

14.4 Future Considerations

This review has attempted to provide an impression of the current status of pre-identified BEE entities as supported by SAWIT. Further to this, attempts have been made at broadly identifying or highlighting potential options/opportunities for improvement within these entities. Most of these listed are very much part of the industries current discourse but are still worth explicitly mentioning. Please note that these suggestions only capture or speak to some of the concerns, threats, and opportunities reflected through this report.

Observations and Proposals

1. **The concluding "next actions" are therefore proposed,** to further the identification of potential options and solutions, that smaller, separate focus groups (Traditional producers, Current Suppliers, Exporters, Retailers, Banks/Financiers, etc.) be held with the purpose of capturing any other issues seen or foreseen in the future and then to jointly with the BEE entities create feasible solutions or mitigating options around these. Such a process would begin to stimulate much of the needed interaction required to reduce the fragmentation currently experienced within the BEE grouping, between the old and the new entrants, and the market players.
2. Most new enterprises have tended to focus on creating their own independent brand in an already brand-diluted market. This tends to maintain a need to further dilute their focus through sourcing and providing a large range of products so as to build brand identity. All these actions can raise start-up and operational costs beyond what is viable, and can affect the quality management capacity of the new company.
3. Brands within the BEE grouping play mostly to the same differential (African, Black, etc.) restricting individual competition and reflecting a one-dimensional interface to the international market. This becomes a further restriction by an almost "quota-mentality" readily applied by the market. Where new entrants do still want to create brand names, such brand

names should be conceptualized in consultation with a SPV sub-committee. This would avoid unnecessary shifts such as was required by Imvula Wines (previously known as Sibeko Wines) which was challenged by Gallo and its brand Sebeka.

4. SAWIT and the SPV to consciously diversify away from the "virtual" winery entity to include primary production and upstream value chain options. Ironically, this minority grouping of new BEE entrants remain fragmented as a business grouping, especially in contrast to the traditional role-players and the "old boys tie" paradigm. It is not only the consolidation and strengthening of themselves which is vital, but this must be matched with diversifying themselves within the value chain and then partnering into the established wine operations – this is what is needed for transformation.
5. New Entrants tend to reflect a focus on the "quick-win" or "starting large" approach without considering gearing options and reflecting a commitment to long-term growth and sustainability – new business modeling and business plan strategies should be created as optional frameworks.
6. Too much attention and resources are been given to international marketing events. Funding options for these activities needs to be better coordinated and rather deferred to more critical support options such as improved financial acumen and loan options. In relation to this issue, a cost benefit analysis should be done to establish which international platforms should be afforded to whom. This exercise must be done with each company to as to transfer these skills and inculcate a profit orientated business value. Furthermore, international exhibitions should be fully capitalized, through providing companies with as much pre-information as possible regarding attendees, and where possible give initial support and follow through coaching in preparing them for the event itself.
7. Especially given that more crucial to creating new markets, has been the need to narrow the gaps that still exist between the supplier, stock acquisition and associated costs, packing and storage costs, orders, and the actual delivery to the market. The possible indirect implications on the market as a whole, of competitive marketing amongst BEE enterprises, should be researched and monitored (issues of "fishing in the same pond" and a "quota" mentality amongst exporters and consumers alike).

8. In order to negate and protect against the developing trend of traditional producers utilizing new entry brands to "dispose" of unwanted wine, direct support (especially for non-winemakers) in determining and evaluating sources that offer value and quality vs price is most critical and must be provided.
9. Leadership and management of most BEE companies tend to be responding mainly from a sense of "survival" than from a sound strategic visionary basis. Support in reframing their business plans and methodologies towards a more stepped and slower growth strategy is most critical. Consideration of clustering enterprises into larger business ventures, from primary producers and up, should be explored.
10. Work-shopped consideration should be facilitated between BEE companies in meeting and sharing supply chain needs and translating them into a grouped business venture (e.g. Bottling, packaging, Storage and Freight Handling).
11. A transformed SABVA or a reconstituted organisation, should be created that does not play a business improvement or coordinating function, but leaves the above type suggestions to entrepreneurs business entities
12. A new SABVA or the alternative, should be structured independently of any major industry player or supporting entity, and reflect a learning network operation providing services (e.g. researching and capturing relevant information, knowledge and ideas, disseminating such information, creating opportunities for shared peer-to-peer engagements/mentoring and coaching,) that stimulates dialogue, engagement and team work between its members and the entire industry. In this capacity it may also act as a representative or lobbying voice only when required.
13. Such a platform could also provide space a very practical learning and developing action – namely competitor sample tasting. This is where interested BEE companies taste their own products blind alongside those products in the same price bracket.

14. A peer group assessment tool should be created that can assist the BEE entities in identifying areas for improvement whilst providing industry with a performance monitoring and evaluation tool that can help in defining and guiding support. (the assessment questionnaire used for this report may lend itself to being crafted for this purpose).
15. To keep both government and BEE Wine Companies informed of each other's developments and agenda's, SAWIT should formalize a partnership link that meets bi-annually. (The national department of Agriculture, DTI or provincial departments may be best suited).
16. The small size of government grants dilutes the viability & profitability of many initiatives as it requires too many participating individuals. Alternative loan options and grants should be reframed, speaking to smaller consortia and individual producers. This too leads to the complex structures & systems that can prove to reduce productivity and needed business flexibility
17. Rising interest rates will have a curtailing negative effect on new entrants. Industry to consider reduced interest loans afforded to BEE entities provided against quality-checked stock acquisitions' and tangible orders (make these Project based and short-term). SAWIT or a responsible body should inform and guide new entrants in terms of available funding sources. Funding options should be structured and only made available for a stipulated time period
18. Marketing at 'home' is critical. Buyers and journalists visiting the Cape should be targeted & exposed to BEE wines as part of their purchasing or press trips to SA. Examples of these types of engagements have proven to be most successful. Wine suppliers should be chosen according to both their product value and their skills and knowledge capacity. Skills and knowledge transfer should be formally captured in the supply contract specifying the structured nature of the transfer. This component of a supply contract could be created and facilitated by entities such SAWIT and WIDA.
19. Insufficient stimulation of the entry of private and big business black capital into wine industry currently exists. Investigating other value chain options within the wine industry should also actively have as its modus operandi the stimulation of such black capital. This can assist in leapfrogging new enterprises as well as securing intellectual capital.

15 Summary & Concluding Observations

- ❑ Evaluation of the Performance of the organisations mentioned in this report is an important activity, and perhaps needed to be part of the ongoing internal monitoring and evaluation processes within the very structure of SAWIT right from its inception. The statutory limitations on budgets for these activities meant that comprehensive evaluation processes had to wait until the Trust Deeds were changed.
- ❑ Of the organisations evaluated thus far, most have performed well against their stated objectives. In some instances, they have indeed demonstrated what can be done in both technical and human development areas. In some instances they went beyond the stated objectives and have developed into organisations that are playing a critical role in social transformation.
- ❑ SAWIT is to be commended in that it had the vision and trust in ensuring funding reached these organisations.
- ❑ In the case of the DEVCO funded organisations, the Wine Industry itself has benefited in no small measure from SAWIT's funded endeavours.
- ❑ Those organisations that have not performed up to a level that was expected failed to do so due to lack of capacity. Intent and enthusiasm was there.
- ❑ It is the considered view of the researchers that SAWIT has performed an important role in creating a developmental model that can serve as a basis for the future. To be wise with hindsight takes little effort. Clearly, in some instances different options were open to SAWIT. That they took the decisions they did to finance the initiatives reported in this report, reflects well on the care and business acumen of its leadership.