

The logo for the South African Bureau of Standards (SABS) features the letters 'SABS' in a bold, black, sans-serif font. A horizontal red line is positioned directly beneath the letters.

South African Bureau of Standards

Presentation to the Portfolio Committee on Trade and Industry – 25th August 2021

A reports from the SABS on the progress regarding the implementation of the turnaround strategies and Quarter 1 FY2021/22 Results

Jodi Scholtz – Lead Administrator

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SABS

1. Vision, mission
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Vision

SABS

VISION

We are the trusted standardisation and business assurance solution provider of choice

CORE VALUES

Transparency	Professionalism	Confidentiality	Courtesy	Responsibility	Good governance	Collaboration	Knowledge driven
Being open in all communication and engagements	Observing the highest standards with respect to be reliable, delivery work of the highest quality, on time, behaving in a manner worthy of the SABS creed	Being respectful of the need to safeguard confidential information shared with us	Being polite, civil and showing good manners to all we engage with	Doing what is expected of us	Describes how the SABS will conduct public affairs and manage public resources in an effective and responsible manner	The process of two or more people or organizations working together to complete a task or achieve a goal	Proactively seeking information and knowledge that always enables one to deliver the best possible relevant solutions, providing thought leadership in areas of focus, leading the knowledge development in the sector

Strategic Objectives

- Develop, promote and increase the use of standards
- Provide integrated conformity assessment service solutions
- Achieve and maintain financial sustainability
- Continuous improvement in internal systems and process
- Creating and maintaining a high-performance culture

SABS Value Proposition

- The SABS has the large pool of auditors and is accredited over the largest number of schemes in South Africa
- It has the largest number of laboratories and it the only entity able to test high and low voltage electrical equipment in Africa
- In certain instances it has the only laboratory in the country
- All accreditation bodies that are used by the SABS are IAF accredited



SWOT Analysis

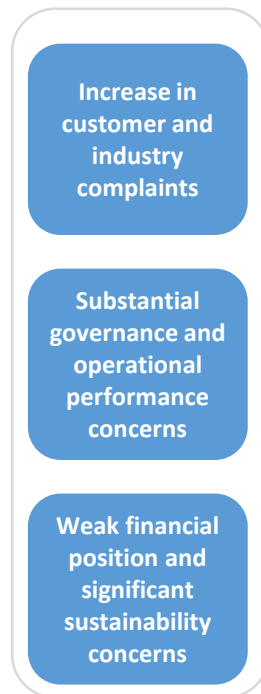
Strengths	Weaknesses
<ul style="list-style-type: none"> • The SABS legislative mandate to develop and publish South African National Standards • Relationships with regional and international standards bodies • The integrity and standing of the SABS brand and Mark Scheme which continues to attract customers • Offer services across the conformity assessment value chain • Strong geographical presence across South Africa 	<ul style="list-style-type: none"> • Slow turnaround times due to: <ul style="list-style-type: none"> ○ Cumbersome processes ○ Lack of integration between front and back office ○ Loss of key, skilled staff ○ Ageing testing infrastructure • Legacy ICT technology that requires upgrading • Low staff morale and productivity • Poor culture of performance • Inadequate B-BBEE rating, placing the SABS at a disadvantage during tendering stage
Opportunities	Threats
<ul style="list-style-type: none"> • Targeted focus on servicing Government departments and entities • Expand local content verification services based on an appropriate funding model • Potential to expand services offering to the rest of Africa • Diverse services that can be formulated into value streams of targeted offerings for customers in public and private sectors 	<ul style="list-style-type: none"> • Uncertainty around the COVID-19 impact • Increased competition - Foreign and domestic conformity assessment companies targeting niche industries and market segments • Current financial constraints of the fiscus may impact future grant allocations further



Turnaround Strategy

SABS

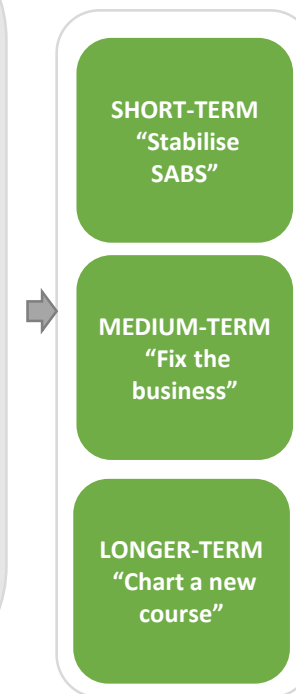
The need for
turnaround plan driven
by ...



SABS placed under administration in July 2018
Diagnostic process – highlighted....

- **Shareholder/SABS** – unsustainable adversarial policy and mandate creep
- **Stakeholder and client relations** deterioration and sub-optimal resolution of complaints and queries
- Customer specific requirement testing, declining capacity/capability in testing infrastructure
 - Ineffective or sub-optimal business processes – permit expiry, loss of accreditation, standards development
- **Human capital and policies:**
 - Loss of critical skills, long-standing mission critical vacancies
 - Arbitrary shifting of functions and personnel deployment
 - Sub-optimal suite of policies
 - Pervasive bottlenecks – e.g. procurement
 - Degraded Performance Management
- **Maintenance and facilities :**
 - Serious shortcomings and lack of capex investment in plant and equipment.
- **Finances;**
 - Disclaimer audit opinion in FY2018
 - Steep fall in revenue in certification and laboratory services

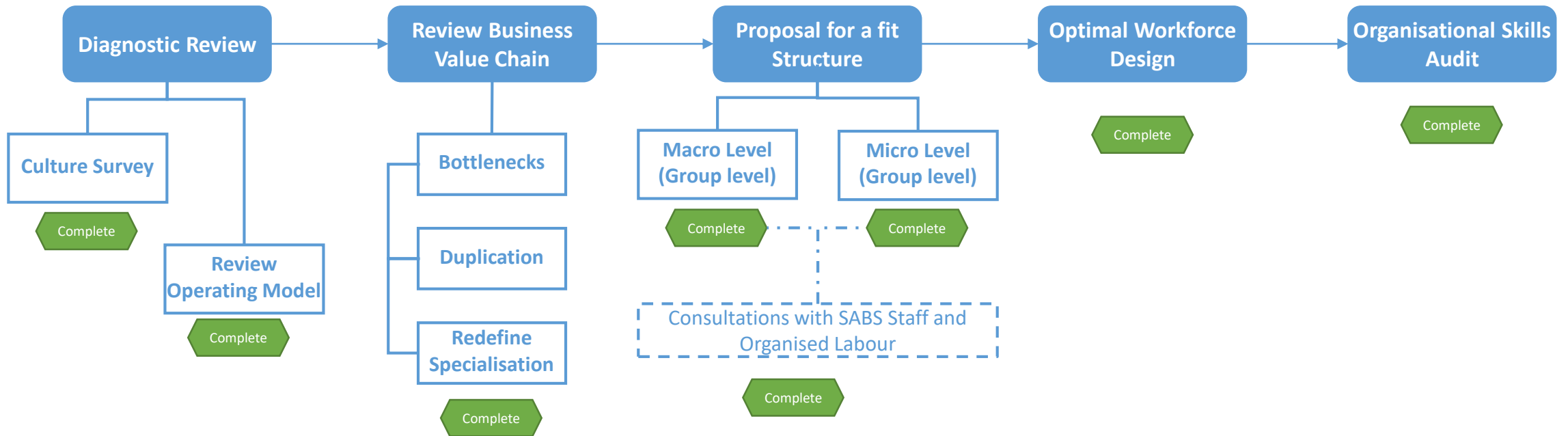
Turnaround plan developed
with ongoing refinement



Update from the last PPC report back

SABS

Turnaround Strategy



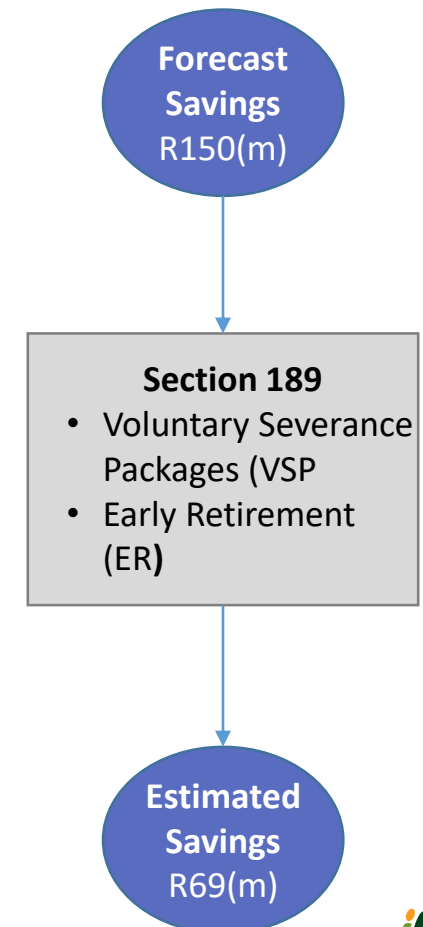
- Review Business Value Chain - **Completed**
- Organisational Skills Audit - **Completed**



Section 189 Process

Section 189 Update

- On 10 March 2021, SABS issued a **s189(3) notice to employees confirming its contemplation of potential retrenchments** and thus inviting employee representatives and/or employees to consult with the employer on various issues pertaining to contemplated retrenchments
- The targeted reduction to the salary bill is **R150 million** to achieve financial sustainability
- During the consultations, parties to the signed agreement agreed to open opportunities for employees to apply for Voluntary Separation Package (VSP) and Early Retirement (ER) as one of the first major alternatives to avoid/minimise the risk of retrenchments
- The VSP & ER process attracted 123 applications, and **110** of which were approved, as we had to balance the required savings with the loss of critical skills
- To avoid the complete erosion of skills and to ensure continued delivery, we have implemented **skills transfer** and robust handover arrangements – by engaging on a flexible contracting regime with some of the exiting staff
- While the VSP/ER has assisted in realizing some cost cutting, the gap is still huge to reach the target of R150 million
- Therefore, the **section 189 consultation process is still underway** and is envisaged to be completed by October/November 2021 – the focus is on closing the gap through other alternatives before any forced retrenchments can be activated



Organisational Review

Organisational Review

SABS



- New Organisational Structure has been approved **(Complete March 2021)**
- Proposal for a fit for purpose macro level (group level) and micro level (divisional level) Organisational Design **(Complete)**
- Completed consultations and engagement with all SABS staff and union members
- Conducted Organisational Skills Audit across the organisation **(Completed March- July 2021)**
- Revised Competency Framework **(Complete)**
- Analysed and drafted Role Profiles for the new structure **(Completed in July 2021)**
- Grading of various jobs across the organisation **(To be completed September 2021)**
- Investigate and conduct Remuneration Benchmarking **(In Progress)**



Financial Update

Financial performance – Quarter 1

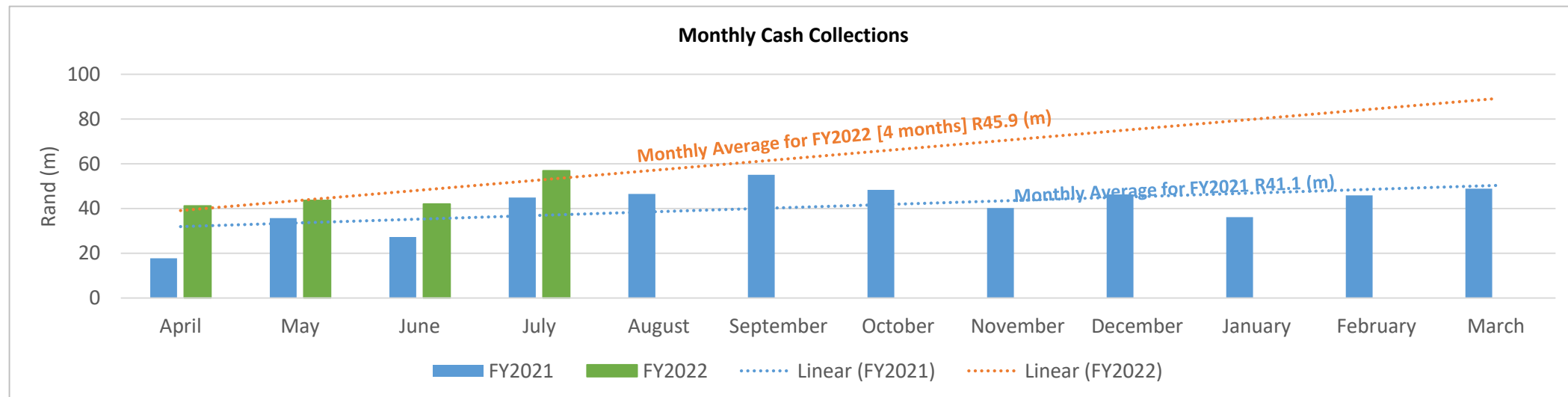
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- The SABS recorded a **profit of R6.4 million** against an expected net loss of R22.2 million in the first quarter of the financial year ending March 2022.
- Certification and the Training Academy have each exceeded budget by R3.5 and R1.0 million respectively while LSD is behind budget by R18.0 million for the quarter.
- The SABS receives **rental income** from the SABS properties that are leased to tenants. The tenants include Construction Industry Development Board (CIDB), National Regulator for Compulsory Specifications (NRCS) and National Consumer Commission (NCC).
- The savings in **administrative and operating costs** (R30 million when compared to budget) contributed positively towards the profit position. Savings were realised on employee benefits as well as general and administration expenditure due to stringent cost containment initiatives implemented as well as work from home (WFH).
- **Cash collections** increased in the first quarter of the year, when compared to the previous year, which was impacted by the COVID level 5 lockdown. The SABS received the government grant amounting R328.8 million, inclusive of VAT, from **the dtic** for the 2021/22 financial year, upfront in April 2021. The upfront payment of the grant will assist in assisting with the liquidity challenges.
- The s189 payouts relating to VSP's and ER's were made in July 2021. These payouts will result in a decrease in cash reserves however will be offset by savings going forward.



Customer Cash Collections

- Cash collections are dependent on revenue generation.
- The cash collections for the first quarter of FY2021/22 have increased when compared to the previous financial year albeit that the previous year was severely impacted by stringent Covid-19 lockdowns.
- Operational improvements have been implemented to ensure maximum monthly cash collections.
- The SABS received the government grant (upfront in April 2021) of R328.8 million, which is inclusive of VAT, from **the dtic** for the FY2021/22 financial year. The upfront payment of the grant will assist in assisting with the liquidity challenges.



Capital Expenditure

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Total amount spent on infrastructure and other capital investments since 2018/19 – R119 million

YTD June 2021 spend = R15.9 million (includes the following key projects):

Laboratory Services

- Efficiency labelling (EE) labelling water heaters - R1.2 million
- Dosimeters worth R6.1 million were received.
- R300,000 million was incurred on the upgrading of EPT&RM IP water system.
- Tan Delta Bridge was purchased for R700,000 million for NETFA High Voltage.
- Expenditure on the IP Water system for the Explosion Prevention Technology business unit was R600,000.

Information & Communication Technology Infrastructure

- R2.1 million was incurred on the Magento 2 Webstore/E commerce project.
- Expenditure incurred on the Gas & Flammable storage is R1.0 million.

Committed capex related to projects in progress – R49.7 million



Concluded a Memorandum of Understanding with SALGA

- Access to Standards
- Capacity and Capabilities development

Initiated collaboration with a key Conformity Assessment organisation

- Testing capabilities improvement
- Revenue generation enhancement

Benchmarking to improve Marketing & Communications and Customer Services

- National Metrology Institute of South Africa
- Agreement SA
- Public Servants Association of South Africa

Continued stakeholder engagements

- TVET Colleagues and CHIETA



Revenue Generation

Revenue Generation

List Activities and Updates for Quarter 1 FY2021:

Total of hundred and ten potential clients engaged versus a year-to-date target of hundred and five

Main industries/Sectors of focus:

- Chemicals and Materials, Electrotechnical and Food and Health

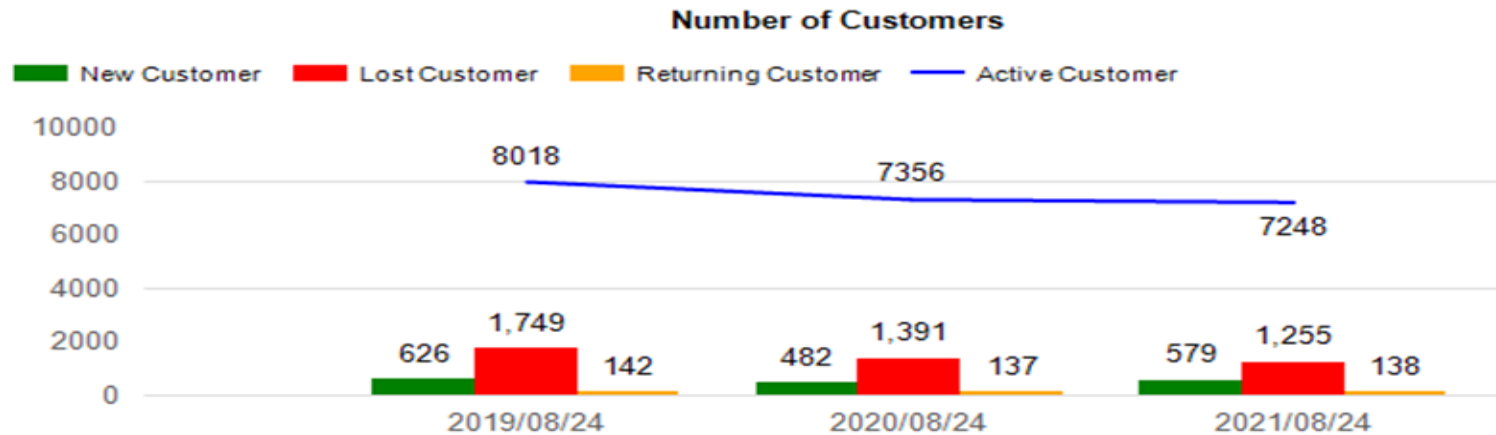
Expanded sales activities have begun to generate new business and the following was achieved:

- R38 Million worth of *quotations were issued* versus a target of R35 Million (109% conversion rate)
- R17 Million worth of *quotations were accepted* versus a target of R14 Million (45% conversion rate)
- R25 Million worth of tenders and *proposals submitted* and awaiting client's feedback
- Most of the activity happened in the *health, services and municipality sectors*

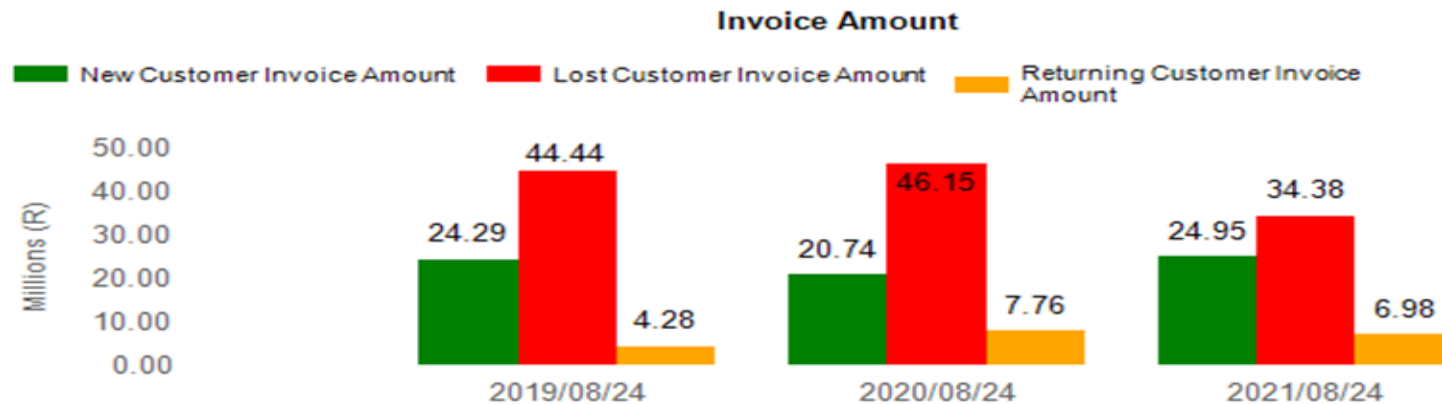
Laboratory Cluster	Number of requests	Value
Chemical and Materials	3	R22,000
Automotive and Mechanicals	12	R 220,000
NETFA	1	R34,000
TOTAL	16	R276,000



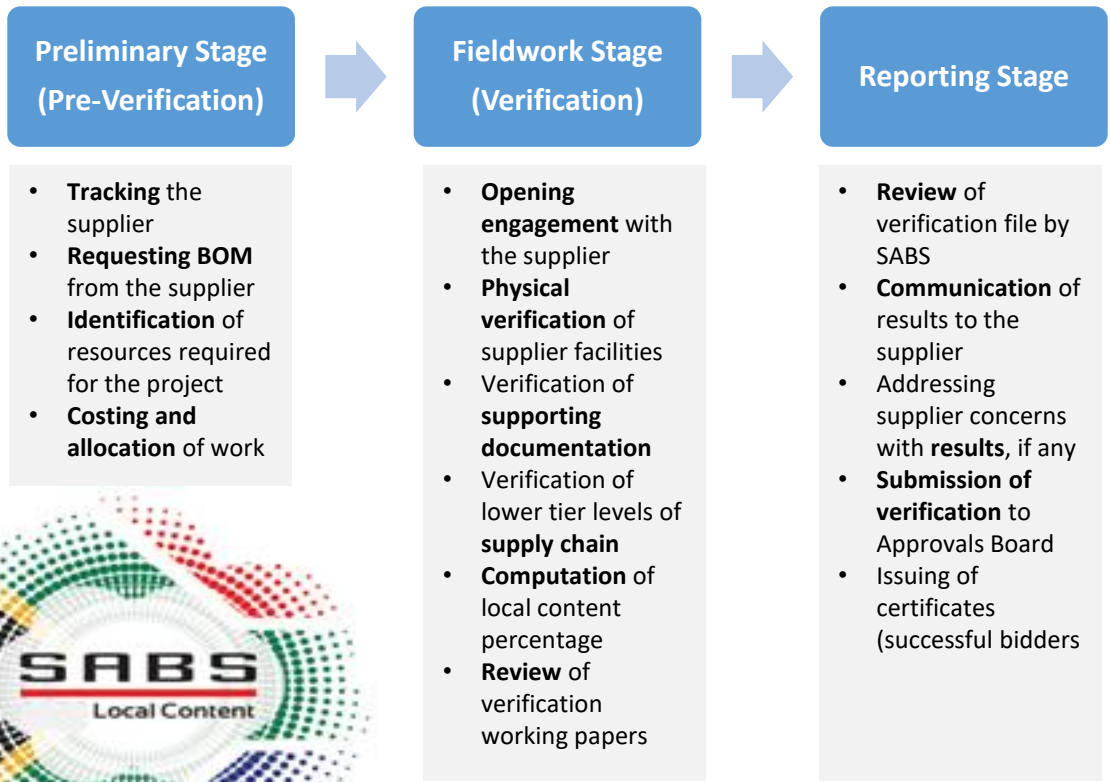
Revenue Generation (cont)



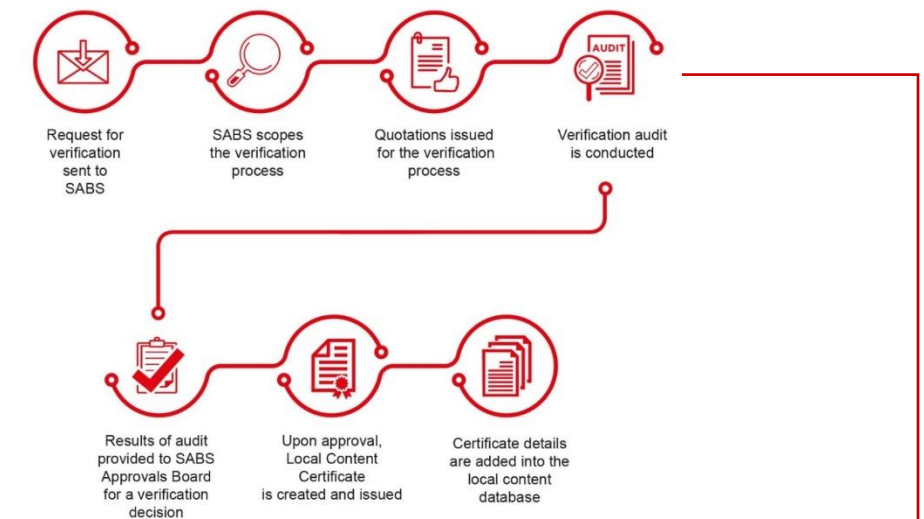
Definition of a New customer:
Is a business which has not transacted with SABS for the past 36 months



Revision of Local Content Scheme



LCV Verification Process



Local Content Percentage Range	Grades
Product with local content from 90% to 100%	A
Product with local content from 80% to 89%	B
Product with local content from 70% to 79%	C
Product with local content from 60% to 69%	D
Product with local content from 50% to 59%	E
Product with local content from 40% to 49%	F
Product with local content from 30% to 39%	G
Product with local content from 20% to 29%	H
Product with local content from 10% to 19%	I
Product with local content from 1% to 9%	J

- The scheme is geared at promoting the localisation agenda and to drive competitiveness
- It is in support of the AfCFTA initiatives particularly on *Rules of Origin* provisions
- The SABS will be embarking on awareness raising programmes partnering with various stakeholders, such as Proudly SA, the Minerals Council, the Mining OEM's Forum, BUSA etc.



Revenue Retention

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Engagements with 20 high value clients were for planned in Q1 FY2021/22

9 of the 12 planned engagements were conducted

Clients engaged were operating within the following industries/sectors:

- Mining and Minerals
- Electrotechnical
- Food and Health
- Services

Key issues relating to communication and long turnaround times were raised

- List of actions and status updates to be presented at various performance monitoring forums i.e., Executive Committee and Operations Committee (OpsCo)

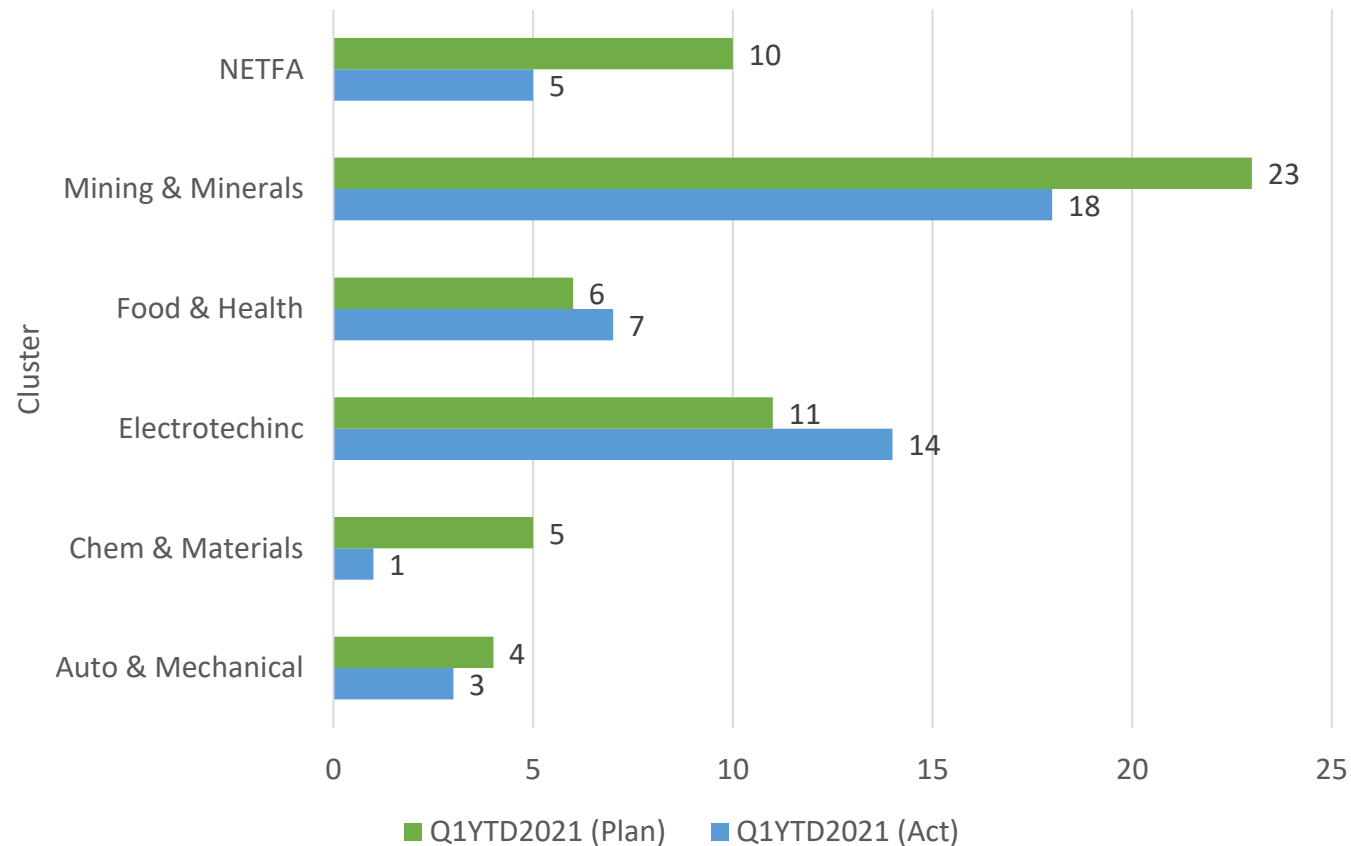
Notable improvements in SABS Management willingness to listen to the voice of the clients appreciated

Several auditors complimented for the quality and depth of service provided



Customer Engagement

Laboratory Service Customer Engagements - Quarter 1



- Clusters managed to engage 80% of the customers from an initially planned set of 57 engagements in Q1
- Customer engagement drive has allowed the SABS Management to establish a clear view of the customers journey and were there are operational blockages
- Laboratory Services has a total of 48 Planned Engagements for quarter 2 and so far, a total of 13 customer engagements have been conducted



Stakeholder Engagement

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Note: This is not a complete list of stakeholder engagements for Quarter 1



Collaboration with Proudly SA

- To create Local Content Verification awareness and Small and Medium Enterprises support

Public Procurement Sector Awareness Sessions Conducted

- Local Content and Production training – Western Cape
- Local Content Verification - Northern Cape

Other planned sessions and webinars

- Eastern Cape – August 2021
- Gauteng – August 2021
- Limpopo – September 2021
- Pretoria – October 2021



Standards Development

No	Standard/ Project	Standard Title	Priority Sector	Status	Date Published
1	SANS 21102	Adventure Tourism- Leaders-personnel competence	Tourism Sector	Published	30-Jun
2	SANS 21277	Information Technology – Radio frequency identification device performance test methods – crypto suite	Digital economy	Published	03-May-21
3	SANS 14064-1	Greenhouse gases Part 1 Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals	Green Economy – Climate Change	Published	30-Jun-21
4	SANS 50004	Energy management systems-Guidance for the implementation, maintenance and improvement of an energy management system – guidance for reporting uncertainty in measurement and verification	Green Economy – Climate Change	Published	25-May-21
5	SANS 695	Plastic carrier bags and flat bags	Plastics	Published	30-Jun-21
6	SATS 62898-2	Micro-grids Part 2 – Guidelines for Operations	Electro-technical	Published	30 Jun-21
7	SANS 416	Chemical resistant gloves	Textiles/Clothing/PPE	Published	31-May-21
8	SANS 68	Single-use sterile rubber surgical gloves – Specification	Medical Devices	Published	30-Jun-21
9	SANS 4731	Essential Oil of geranium (Pelargonium x ssp.)	Essential Oils	Published	30-Jun-21
10	SANS 11890-1	Paints and varnishes - Determination of volatile organic compound (VOC) content Part 1: Difference method	Chemicals	Published	30-Jun-21

Standards Projects is in Support of the dtic Industrial Priority Sectors and is closely aligned to the Sector Master Plans



Highlights of Published National Standards

SABS

SANS Number	SANS Title	Sector
SANS 4731	Essential oil of geranium (Pelargonium x spp.)	Agro-processing
SANS 1875	Edible Oils	Agro-processing
SANS 21511	Work breakdown structures for project and programme management	All Sectors
SANS 15874 Part 1,2,3,5	Plastic piping systems for hot and cold-water installations – Polypropylene (PP) Part 1 : General; Part 2 : Pipes; Part 3 : Fittings; Part 5 : Fitness for purpose of the system	Chemicals and Plastics
SANS 952-1	Polymer-film for damp proofing and waterproofing in buildings – Part 1 : Monofilament and co-extruded products	Construction
SANS 60076-5-200	Power transformers - Part 22-5:Power transformer and reactor fittings – Electric pumps for Transformers	Electro-technical
SANS 61482-1-1	Live working - Protective clothing against the thermal hazards of an electric arc Part 1-1: Test methods - Method 1: Determination of the arc rating (ATPV or EBT50) of flame-resistant materials for Clothing	Electro-technical
SANS 14064-1	Greenhouse gases Part 1 – Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals	Green Economy
SANS 27914	Carbon Dioxide Capture, Transportation and Geological Storage – Geological Storage	Green Economy – Climate change
SANS 27915	Carbon Dioxide Capture, Transportation and Geological Storage – Quantification and verification	Green Economy – Climate change



Highlights of Published National Standards

SABS

(cont)

SANS Number	SANS Title	Sector
SANS 27035-11875	Information technology – Security techniques - Information security incident management - Part 1: Principles of incident management	ICT – Digital Economy
SANS 10105-1	The use and control of firefighting equipment Part 1 : Portable and wheeled (mobile) fire extinguishers	Industrial
SANS 10105-2	The use and control of firefighting equipment Part 2 : Fire hose reels and above ground hydrants	Industrial
SANS 41014	Facility management - Development of a facility management strategy	Infrastructure and Construction
SANS 68	Single-Use sterile rubber surgical gloves - Specification	Medical
SANS 22059	Guidelines for consumer warranties/guarantees	Services/Products/Consumer warranties
SANS 21102	Adventure tourism – Leaders – Personnel competence	Tourism
SANS 62282-6-200	Fuel cell technologies Part 6-200: Micro fuel cell power systems – Performance test methods	Hydrogen Economy



SA's unique dark green geranium oil now has an official standard, to drive up export prices

Business Insider SA
Aug 03, 2021, 10:07 AM



(Getty)

- Essential oil derived from rose geranium in South Africa is dramatically different from that made in China, Madagascar, Reunion, and North Africa.
- It smells and looks different, which can make it uniquely useful for some products.
- Now the chemical differences that sets it apart has been captured in a SABS standard, so it can be formally distinguished.
- That could boost prices and exports, the standard maker hopes.
- For more stories go to www.BusinessInsider.co.za.

AfCFTA

AfCFTA Agreement Annex 5 - Article 6 : Co-Operation in Standardisation

The Parties shall:

- a) Develop and promote the adoption and/or adaption of international standards;
- b) Promote the adoption of standards developed by the ARSO and the AFSEC;
- c) Where a relevant international standard required to facilitate trade does not exist, request the ARSO and/or the AFSEC to develop the required standard to facilitate trade between State Parties;
- d) Designate liaison focal points to ensure that all State Parties are well informed of the standards developed or to be developed by the ARSO and the AFSEC;
- e) Apply harmonized rules and procedures for the development and publication of national standards in accordance with International requirements and best practices; and
- f) Promote membership, liaison and participation in the work of ISO, IEC, ARSO, AFSEC and similar international and regional standardisation organisations.



AfCFTA Agreement Annex 5 - Article 8 : Conformity Assessment

The Parties shall:

- a) Promote compliance with the WTO/TBT agreement;
- b) Make use of relevant international standards and conformity assessment procedures;
- c) Facilitate the development of conformity assessment capacity and technical competence that can support trade
- d) Promote the use of accredited conformity assessment bodies as a tool to facilitate trade amongst the state parties
- e) Promote mutual acceptance of conformity assessment results of conformity assessment bodies which have been recognized under appropriate multilateral agreements between their respective accreditation bodies and the relevant mutual recognition arrangements of the AFRAC, ILAC and IAF; and
- f) Enhance confidence in the continued reliability of each others conformity assessment results through, amongst others, peer reviews where appropriate



AfCFTA - Standards Harmonisation

SABS

Committees



**African Organisation for
Standardisation**

TC/SC Harmonisation Scope

- African Traditional Medicine
- Agriculture and food products
- Basic and General Standards
- Building and civil engineering
- Chemistry and Chemical Engineering
- Electro-technical
- Energy and Natural Resources
- Environmental Management
- Mechanical Engineering and Metallurgy
- Quality Management
- Textiles and leather
- Transport and Communication



**African Electrotechnical
Standardisation
Commission**

TC/SC Harmonisation Scope

- Electrical energy measurement and control
- Electrical Installations and protection against electric shock
- Electromagnetic compatibility
- Power systems management and associated information exchange
- Solar photovoltaic energy systems
- System aspects of electrical energy supply



**SADC Cooperation in
Standards**

TC/SC Harmonisation Scope

- African Traditional Medicine
- Automotive and Transport
- Chemicals and chemical products
- Construction
- Cosmetics, soaps and detergents
- Electro-technical
- Energy
- Financial Services
- Food and Agricultural products
- Geographical Information Systems
- Health and Safety
- Hospitality and Tourism
- Leather and textiles
- Management Systems and Conformity Assessment
- Paper
- Plastics
- Water



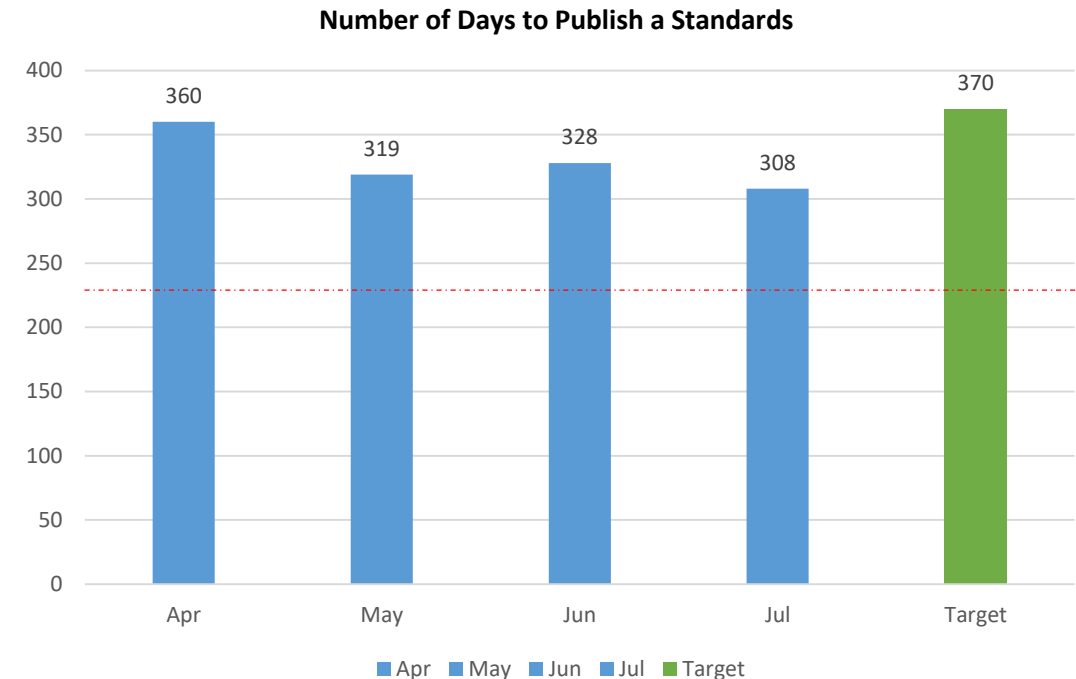
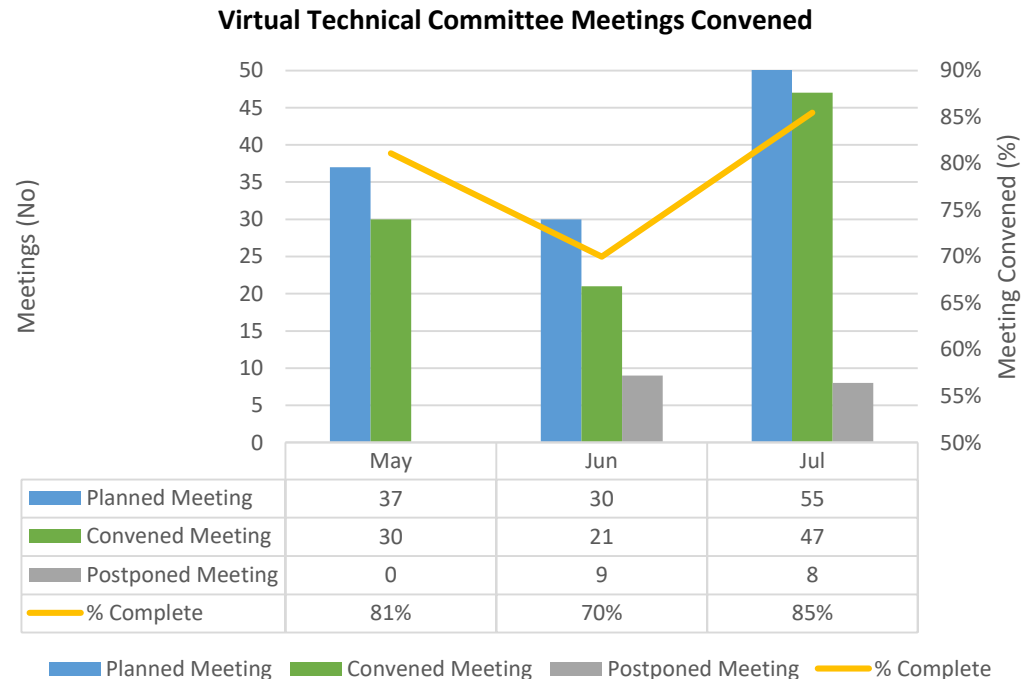
AfCFTA - Action Plan

Projects	Action Status
Stakeholder Engagement (Bi-lateral)	<ul style="list-style-type: none"> • Botswana Bureau of Standards (BOBS) - Finalise MOU Implementation plans, ESA - Finalise MOU implementation plans • Eswatini Standards Authority (SWASA) – Finalise MOU and implementation plans • NSA – Review current MOU and develop an implementation plan • Establish criteria and identify other member state National Standards Bodies (NSBs) for bilateral agreements (i.e., Kenya Bureau Of Standards (KEBS), Zambia Bureau of Standards (ZABS), MSA)
Thought Leadership and Governance	<ul style="list-style-type: none"> • Propose the review of African Organisation for Standardisation (ARSO) African Standards Harmonisation Model (ASHAM) • Lead the review process of ARSO Membership • Impactful participation at ARSO, AFSEC, SADCSTAN Council and General Assembly and participation at management committees
AfCFTA - Participation in THCs (Multi-lateral)	<ul style="list-style-type: none"> • Review South Africa’s participation in THC in ARSO, SADCSTAN and AFREC and develop a focused and cost-effective approach to support the AfCFTA
African Quality Policy	<ul style="list-style-type: none"> • Review and influence the draft African Quality Policy to support SABS strategic objectives on the AfCFTA • Engage and direct ARSO, AFSEC, SADCSTAN on establishing a harmonization roadmap and action plan on priority sectors and regionals value chains that include high value add products, sunrise sectors and technologies within the 4IR.
Made in Africa Standard	<ul style="list-style-type: none"> • Active participation and comments submitted by SABS and the dtic on the Made in Africa Standard



Operational Improvements

Operational Improvement - Standards



- The average days to publication provide an indicator of the efficiency of Technical Committees (TCs) /SCs/Working Groups (WGs) in managing the portfolio of projects and timely publication of the documents as per the agreed projects tracks.
- The target days to publication is 370 days for FY2021/22.
- The average days to publication is 308 days which is satisfactory and within the target of 370 days.

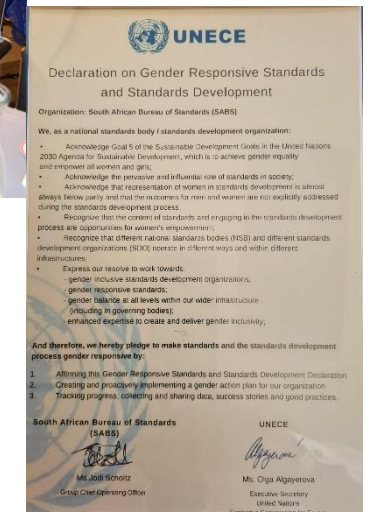


Gender Responsive Standards



DECLARATION ON
GENDER
RESPONSIVE
STANDARDS AND
STANDARDS
DEVELOPMENT

- Aligned to the UNSDG 5 “Gender Equality” SABS has signed the UNECE Declaration on Gender Responsive Standards and Standards Development
- SABS has developed a three-year action plan currently under implementation



1. Affirming the Gender Responsive Standards and Standards Development Declaration
2. Creating and progressively implementing a gender action plan for our organization
3. Tracking progress, collecting and sharing data, success stories and good practices.



Gender Responsive Standards Action Plan

SABS

GENDER REPRESENTATION

- ◆ Gender demographic – SABS wide
 - ◆ Target - 50% women representation on supervisory and management portfolios
- ◆ Gender demographic – SABS Technical Committees
 - ◆ Target - 30% women representation in technical/sub-committees
 - 30% women in leaderships position in SABS committees

- Currently SABS has 24% female representation in Technical committees
- Engagement with Women in Plumbing on an initiative to review specific standards that are not gender neutral
- Engagement with SABS technical committee chairpersons to support the implementation of the Gender Responsive Action Plan

GENDER RESPONSIVENESS – NATIONAL STANDARDS

- ◆ Assess the catalogue of SANS and current programme of work on gender responsiveness
- ◆ Adopt tools to support TCs in the development of gender responsive standards

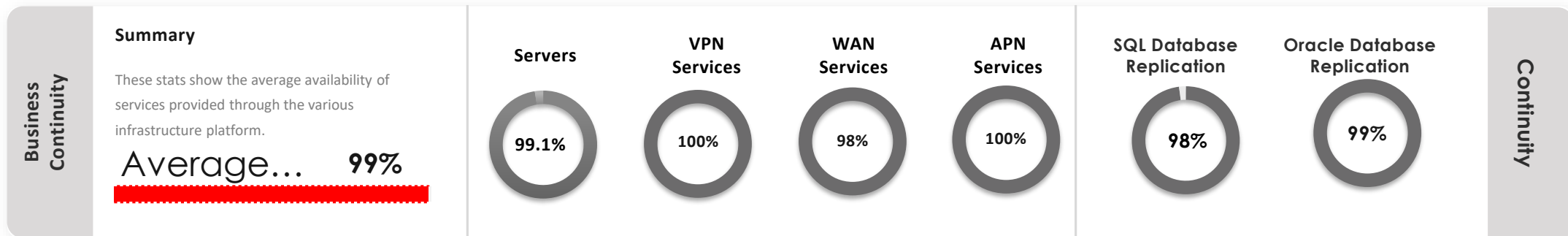
OUTREACH AND ADVOCACY

- ◆ Promotional and marketing material on gender responsive standards
- ◆ Stakeholder engagements on Gender Equality



Investing in our Information and Communication Technology

- Certification System (SABS CIMS) - Implementation of a SABS Certification System **(70% Complete)**
- Standards Sales Or E-commerce Platform - Magento Platform Upgrade And Process Enhancement **(50% Complete)**
- LSD Optimization Project - LIMS Upgrade And Rollout **(Upgrade Complete)**
- Acquisition of an ERP system for Finance, CRM, SCM and HR **(Vendor Demonstrations – Completed & preparing RFP)**
- SABS Website - Build A New Sabs Corporate Website (Business Requirement Specification -Complete)
- General Assessment of the Operational Technology within the Laboratories **(Final Report Complete)**



Conducted an organisational review exercise had the following deliverables:

- Reviewed the organisational strategy
- Conducted an institutional diagnostic analysis
- Reviewed and developed a new operating model for SABS
- Reviewed and developed macro and micro-organisational structures for SABS
- Consulting for buy-in and approval of the SABS organisational structures
- Conducting an organisational-wide Skills Audit exercise
- Conducted the Job Profiling and Evaluation exercises for new and amended roles
- Currently conducting a Matching and Placing process to populate the new organisational structure
- Initiating an Organisational Culture Change programme

Have stabilised the employee relations environment by implementing the recognition agreement; and by adopting an environment of transparent engagements with labour.



Operational Improvement - Human Capital (cont) **SABS**

Reviewed the performance management policy environment by developing and approving a new performance management policy & procedure; and automating the performance management processes

Introduced a structured *Youth Development Programme* and employed 20x graduate trainees

Reduced the workplace injuries to LTFR of 0.04 by implementing a robust health & safety system

Established a management forum to discuss all issues affecting the management staff

Currently rolling out leadership development initiatives, namely:

- Leadership Circle – assessing the current leadership capability, identify competency gaps, and recommend development plans tied to the turnaround programme
- Women in Leadership Programme
- Leadership Coaching

Empowering managers on conflict management, staff development, motivation and discipline



Operational Improvement - Human Capital (cont)

SABS

Improved the employee relations environment by:

- implementing the recognition agreement; and
- conducting regular management/union engagements

Reviewed the performance management policy environment by:

- developing and approving a new performance management policy & procedure; and
- automating the performance management processes



Operational Improvement - Facilities

Project Description	Objective	Status
Q - Block	Fit for purpose	Scoping document completed. Busy with RFQ . Q block phase two in progress.
Transformer Repairs and Maintenance	Legal Compliance	In progress. Project to be completed 31st December 2021
Gas and Flammable Storage	Legal Compliance	In progress. Expected completion date Dec 2021. Drawings approved by COT.
Structural Repairs	Legal Compliance	In progress. Expected completion in Nov 2021
Durban Structural Repairs	Legal Compliance	PO Approved. In contracting phase
Electrical COC's	Legal Compliance	Projected Completed. 8 DB's non complaint. In progress with punch list items
Electrical Installation in Hazardous Area	Legal Compliance	SCM to advise to re advertise after engaging with current supplier.
Groenkloof pipe assessment	Operational and Legal Compliance	Assessment completed. Report received. Funding to be requested from DTIC
Roof Leaks – NETFA / Pump Test Lab and Acoustics Laboratory	Operational and Legal Compliance	Awaiting approval for funding and approval from insurers



Operational Improvement - Facilities (cont)

Project Description	Objective	Status
Brake Test Switch Gear	Operational and Legal Compliance	Awaiting Procurement Approval
General Maintenance	Operational and Legal Compliance	East London , NETFA and Secunda maintenance in progress.
Replacement of Cranes at NETFA, EPT and Pump Test Laboratory	Operational and Legal Compliance	In progress, Expected completion September 2021
NETFA Switch Gear	Operational and Legal Compliance	In progress. Drawing approved. Delivery to NETFA on the 20th July 2021
East London - Chiller	Operational and Legal Compliance	PO Raised , awaiting contract.
East London - Refurbishment and Upgrade	Operational and Legal Compliance	RFQ to begin after covid-19 adjustment level
Energy Efficiency Programme	Reduce the amount of energy usage	NCPC in progress with reports. Due End of July 2021
Burst Cabinets / Pin Hole	Reduce turnaround time and increase productivity	Order received. Project plan submitted. In progress
C Block Generator	To supply power during power failure and outages	In progress. Expected project completion on the 31st July 2021



Highlights	Challenges
<ul style="list-style-type: none"> ▪ FSSC Licence has reinstated and staff members have completed online training on the FSSC portal ▪ Commitments by all divisions (LSD, Certification and Accreditation) to address and close off Internal request for Quality (IRQs) ▪ Selling FSSC services to new customers 	<ul style="list-style-type: none"> ▪ SANAS audit was conducted, a total 16 non-conformities were recorded
Focus Areas August 2021	Areas for Improvement
<ul style="list-style-type: none"> ▪ Conduct root cause analysis (RCA) for SANAS raised non-conformities and submit before the 6th September. ▪ Prepare for SANAS clearance of the findings in October ▪ SANS 490 scope extension by the end of August 2021 	<ul style="list-style-type: none"> ▪ Record keeping to be implemented on central storage point

Several Schemes for existing Management System will undergo Transition to new versions, they are:

- FSSC V5.0 to V5.1 – Currently at 13% of customers have transitioned, audits commenced in June 2021 (Cut off date end March 2022)
- SANS 10330 to (HACCP) 2020 – Currently at 18% of the transition are complete (Cut off date 4 February 2022)
- ISO 45001 – Management intervention in place to ensure that customers are successfully transitioned






Operational Improvement – Laboratory Services

Situation	Complication	Resolution
<ul style="list-style-type: none">▪ Inefficient processes▪ Technological gaps▪ Skill shortage▪ Skill shortage	<ul style="list-style-type: none">▪ Long-turn around times▪ Wastage in the processes▪ Institutional knowledge loss▪ Loss of revenue▪ Unstainable business	<ul style="list-style-type: none">▪ Capital investment▪ Multi-skilling▪ Waste elimination▪ Digitization▪ Standardization 

Operational Improvement – Laboratory

Services (cont)

	Phase 1: Definition	Phase 2: Implementation	Phase 3: Monitoring
Objective	 <ul style="list-style-type: none"> Initiatives to define, disaggregate and prioritize issues 	 <ul style="list-style-type: none"> Implementation of solutions according to the prioritization 	 <ul style="list-style-type: none"> Initiative to build a system that makes track and monitoring easier at the labs
Initiatives	<ul style="list-style-type: none"> Process mapping Waste analysis Profitability analysis Operational technology study Feasibility studies 	<ul style="list-style-type: none"> TO-BE process mapping Rationalization (Labs) Configuration of LIMS Capital investment Resourcing (HC) Tools (Planning) 	<ul style="list-style-type: none"> Lab KPI monitoring system Alignment with internal stakeholder Strategic KPI monitoring
Timelines	<ul style="list-style-type: none"> 12 months 	<ul style="list-style-type: none"> 18 months 	<ul style="list-style-type: none"> 24 months
Effect on LSD performance	<ul style="list-style-type: none"> Effective problem solving Clear prioritization 	<ul style="list-style-type: none"> Standardization System approach 	<ul style="list-style-type: none"> System implementation

Comments

The phases run concurrently

Phase 1:

- Process mapping is currently underway in some of the business units as part of the LIMS project
- Operational technology risk assessment is concluded for 4 out of 5 clusters
- Profitability analysis exercise is currently underway

Phase 2:

- The prioritization and implementation of projects are managed from the Executive office
- Capital expenditure underway (R17m capitalized in FY21/22)

Phase 3:

- Implementation of a system will ensure that the division is proactive in problem solving



Services (cont)

Financial Sustainability

- Initiatives: profitability analysis, various feasibility studies

Comprehensive Service Offering

- Initiatives: Various feasibility studies

Operational Excellence

- Initiatives: Planning and forecasting tool, LIMS, operational technology

High Quality Laboratories

- Initiatives: LIMS, Planning and Forecasting tool

Agility

- Initiatives: Internal stakeholder alignment (SLA)



Implement a new operating model to drive centralisation:

- Achieved - improved planning, effective coordination of processes and optimal use of resources

Repositioning of Local Content Verification as a proactive measure:

- Revised approach expected to be launched during Q2 of FY2021. This initiative will ensure that Local Content verifications are proactive rather than being performed post awarding.
- Furthermore, more focus to be placed at points of manufacture using a risk-based approach. Key stakeholders involved among others are the dtic, DBSA, National Treasury & Proudly SA. To date 117 Auditors have been trained as part of bolstering capacity to execute local content verifications.

Improve collaboration externally:

- Mainly targeting National Standards bodies in the Continent in support of local Manufacturers intending to export. Improve engagement with industry associations and regulators. Have assigned dedicated teams in the form of Client Managers to cultivate new opportunities.

Development of a Certification digital system:

- First phase expected to be functional in Q3 of FY2021, operational priority will be for all management system certification then followed by product certification (SABS Mark Scheme Certification).
- It envisaged that once operational it will assist in the elimination of identified inefficiencies.



Operational Improvement - Certification (cont) **SABS**

Ensure maintenance of our RvA and SANAS Accreditation (License to operate):

- All external assessment findings that were raised by accreditation bodies have been cleared

Building and strengthening of partnerships:

- SABS have partnered with National Cleaner Production Centre (NCPC-SA). The NCPC-SA and SABS has initiated an effort to double the number of companies certified for ISO 50001 with sole aim of improving energy management in the South Africa. SABS role will be the certification of companies

System Certification (Certificates) and SABS Mark Scheme Permits:

- Management has put mitigation plans in place with view of eliminating expiries, significant progress has been made with the permits not sitting at 95% not expired coming from 92%
- There is slight movement on the certificates side sitting at 97%



Way Forward

Priorities for Quarter 2

SABS

Continued Implementation of the Turnaround Plan – dedicated focus on performance, productivity and profitability

Drive Organisational Transitions

- Section 189 process completed
- Move to the Organisational Review Process
- Phased implementation of new structure, especially level 1 and 2

Monitor Cost Containment

- Significant cost savings have been achieved and the focus will remain on managing this area
- Need to address fixed cost, i.e., total cost-to-company

Emphasis on Revenue Growth

- Focus on revenue protection and generation

Ensure that the SABS is removed from being under administration

Launch of the Local Content Scheme





Thank you
Jodi.scholtz@sabs.co.za

