered to the SMMEs at no cost as temporary replacement for the capacity during training.</li></ul> <p>OR</p> <ul style="list-style-type: none"><li>• Financial compensation should be offered to enable them to temporarily replace capacity lost during training.</li><li>• When planning programmes consideration should be given to seasonal demand patterns.</li></ul>	<ul style="list-style-type: none"><li>• The target group is currently engaged in productive work in businesses that do not have “spare capacity” that could be released for training</li><li>• This will assist in:<ul style="list-style-type: none"><li>– Minimising disruption to the business</li><li>– Increasing support and buy-in</li></ul></li></ul>

**The SMME's cost associated with technical skills programmes should be kept to a minimum.**

### **Survey Findings**

- Training perceived to be expensive
- SMMEs unaware of how to access training grants
- SMMEs have little administrative capacity to manage skills levy refunds, and training

### **Approach**

- Training should be offered free of charge
- or
- Support should be provided to improve SMME administrative capacity
- or
- FIETA should arrange to pay Providers directly



**This will serve to encourage SMMEs to train their employees**

**Consideration must be given to reducing the impact of staff poaching on SMMEs.**

**Findings**

- SMMEs are reluctant to train their employees as they are poached by competitors.

**Approach**

- Employers should be supported with drawing up service contracts to ensure that neither employees nor employers are unduly prejudiced.
- The employer should be able to “recover” any investment in training during this service period.
- As part of the communication process, SMMEs should be advised that unemployed persons will also be trained and will become available for employment – thus minimising the impact of poaching.

### **SMMEs with greater than 100 employees should be targeted for learnership programmes.**

- 70 SMMEs with employees > 100 were co-operative during the verification Phase<sup>1</sup>
- The SMME survey also shows that 60% of firms with > 100 employees were willing to Participate in Skills Development
- Thus potentially 42 firms could participate in Learnerships programmes.
- A target of 84 learners may be possible, assuming each firm can release 1 of their employees and engage a further 1 learner from the unemployed.

#### **Candidate Profile**

- While it is understood that candidates for learnerships will be drawn from the unemployed as well, Candidates from SMME's will come mainly from firms with greater than 100 employees
  - This group is most likely to have the required administrative capacity
  - Furthermore, only SMMEs that can demonstrate mentoring skills and administrative capacity should be permitted to participate
  - Note: While a keenness was expressed to take on an Artisan / Trainee by some SMMEs with < 100 employees<sup>2</sup>, the field reports indicate that these SMMEs may not have adequate administrative capacity to manage learnerships
- Potentially 84 learners could be targeted for Learnerships, allowing for growth and development of current SMME employees who will be best positioned to eventually start up their own SMME as the market develops
- Choosing an equivalent amount of learners from the currently unemployed will serve the purpose of introducing new candidates to this sector.



**84 potential learners could be attracted to Learnerships within SMMEs.**

<sup>1</sup> Source: Verified database of Furniture Manufacturers

<sup>2</sup> 57% of SMMEs with 11 – 49 employees who were willing participate, also indicated a willingness to take on a Trainee / Artisan

**The greatest demand for learnerships is likely to be in Cape Town, Durban and Johannesburg.**

Using the Survey Data the spread of candidates across the geographical regions is like to be as follows:

<b>REGION</b>	<b>Number of SMMEs with &gt; 100 Employees</b> (Co-operative Respondents from Verified Sample of 717 SMMEs)	<b>Potential Number of Candidates for Learnerships</b>
Cape Town	13	26
Durban	23	46
Johannesburg	25	50
Pretoria	2	4
Rustenburg / Brits	2	4
South Cape	1	2

### **Provider Selection**

- Further analysis is required to:
  - Link SMMEs and Providers who are within reasonable travelling distance of each other
  - Establish whether the Providers have capacity in these regions

**The timing and duration of the learnership programmes should be designed in close consultation with SMMEs.**

	<b>Approach</b>	<b>Rationale</b>
<b>Timing and Duration</b>	<ul style="list-style-type: none"><li>• Candidates from the unemployed group that have been trained should be offered to the SMMEs at no cost as temporary replacement when employees are removed from their workplace during learnerships.</li><li>• Consideration should be given to seasonal demand patterns and using high or low seasons to introduce unemployed learners.</li></ul>	<ul style="list-style-type: none"><li>• This will assist in:<ul style="list-style-type: none"><li>– Minimising disruption to the business</li><li>– Increasing support and buy-in</li></ul></li></ul>

**Costs borne by the SMME should be kept to minimum in order to encourage participation in learnerships.**

### **Survey Findings**

- The survey has not explored in detail whether the SMMEs have the financial resources to engage in learnerships
- It is unlikely that SMMEs will be in a position to absorb anything but a minimal cost in relation to learnerships

### **Approach**

- The resourcing required for the learnerships should not be burdensome on the SMME.
- In the case where an SMME releases a full-time employee during a learnership, and replacements are not provided, consideration should be given to providing support for “lost capacity through wage subsidies during the period.

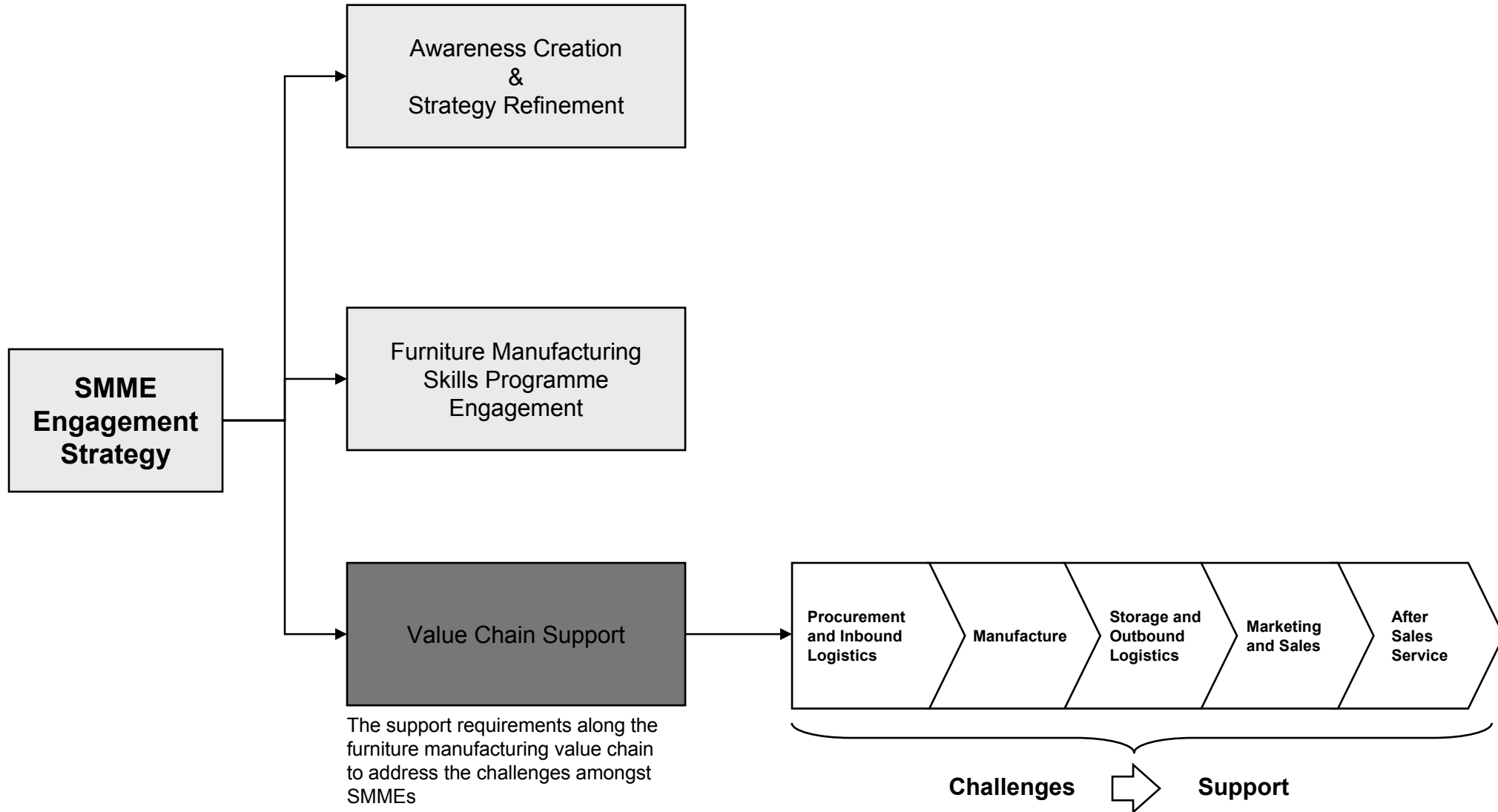
### **Consideration must be given to reducing the impact of staff poaching on SMMEs.**

#### **Findings**

- SMMEs are reluctant to train their employees as they are poached by competitors.

#### **Approach**

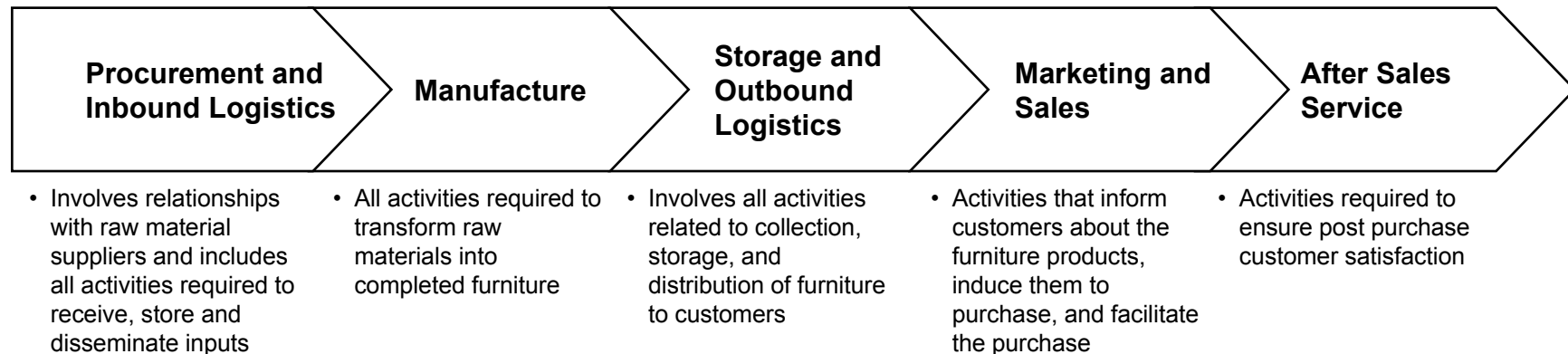
- Consideration should be given to facilitate contractual service agreements between employee and learner.
- Furthermore, FIETA / Service Providers should facilitate the setting up of a database of all unemployed learners who have developed skills development programmes and learnerships
  - This database should be made available to the furniture sub-sector to minimise the impact of losing employees after they have been through learnerships.



**In addition to the skills development programmes, support in various areas needs to be provided to SMMEs to ensure success of the CAMF project.**

### **Support Strategy Approach**

- In order to identify the areas of support required to ensure success, the following information was used as input:
  - SMME Survey
  - Market Survey
  - SSP
- Additional information such as industry competitiveness studies were not available as input.
- The support areas identified are presented along the core components of the industry value chain<sup>1</sup>



<sup>1</sup> Source: Modified Porter's Value Chain

**Key support should be provided in facilitating favourable raw material supply and finance for SMMEs as well as adequate storage at hives.**

**Challenges**

- Availability of funds to purchase raw materials
  - Ability to procure directly from wholesalers or first tier distributors on favourable credit terms and prices
  - Adequate, safe and secure storage space for raw materials
- ↓
- This reduces the SMMEs ability to produce CAMF at prices that are affordable to the first time home-owner



**Recommended Support**

Raw Material Supply

- Facilitate agreements with suppliers to supply SMMEs on favourable credit terms at competitive prices
  - Aggregate and leverage combined purchasing power of clusters of SMMEs

Finance

- Facilitate agreements with financial institutions to provide bridging finance which will enable SMME's to procure raw materials without short-term cash flow impact

Storage

- For existing SMMEs it may be difficult to make major changes to storage due to severe space constraints. However, when hives are designed, ensure adequate provision is made for safe and secure storage of raw materials



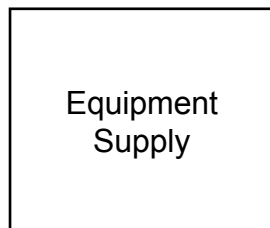
**Key support will be useful in facilitating equipment supply and finance for SMMEs, as well as workflow design at hives.**

### Challenges

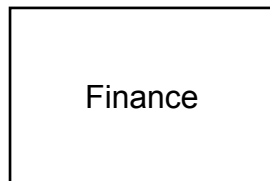
- Limited resources (power tools and machinery) among smaller enterprises
- Limited focus on quality
- Low productivity levels
- Poor workflow



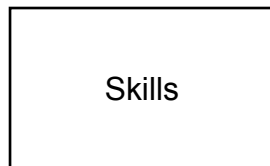
### Recommended Support



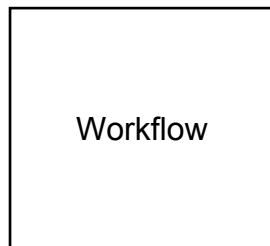
- Facilitate agreements with suppliers of power tools and machinery for competitive prices.
- Aggregate purchasing power of clusters of SMMEs and leverage buying power



- Facilitate agreements with Financial institutions to provide finance to assist SMMEs to acquire the appropriate resources



- Curricula must include modules on Quality, Workflow and Productivity for both BDS and Manufacturing Skills Programmes



- For existing SMMEs it may be difficult to make major changes to the workflow due to severe space constraints. However, when designing hives due consideration must be given to workflow requirements of the furniture manufacturing SMME.

**Key support should be provided in facilitating finance for customers, and linkages of SMMEs with transport providers.**

**Challenges**

- Limited storage space. This is exacerbated by the fact that they have to store finished goods until the customer pays in full.
- Lack of cost effective means to reliably deliver finished goods
- Customers cite delivery problems as an issue when dealing with retailers as well



**Recommended Support**

Finance

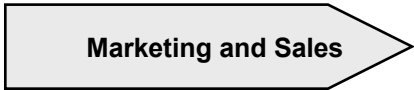
- Facilitate agreements with Financial institutions to provide finance for customers. SMMEs can then deliver products upon completion and be assured of payment.

Transport

- Facilitate linkages with transport providers. Alternately, make provision for transport operators to be a part of the hives.
- Hives should be located close to housing development to reduce transport requirements.

Storage

- For existing SMMEs it may be difficult to make major changes to storage due to severe space constraints. However, when designing hives, due consideration should be given to provide for adequate and safe storage space of finished goods.

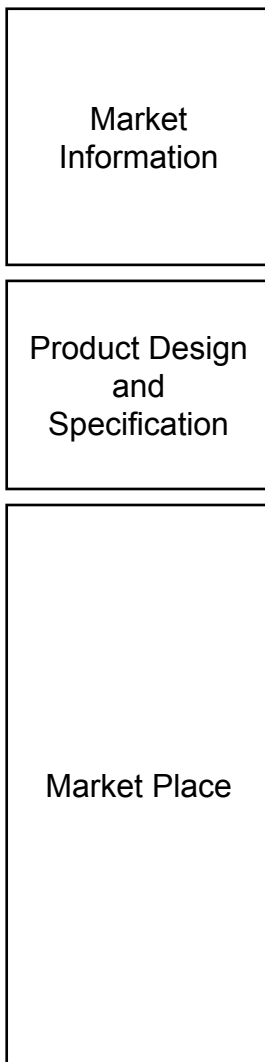


**FIETA should work with appropriate agencies in getting appropriate market and product design information to SMMEs, as well as enabling marketplaces for SMMEs to transact.**

**Challenges**

The market research shows that:

- Quality is a strong driver of purchasing behaviour
- Customers have a preference to purchase from retail stores, followed by preference to purchase from factories
- There is a need to furnish homes according to personal taste and style
- Local requirements vary from region to region
- Affordability is a key issue
- Favourable payment options are a requirement



**Recommended Support**

- Provide SMME’s with information on:
  - Market size
  - Location of current and future housing developments
  - Affordability information
- Provide information on desired product specifications
- Disseminate sample designs that meet customer requirements at a local level
- Set-up a marketplace where SMMEs could transact and conclude sale agreements
- The Marketplace should include:
  - A showroom in which products and designs are displayed
  - Kiosks to house financial institutions to facilitate funding to customers
  - Suitable areas for SMMEs to interact with customers
- The market places could be attached to hives, close to housing complexes or large appliance retailers.



**Marketplaces will also enable effective after sales service, where it is required.**

**Challenges**

- As this is a developing industry, customers are likely to experience the following problems
  - Poor product quality
  - Product not meeting design specifications
  - Transportation and delivery issues (e.g. damages)
  - Disputes over financial matters



**Recommended Support**



- Must ensure that SMMEs are equipped with the skills necessary to deal with these issues
- Consideration should be given to incorporating a customer care care agency within the market place

- Objectives and Scope
- Background
- Assumptions
- Inputs to the SMME Engagement Strategy
- SMME Engagement Strategy
  - Awareness Creation and Strategy Refinement
  - Furniture Manufacturing Skills Programme Engagement
  - Value Chain Support
- • Suggested Alternative Model

**The consortium suggests that consideration be given to an alternative model of engaging with SMMEs for manufacture of CAMF. This model reduces the risks associated with the constraints and challenges identified.**

### **Alternative Model**

1. Create a series of Modular Designs that could be configured to customer needs dependant on affordability, space constraints and style.

Example: Bed with options:

- painted/upholstered
  - headboard
  - drawers
  - bunk
  - built-in reading lamps
  - attached desk
  - handles etc.
2. Make designs available to Large Furniture Manufacturers who have mass production capability.
  3. The manufacturer should build the modular furniture in kit form.and supply, unfinished to SMMEs.
  4. The SMMEs could finish (paint/varnish and upholster) and assemble to the unique requirements of the customer.
  5. The SMMEs could either supply the customers direct or through the proposed marketplaces.

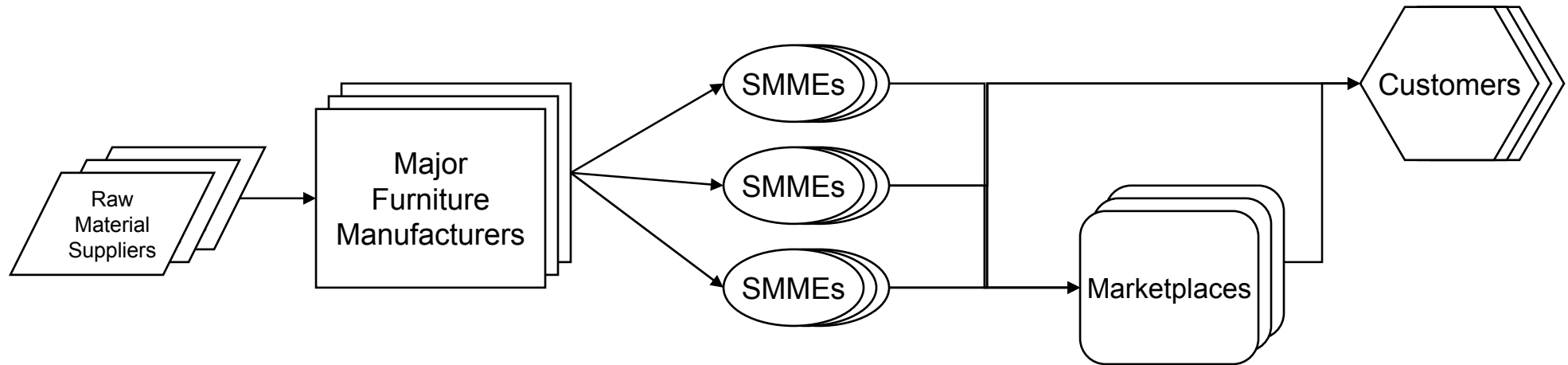
**This model has several advantages for Large Manufacturers, SMMEs and Customers.**

### **Advantages of Alternative Model**

- Manufactures use volume leverage to reduce raw materials costs.
- Large manufactures will ensure consistent quality.
- Assembly postponement method reduces inventory levels in the supply chain and thus minimises costs to customer.
- SMMEs can customise to customers unique tastes. The market survey shows that this is a customer requirement. This will ensure customer satisfaction and increased sales.
- SMMEs are involved in value adding processes initially. When they have developed sufficient confidence and proficiency, they may migrate to full scale manufacturing.
- SMMEs storage space requirement is minimised as they can assemble, at short notice, to customer requirements.
- Quality is ensured because the product is constructed in kit form using appropriate machinery and accurate jigs.
- Modular Designs means that customers may add on to furniture as their requirements change, with minimal additional costs. Also the additions will match their existing furniture.
- Logistics costs are minimized as raw material delivery to SMMEs is flat packed. Also SMMEs are located close to their customers.
- SMMEs cash flow requirements are balanced as they only purchase what they need for confirmed customers orders.
- Equipment and tools required by SMMEs are minimal as the modular kits should be easy to assemble with simple hand tools.
- The technical skills required to assemble kits will be lower.
- Kits minimize wastage due to mistakes during manufacturing.
- Space required for assembly is less that for full scale manufacturing.

# Alternative Model: Assembly-Postponement

The model is illustrated below. It is recommended that this model be developed in more detail.



- Standard Designs
- Mass Production Kits
- Flat Packed

- Assemble & Finish to customer requirements

- Transact with Customer
- Feed customer orders to SMMEs
- Feed Design trend info to manufacturers

