

South African

DEPARTMENT OF
LABOUR



STRATEGIC PLAN FOR


productivity sa

Inspiring a Competitive South Africa

2014 - 19

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OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of Productivity SA under the guidance of the Board of Directors;
- Takes into account all the relevant policies, legislation and other mandates for which Productivity SA is responsible for;
- Accurately reflects the strategic outcome oriented goals and objectives which Productivity SA will endeavour to achieve over the five year period 2014/15 to 2018/19.

[Bheki Dlamini]
Chief Financial Officer


Signature: _____

[Bongani Coka]
Chief Executive Officer


Signature: _____

[Alwyn Nel]
Chairperson: Board of Directors


Signature: _____

Approved by:
MN Oliphant, MP
Executive Authority


Signature: _____

FOREWORD

The responsibility for the overall oversight, governance and direction of Productivity SA is delegated to the Board of Productivity SA comprising members from Organised Labour, Organised Business and Government. They are responsible for the carrying out of the mandate of Productivity SA which is to improve productivity of South Africa.

The functions of Productivity SA in terms of the Skills Development Act of 2008 are:

- a) to promote a culture of productivity in the workplace;
- b) to Develop relevant productivity competencies;
- c) to facilitate and evaluate productivity improvement and competitiveness in workplaces;
- d) to measure and evaluate productivity in the workplace;
- e) to maintain a database of productivity and competitiveness system systems and publicising these systems;
- f) to undertake productivity related research;
- g) to support initiatives aimed at preventing job losses and;
- h) to perform any other prescribed function.

The Strategic Thrusts for Productivity SA in the next period will focus on the following:

- a) Enterprise productivity and competitiveness
- b) Micro-small enterprises productivity capabilities
- c) Public Sector efficiency and effectiveness
- d) Knowledge Management and Research
- e) Productivity awareness

PART A: STRATEGIC OVERVIEW

- 1. VISION:** To lead and inspire a productive and competitive South Africa
- 2. MISSION:** To improve productivity by advising, implementing, monitoring and evaluating solutions aimed at South Africa's competitiveness.
- 3. VALUES**
 - Service excellence through the implementation of relevant solutions
 - Market leadership through creative and innovative solutions
 - Working together as a team to achieve common goals
 - Partner with stakeholders pursuing solutions to South Africa's productivity challenge
 - Honesty, integrity and professionalism are the cornerstone of all our relations

4. LEGISLATIVE MANDATE

Productivity South Africa is listed as a schedule 3 (A) public entity and is subject to Chapter 6D of the Skills Development Amendment Act of 2008. Productivity SA is managed in accordance with the Public Finance Management Act (1999). Productivity SA is mandated by government, labour and business to improve productivity and thus contribute to South Africa's socioeconomic development and competitiveness. It aims to improve the productive capacity of the economy through interventions that encourage social dialogue and collaboration between partners. Key priorities include promoting productivity knowledge and awareness, skills development, accelerating productivity enhancement, productivity interventions within the non-formal economy, industry sector collaborations and strategies, and turnaround solutions for companies.

5. SITUATIONAL ANALYSIS

5.1 Performance Environment

A participative methodology was followed taking ownership of the content related to Productivity SA's business environment. A combination of tools and methodologies related to strategy development were utilised with the process summarised as follows:

- I. Contextual presentations facilitated by workshop participants
- II. Understanding the AS IS and contextual environment
- III. Development of the strategic positioning, or TO BE of the organisation
- IV. Confirmation of strategic intent
- V. Gap closing strategies
- VI. Development of high level strategic focus areas

An analysis was conducted under which Productivity SA to establish the Performance environment and the results from the gap analysis are depicted in the Table below

Theme	Current Profile	Ideal Profile
Productivity Culture	<ul style="list-style-type: none"> • Solid heritage as productivity organisation – productivity is our core business 	<ul style="list-style-type: none"> • Increased involvement with different stakeholders via continuous improvement culture • Utilising a more standardised approach (i.e. templates) to facilitate a productivity culture amongst recipients
Productivity competencies and tools	<ul style="list-style-type: none"> • Good productivity tools – but not utilising these optimally • Current tools, tacit knowledge and methodologies are linked to individual expert and programs 	<ul style="list-style-type: none"> • Marketing of productivity related solutions • Develop and standardise productivity tools, methodologies and programs • Fit for purpose and up-to-date solutions • Consulting with international experts and alumni – involvement in Productivity SA programs
Facilitation and evaluation of productivity improvement in workplaces	<ul style="list-style-type: none"> • Diagnostic tool • Process is individually focused and fragmented • Elements of a Productivity SA approach 	<ul style="list-style-type: none"> • Structured review of projects in order to capture learning and enhance products and processes • Develop standardised Productivity SA approach – diagnostics, learning organisation, more cross functional teams • World class solution, approach or tools that reflect best practice

	<ul style="list-style-type: none"> • Need to become better at measurement and evaluating in a consistent manner – enabling us doing comparable research between industries and sectors
Knowledge management	<ul style="list-style-type: none"> • Internal knowledge management systems lacking • Knowledge transfer • Not securing Intellectual Property (IP)
Productivity research	<ul style="list-style-type: none"> • Good at writing up current projects and post hoc research of recent projects • To be more future focused in researching issues affecting competitiveness in different value chains of the economy (e.g. critical skill shortage) • Build forecasting expertise • Relevance of information at a specific point in time with regards to the economy and political environment (i.e. tax breaks, import duties) • Benchmarking world class productivity standards per industry • Become more proactive towards the facilitation of job retention
Facilitating job creation and job retention	<ul style="list-style-type: none"> • Playing strategic and operational role in the current economy
Relevance	<ul style="list-style-type: none"> • We are not the automatic first choice in terms of productivity • Who are our competitors? • Consulting firms rather than Productivity SA
Value offering	<ul style="list-style-type: none"> • Flagship programs (SMME focus, Turnaround solutions, WPC) • Lack of impact measurement • Productivity awards excellent • School debates are important
Stakeholder management	<ul style="list-style-type: none"> • Good relations with local and international stakeholders • Programmes in place to position ourselves locally and in the continent – need to become company of choice i.t.o. procuring productivity and competitive solutions • Measurement with clear statistics demonstrating impact of programs – Measurement framework • Aligned service offering meeting needs of broader economy • Diversification and broadening of offering base • Broaden base of stakeholders and develop in depth knowledge of stakeholder needs, as well as an integrated plan to pro-actively manage these
Market positioning	<ul style="list-style-type: none"> • Solid heritage as productivity organisation • Not strong enough brand • Not representative in all provinces • Positioned as leaders in economy / industries seen to be providing productivity as a solution in response to universal productivity needs • Accessing funds based on market position

5.2 Organisational Environment

Against the backdrop of the current reality the general strategic orientation of Productivity SA in respect of Productivity SA's challenges for the 3year period were determined, utilising a comprehensive SWOT and cross-impact analysis as a conversation piece. The following significant SWOT was identified to be contribution to the current organisational environment:

<p><u>Strengths</u></p> <p>Relationship with Asian Productivity Organisation</p> <p>Cost advantage in service offering given funding model</p> <p>Knowledge in productivity</p> <p>Available processes, tools & techniques</p> <p>Legislative mandate</p>	<p><u>Weaknesses</u></p> <p>Not updating our processes, tools, techniques</p> <p>Low strategic focus</p> <p>Not enough specialists within organisation</p> <p>Take too long to take action</p> <p>Underutilisation of own resources, esp staff</p>
<p><u>Opportunities</u></p> <p>Build relationships with key stakeholders in private and public sectors</p> <p>Many provinces still underserved, thus many opportunities</p> <p>Alignment to government priorities</p> <p>Bring unique offerings to our market by leveraging our strategic partnerships with world productivity organisations</p> <p>Corporate social investment! - private sector</p>	<p><u>Threats</u></p> <p>Not proving results and impact (fail to show ROI to funders)</p> <p>Loss of intellectual property</p> <p>Not able to attract/retain specialists by not offering market related remuneration</p> <p>Government policy change</p> <p>New entrants in our market / niche for our funders to consider</p>

5.2 Description of the Strategic Planning Process

The general strategic guideline is that the Productivity SA position must be consolidated if the Executive team wants to lead the organisation forward from its current reality to achieve the Productivity SA challenges. The Board of Directors and the Executive Management Team of Productivity SA met on 13 August 2013 at a strategic planning session and identified on the key objectives as well as the agreed timeframes. These sessions are held on an annual basis to review progress.

6. STRATEGIC OUTCOME ORIENTED GOALS

- To provide cutting edge productivity measurement and improvement techniques and tools to customers
- To be at the forefront of productivity thinking and discourse
- To be the employer of choice
- To improve organisational growth and sustainability
- To contribute to the improved standard of living through enhanced productivity.

PART B: STRATEGIC OBJECTIVES

7. PRODUCTIVITY SA PROGRAMMES

Productivity SA achieves its mandate through the utilisation of its core programmes and these are:

- Productivity Organisational Solutions
- Turnaround Solutions
- Value Chain Competitiveness
- Workplace Challenge

These programmes are duly and ably supported by:

- Marketing and Communications
- Human Resources
- Corporate Services

STRATEGIC RISKS

Risk	Risk Description	Mitigation Strategy
1.	Inadequate exposure or awareness in the market (Lack of advertising)	Media Campaign
2.	Poor Brand image of Productivity SA	Brand promotion, Marketing Strategy, Media campaign
3.	Non-institutionalisation of knowledge	Maintenance of programme for capturing of tacit knowledge
4.	Productivity SA intellectual property not adequately protected	Institutionalise a copyright system
5.	Sources of funding for new methodologies and solutions not developed	Develop collaborative relationships with relevant institutions
6.	Failure to implement/initiate programmes/interventions that demonstrate Productivity SA contribution to competitiveness	Annual targets set and monitored for number of companies nurtured
7.	Lack of researched and relevant/ client oriented solutions	Partnerships to acquire cutting-edge solutions in place
8.	Failure to implement/initiate programmes/interventions that demonstrate Productivity SA contribution to competitiveness	Implement programme (with set annual targets) to capacitate ETD service providers and SMMEs in order to equip them to contribute to sustainable employment creations
9.	Failure to (timeously) align solutions to changing market requirements / trends or innovation	Solutions are being adapted to requirements of specific clients
10.	Inadequate internal training, mentoring and coaching	Measured as part of KPAs of executives and managers
11.	Negative work environment	Culture survey done annually to be followed by action plan
12.	Inadequate mechanisms to timeously identify opportunities and/or threats emerging from shifts in economy	Plan to respond to opportunities and threat arising from meltdown by SP
13.	Reported information is not reliable	Key control relied on by Productivity SA management to be identified
14.	Limited revenue streams	Provide financial models and projections to support expanding range of revenue options for inclusion in Productivity SA service offering

STRATEGIC OBJECTIVES

GOAL STATEMENT	Contribute to decent employment creation
Strategic Objective 1.1	Positioning and Branding
Objective statement	To position Productivity SA as a leader in productivity and competitiveness in the country
Baseline	Development of strategy
Justification	
Links	Outcome 4
Strategic objective 1.2	Knowledge Management and Research
Objective statement	<ul style="list-style-type: none"> • To ensure that Productivity SA proactively manages information storage, retrieval and dissemination efficiently and effectively, pro-actively manage matters related to intellectual property and be custodians of productivity knowledge. • To be the number one source of cutting edge and up to date information on productivity and competitiveness
Baseline	Framework on Knowledge Management
Justification	
Links	Outcome 4
Strategic objective 1.3	Fore-sighting
Objective Statement	To predict the future status of the socio-economic environment in SA with regards to productivity and competitiveness
Baseline	Strategic discussions and framework on 3 sectors
Justification	
Links	Outcome 4

Strategic Objective 1.4	Service Offering
Objective Statement	Improve productivity and competitiveness through aligning service offering to trends and needs in the market
Baseline	Productivity interventions in 6062 companies, SMMIEs, Cooperatives, Managers and workers. 3886 jobs saved in distressed companies through turnaround strategies
Justification	
Links	Outcome 4
Strategic Objective 1.5	Talent Management
Objective Statement	Management of the development of the talent and skills identified (measured and assessed) for the future leaders
Baseline	Established Talent Management Committee and Strategy
Justification	
Links	Outcome 4

Strategic Objective 1.6	Organisational Development
Objective Statement	To achieve a set of agreed to goals in an organised and participative manner. (Establish goal alignment objectively)
Baseline	Develop a Learning and Growth culture pillar
Justification	
Links	Outcome 4

Strategic Objective 1.7	Stakeholder Management
Objective Statement	To solicit buy in and continuous support of our mandate
Baseline	Awareness workshops that focussed on underserved provinces
Justification	

Links	Outcome 4
Strategic Objective 1.8	Monitoring and Evaluation
Objective Statement	To assess the efficiency and effectiveness of Productivity SA
Baseline	Implementation of 8 pillars/strategic priorities
Justification	
Links	Outcome 4

Strategic Objective 1.9	Financial Sustainability
Objective Statement	To improve Productivity SA financial viability
Baseline	Develop a financial viability strategy
Justification	
Links	Outcome 4

7.3 FINANCIAL CONSIDERATION

Table A.2 Productivity SA

R thousand	Audited outcome			Revised estimate 2013/14	Medium-term estimate		
	2010/11	2011/12	2012/13		2015/16	2016/17	2017/18
Administration	45 300	50 938	41 299	80 195	87 228	89 726	94 481
Productivity Organisational Solution	2 654	2 183	8 180	3 093	3 547	3 880	4 086
Value Chain Competitiveness	1 975	2 331	16 283	2 994	3 324	3 583	3 773
Workplace Challenge	4 505	12 350	6 812	10 004	10 514	11 029	11 614
Turnaround Solutions	15 130	6 016	5 574	10 795	8 982	11 216	11 810
-	-	-	-	-	-	-	-
Total expense	69 564	73 818	78 148	107 081	113 595	119 434	125 764

Table A.3 Productivity South Africa

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2010/11	2011/12	2012/13		2013/14	2014/15	2015/16
R thousand							
Revenue							
Tax revenue	-	-	-	-	-	-	-
Non-tax revenue	2 051	2 833	6 631	3 145	3 306	3 469	3 653
Sale of goods and services other than capital assets	1 917	2 470	6 409	2 754	2 895	3 037	3 198
of which:							
Administrative fees	-	-	-	-	-	-	-
Sales by market establishment	1 917	2 470	6 409	2 754	2 895	3 037	3 198
Other sales	-	-	-	-	-	-	-
Other non-tax revenue	134	363	222	391	411	432	455
Transfers received	77 433	57 233	73 629	103 936	110 289	115 965	122 111
Total revenue	79 484	60 066	80 260	107 081	113 595	119 434	125 764
Expenses							
Current expenses	69 564	73 818	78 148	107 081	113 595	119 434	125 764
Compensation of employees	32 263	35 555	43 586	49 135	52 378	55 311	58 409
Goods and services	36 763	37 569	34 038	57 946	61 217	64 123	67 355
Depreciation	530	622	519	-	-	-	-
Interest, dividends and rent on land	8	72	5	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-
Total expenses	69 564	73 818	78 148	107 081	113 595	119 434	125 764
plus/(Deficit)	9 920	(13 752)	2 112	-	-	-	-
Deficit financing check				ok	ok	ok	ok