



South African Furniture Initiative

October 2023

We remember, we rebuild,
we come back stronger.

Barack Obama

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MANAGEMENT RESTRUCTURE AND ROLE CHANGES

RE: SAFI: MANAGEMENT RESTRUCTURE & ROLE CHANGES

The current economic challenges facing South Africa resulting in tough trading conditions are well published. Newly released data shows the South African economy is unlikely to grow by more than 0.3% in 2023, crippling power cuts, volatile commodity prices, and a challenging external environment contribute to the country's weak growth. These factors have placed a strain on the sustainability of its funders and negatively affected SAFI's operational capacity.

In light of the above, the Board has reviewed the SAFI operating model to ensure our continued sustainability and viability and a decision has accordingly been made to strategically redeploy our human resources as follows:

- The Managing Director, Bernadette Isaacs, will be leaving SAFI at the end of September 2023 and, she will hand over to Greg Boule, the SAFI Vice Chairman, in an acting role who has decades of Industry experience.

We want to thank Bernadette for her contribution to the Industry and the SAFI team, she has played a major role in the establishment of a regional Western Cape Furniture Initiative (WCFI) in 2009 and the transition to a national Industry body the South African Furniture Initiative (SAFI) in 2016. With her 19 years of progressive experience in the fields of Human Resources, Project Management, Skills Development, and Executive Management she has been an integral part of driving the vision, strategy, and implementation of programmes that have contributed to the development of the furniture sector and the organization.

The SAFI Board would like to reassure the Industry stakeholders that they will be kept up to date regarding the finalization of the new operating model for SAFI.



Yours Faithfully,
Penwell Lunga - SAFI Chairman



DECOREX CAPE TOWN FEEDBACK FROM SAFI EXHIBITORS

During Decorex Cape Town, SAFI was the co-host of the Pilot Furniture Light Manufacturing Support Programme exhibition stand co-funded by the City Of Cape Town and SEDA, providing an exhibition space for seven Cape Town-based manufacturing businesses.

It proved to be a huge success with the following feedback received from our members.

- According to Patrick Fick from PPF Joinery, he was nervous prior to the event and thought that the clients would undermine him. "I was worried that I would not fit in, based on what I was told. And that I needed to go there with a lot of products. However, my experience was good, it was a great learning opportunity, and I was able to build my confidence in my brand and products," he said. "I received quite a few positive responses, and made good contacts. Based on my newly acquired experience, I will make some changes and look at possibly having or running give-aways or competitions to get more attention to my product and brand."
- According to Mervin Mitchell from M.B.Z. Crafts, he was worried about not having enough products prior to the event. "It was wonderful to experience how to interact with top businesses and the response was great. I now have the opportunity to get a big order from Tafelberg Furnishers" he said. "The highlight for me was when Alderman James Vos came to our stand to give us some inspirational words for the future ahead."
- Richard Lovett from lovetco said that he knew Decorex would be a good opportunity. "I had been to a Decorex before so I had an idea of the "stage" we would be on. This in itself led to a bit of anxiety as you are standing next to some big players in the industry," he said. "I had a great experience. it was very stressful to have to facilitate everything before, during and after but I enjoyed it thoroughly. I enjoyed engaging with people, explaining our stand; what we do and how we do it."
- Werwel Holdings' Edward Frazenburg was extremely excited and nervous prior to Decorex Cape Town. "People wanted to touch and feel more of my work and I learned a lot about the new furniture industry," he said. "I got a lot of positive responses and people liked the design of the stand and color scheme that matched the vintage and modern look."
- According to Morné Philander of PHD Kaste en Houtwerk, it was truly an awesome experience. "I received 7 responses for my tables and chairs as well as other products," he said. "The highlight for me was when the City of Cape Town came to visit our stand and I will seriously consider doing my own stand in the future to have the space to display more products."
- According to Mogamat Solomons from The Cupboard Design Studio, he was initially overwhelmed. "I thought it was this big global event and I thought my products wasn't good enough," he said. "However, I did not feel misplaced. I felt that if I was just prepared more and had more money and time to make what I wanted, I could have competed with the best," he said. "The reaction on the peoples' face when they saw the water table, was my highlight of the exhibition. One lady even cried when she saw it!"
- For Mzingisi Tyelingane of M-Games this was his first ever experience of Decorex. "My description of Decorex now is, awesome, overwhelming, enquiries, sales and conversations," he said. "I received 50 positive responses and 2 new suppliers. The highlight for me was meeting the retail buyers I always wanted to meet a long time ago to negotiate better."

FEEDBACK FROM THE SAFI CHAMBERS

Brief overview of the hard work put in by the various chambers of the South African Furniture Initiative (SAFI).

THE LOUNGE CHAMBER:

- SARS Customs Training
- 1. Has completed and launched a Furniture training module for SARS Customs Officials for certain products (Upholstered seats with wooden frames) under seating HS Codes 9401.61.10 Recliner seats, electrically operated, 9401.61.20 Recliner Seats, mechanically operated and 9401.61.30 Suitable for indoor living space (excluding barstools, dining chairs and the like). The main aim is to provide product knowledge for Customs Officials to be able to identify inconsistencies in document inspection that can trigger physical inspection to curb illegal imports in the forms of under-invoicing, misclassification, under declarations, etc. To date, 257 SARS officials have attended the training, with 233 having completed the post training assessment.
- 2. Site visits are taking place at three Lounge factories for September and October 2023 in Stanger, Johannesburg, and Cape Town, this is to support the virtual training that has taken place since September 2022. The SARS seating factory visits commenced in Gauteng on Thursday, 14th September 2023.
- Tariff subheadings
- 1. SAFI continues to review the Tariff Subheadings so that more accurate and descriptive data is available on imports and exports. A submission has been made to SARS to include a separate tariff subheading for parts for vehicle seats as it is reliably estimated that imports of these products amount to approximately R1,5 billion per annum and the imports are currently declared under a Seating tariff code described as "Other"
- Skills Development
- 1. We are progressing with the Occupational Certificate: Upholsterer qualification SAQA Qualification ID: 103199, funded by the FP&M SETA. The Gap analysis is being finalised, which will follow with the finalisation of the learning material for the qualification with industry experts.

THE CASE GOODS CHAMBER:

- SARS Customs Training
- 1. The training material under HS 9403, Other furniture and parts thereof, for SARS Customs officials has been finalised and approved by the SARS Institute of Learning and aligned with the objectives as indicated above. Industry members worked closely to finalize this and launch the additional furniture module in the new training cycle.
- Skills Development
- 1. We are awaiting approval from SAQA for the registration of the Occupational qualifications for Furniture Maker, Crafted Furniture Machinist, and Crafted Furniture Assembler.

THE BED AND MATTRESS CHAMBER

- We are finalising the terms of reference for a Bed and Mattress specific skills development implementation plan.

THE OFFICE, CHAIR AND SCHOOL CHAMBER

- Made key input to state procurement policy through input to the SAFI submission as part of the CALL FOR PUBLIC SUBMISSIONS

AND COMMENTS on the PUBLIC PROCUREMENT BILL [B18 – 2023].

- A submission was made to SARS to expand the tariff subheadings related to certain items of children's table and chairs, made from polypropylene and school desks made from different materials. The submission is currently subject to public comment.

THE KITCHEN CHAMBER

- Has been in investigation mode through various engagements with SARS seeking to simplify the process of accessing duty rebates and drawbacks for SMMEs. To assist with alleviating the administration burden on SMME, one of the members participated in the SARS SMME Authorised Economic Operator (AEO) pilot Programme. Additionally, the Kitchen Chamber has actively participated in the Industry Skills Task team led by the FP&M SETA and will be pursuing a project addressing short-term training required to fill skills gaps like, technical drawing, being able to read a plan and elevations and understanding and taking measurements, Saw operators, CNC Operators, Edge Banders, Welding, Deco spray painters and soft skills, for example, personal finance, hygiene, communication, appearance, timekeeping, attire, etc.
- Also investigated the feasibility of expanding certain tariff subheadings related to hardware and fittings used in the manufacture of kitchens and built-in cupboards, however concluded that it would not be feasible to do so.

THE RAW MATERIAL CHAMBER

- Has focused on matching supply and demand with a focus on board products, through consultation with companies. This is critical to maintaining local production and keeping supply channels open.
- Application was made to SARS to amend the tariff subheadings for particleboard and MDF to align closely to the subheadings and descriptions used by the European Union. However due to the technical nature of the products, further discussions will be held with SARS in 2024 with the aim of amending the tariff subheadings effective from January 2025.

During the past year a cross Chamber matrix approach to Industry-wide matters through Task Teams was included. All Chambers have welcomed and participated in all Task Teams under the Furniture Industry Master Plan (FIMP), namely, Localisation, Competitiveness, Raw Materials, Skills Development, Export Promotion and Transformation. The members look for innovative ways to work together to meet the industry's needs.

We also actively partner with the government and industry in the SARS Furniture Forum that was formed in 2019. This year we focused on monitoring SARS statistics to highlight areas that require further concentration like more detailed tariff classification to minimize the use of vague HS codes like "Other" when importing, which hinder the industry and SARS' ability to recognize and address illegal imports such as under-invoicing, misclassification, under declarations amongst others.

SAFI is continuing to support the industry by offering information sharing platforms, with the aim of helping furniture businesses to sustain and grow the industry through hosting webinars where we invite stakeholders, like ProductivitySA, Business Partners, the dtic, The National Empowerment Fund amongst others to present their offerings; check out our YouTube channel for a recap on the session you may have missed: <https://www.youtube.com/@safurnitureinitiative/videos>

During the past year, SAFI also partnered with the Localization Support Fund (LSF) to bring a Lean Manufacturing webinar series to the furniture Industry. LSF was established as a catalyst to promote strategic localisation in relation to the manufacturing sector of South Africa. It is a network orchestrator within the manufacturing localisation ecosystem facilitating the connection between demand and supply participants, enhancing the value of local interactions by funding industry research, and deploying technical expertise to accelerate or unblock opportunities for growth in the manufacturing sector.

LSF, through the partnership with SAFI, concluded Phase 1 of the implementation of lean principles in the furniture manufacturing sector. Phase 1 included the completion of webinars on lean manufacturing over a period of 8 weeks, one-on-one once off coaching with lean manufacturing experts and a self-assessment by the individual manufacturers to ascertain their lean manufacturing gaps. Phase 2 is now underway and entails the deployment of technical expertise to eligible participants that successfully completed phase 1 and comply with the criteria as set out below.

- Attended 75% of phase 1 sessions.
- Completed the self-assessment during phase 1.
- Completed the one-on-one engagement during phase 1.
- Registered with the industry bargaining council (if applicable). Note this requirement will be verified by the South African Furniture Initiative.
- Demonstrate a need in current operations.

As part of the Furniture Industry Master Plan (FIMP) more engagement with industry stakeholders will be required for us to gather baseline information to set realistic targets to measure progress in the identified initiatives under the FIMP. To this end, there are two big research initiatives that will follow during the upcoming months:

1. Pillar 1 - Value Chain Analysis and
2. Pillar 5 - Skills Assessment and Audit

The key benefit for industry is that SAFI will maintain these research studies yearly going forward where aggregated information will be shared with Stakeholders who participated in the research to enable them to make key decisions in their businesses. Read more in the next 3 pages.

As we progress with Phase 2 of the City of Cape Town Furniture Light Manufacturing Support Programme in support of the Township economy with a long-term view to onboard them into the formal economy, we are delighted to share the key highlights thus far for 2023. The core of the project is to create a light manufacturing support programme suited to township needs in the form of technical training, business and mentorship support. The overall objectives of the programme were of creation and sustainability to reduce unemployment and in turn positively affect poverty, developing SMMEs from existing talent, to upskill and support them to provide quality products at competitive prices relevant to the township community market budget and prepare these businesses to onboard them into the formal economy to access broader financial and non-financial opportunities in the public and private sector.

Our 13 beneficiaries proceeded with private business consulting and expanded their markets through an interactive social media training programme. We also had 8 SMMEs showcase at Decorex Cape Town in June 2023. The beneficiaries are continuing with business support through SEDA training programmes and applying their learnings to their businesses. Watch this space for more!

SAFI

PROVIDES PIVOTAL
INFORMATION SHARING
OPPORTUNITIES



September 2023

To: South African Furniture Initiative Stakeholder

RE: REQUEST FOR INFORMATION RELATING TO RESEARCH FOR THE FURNITURE INDUSTRY OF SOUTH AFRICA

As you may know, the South African Furniture Initiative (SAFI) in partnership with the Department of Trade, Industry and Competition (the dtic) started the process of a Furniture Industry Master Plan (FIMP) to better focus on the industry needs in 2018. As we progress with the Master Plan, more engagement with industry stakeholders will be required for us to gather baseline information to set realistic targets to measure progress in the identified initiatives under the FIMP. To this end, there are two big research initiatives that will follow during the upcoming months:

1. Pillar 1 - Value Chain Analysis and
2. Pillar 5 - Skills Assessment and Audit

The key benefit for industry is that SAFI will maintain these research studies yearly going forward where aggregated information will be shared with Stakeholders who participated in the research to enable them to make key decisions in their businesses.

We will be sharing your details with the appointed Service Providers, should you wish to opt out of this process please indicate upfront in the initial contact and we will remove you from the database.

1. Pillar 1 – Value Chain Analysis

In the FIMP, it indicates that the Furniture Industry and Government will have to develop a brief for annual measurement of key metrics that includes but is not limited to, employment, transformation, skills development initiatives, exports, imports, local production, local sales by main segment (state, retail, corporates, hospitality, and developers) and by type of furniture and type of enterprise (township, SMME, large) and operational zone within the formal and informal sectors, etc.

In parallel to the formulation of the FIMP, The Industrial Development Corporation of SA Ltd. (IDC), identified the need for undertaking a furniture value chain analysis to ensure that their strategies and interventions developed to support the industry are evidence-based; to improve competitiveness, supporting investment proposals and assist the government with policy formulation and market access decision-making.

It is with this background that the IDC has appointed **Urban-Econ Development Economists (Urban-Econ)** to conduct a furniture value chain analysis.

Please contact SAFI or **Urban-Econ** if you would like any further details about the research project.

SAFI: safi.ct@furnitureza.org.za

Urban-Econ: louis@urban-econ.com

| Co Registration Number: 2009/003078/08 | Public Benefit Number: 930 031 297 | Level Four B-BBEE Contributor |
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2. **Pillar 5: Skills Assessment and Audit**

Furthermore, the SAFI in partnership with the dtic and funded by the Fibre Processing and Manufacturing (FP&M SETA) are embarking on a comprehensive Furniture Industry Skills Assessment and Audit for the Furniture Industry aligned to strengthening economic reconstruction and recovery through skills, embracing technological changes and innovation for employability in the furniture sector so that one of the industry's main competitive advantages will be the people working within the industry.

Recently completed research (Kraak, 2023) describes the furniture sector as one that has been in decline for over three decades, has been unable to compete with low-cost Chinese and Southeast Asian imports since the late 1990s, and has trailed far behind developed countries in terms of technology and skills. However, this research notes the importance of the sector because as a labour-intensive industry, it provides important employment opportunities for unskilled and semi-skilled people in society.

The development of a FIMP is, therefore, a vital intervention to rebuilding the sector and a related skills plan must ensure that the human resources are in place to execute the FIMP.

This research project is intended to audit current available skills within the furniture sector and to assess what additional skills will be required to support the FIMP. The study will be national in scope and will cover all the sub-sectors related to furniture manufacturing including upholstery, case goods, and joinery/shop fitting to mention a few.

Mzabalazo Advisory Services (MAS) has been appointed to conduct the skills assessment and skills audit for the furniture industry in support of the Furniture Industry Master Plan.

Please contact SAFI or MAS if you would like any further details about the research project.

SAFI: safi.ct@furnitureza.org.za

MAS: fadwah@mzabalazoas.co.za



Researchers from **Urban-Econ** and **Mzabalazo Advisory Services (MAS)** will contact you in relation to the research and to seek qualitative or quantitative information. We request that you provide them with all the necessary support.

The research teams ensure the utmost confidentiality of all deliverables produced. At the end of the projects, the teams will ensure the neutrality of data so that the confidentiality of the respondents is protected to enable compliance in relation to the PoPI Act.

We will be sharing your details with the appointed Service Providers, should you wish to opt out of this process please indicate upfront in the initial contact and we will remove you from the database.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Penwell Lunga', written over a horizontal line.

Mr Penwell Lunga
South African Furniture Initiative: Chairman

BUSINESS TURNAROUND AND RECOVERY CAN SOLVE BUSINESS CHALLENGES



Business Turnaround and Recovery is a proven programme, designed to effectively solve business challenges. According to Christel Potgieter, Senior Productivity Adviser at Productivity SA, they use trusted methods to analyse distressed organisations and take practical steps to successfully revive and restore them to functional, profitable enterprises.

“Our purpose is to increase overall productivity and improve organisational structures, but most importantly, save and retain jobs. If retrenchment is unavoidable, we actively manage and facilitate the process to reduce its effects on individuals, organisations and the local economy. Initially, the programme focused on reactionary intervention and crisis management of struggling companies,” she said.

However, it evolved as we recognised the need to resolve problems proactively. Through the establishment of Future Forums, we create collaborative structures between management and employees, which function as early warning systems to detect and manage potential problems before they arise. Thus, Business Turnaround and Recovery identifies with all companies, not only those in distress.

Funded by The Department of Labour UIF, the Business Turnaround and Recovery Programme identifies jobs that can be saved and implements appropriate ‘rescue’ processes. Generally, the programme applies to companies with a minimum of 20 employees facing large-scale job losses.

The Business Turnaround and Recovery Programme is proven and provides highly effective, specialised and technical assistance to struggling companies, through:

- assessment of problem areas, crisis management and development of strategies to turn the company around,
- enhancement of company performance through improvement marketing, operations, HR and financial strategies,
- education of all employees on basic business principles and operations - to understand how their actions impact the entire operational process, and
- capacity building and staff training to improve and sustain productivity - even after the intervention.

The process includes a preliminary assessment, crisis management, the establishment of future forums (management, employee and union representatives), capacity building, in-depth assessment, strategy implementation and productivity sustainability by keeping track and monitoring relevant activities.

If your company is struggling, or your employees are at risk of losing their jobs, Productivity SA can help. For more information please contact:

turnaround@productivitysa.co.za

TRADE FORWARD SA, SUPPORTED BY THE UK GOVERNMENT, EMPOWERS WOMEN-OWNED COMPANY TO EXPAND EXPORT OPPORTUNITIES AND ACHIEVE REMARKABLE GROWTH

Looking to expand export opportunities and grow your business as a women-owned company? Here is a brief case study to get familiarised with the opportunities the Trade Forward SA programme can unlock within your business:

Silver Emerald, a women-owned company dedicated to providing exceptional personal beauty care products and guest amenities for the hospitality industry, had aspirations of expanding its reach beyond the local market. They embarked on a transformative journey with the support of the UK Government funded Trade Forward Southern Africa (TFSA) programme. This impactful initiative has not only bolstered their exporting capabilities but also contributed to their remarkable growth, empowering them to make significant strides in the international arena. Through their participation in TFSA's Women in Trade Export Training programme and Eastern Cape Development Corporation's (ECDC) technical export capacity building programme, Silver Emerald has not only strengthened their readiness for international trade but also achieved remarkable growth in the regional African market.

Recognising the immense potential of women-owned businesses, Silver Emerald actively participated in TFSA's Women in Trade Export Training programme. This comprehensive initiative, complemented by ECDC's technical export capacity building programme, aimed to enhance company readiness and product readiness for engaging in export trade. These training programs not only equipped Silver Emerald with the essential skills and knowledge necessary to navigate the complexities of regional and international trade but linked the business with role players who were able provide insight, collaboration and advice on future business activities.

TFSA's training has equipped Silver Emerald with invaluable market research insights, highlighting the burgeoning interest in their products in Zimbabwe and Mozambique.

One of the key benefits that TFSA provided Silver Emerald was the ability to navigate and negotiate the complex export market successfully. With the programme's resources at their disposal, the company mastered essential aspects such as completing SADC certificates accurately and understanding the relevant codes and acronyms applicable to logistics and cross-border trade. This newfound expertise enabled Silver Emerald to communicate effectively with clients, fostering strong relationships and instilling confidence in their brand.

The remarkable growth and achievements of Silver Emerald, fuelled by the UK Government funded Trade Forward Southern Africa programme, exemplify the transformative impact of empowering women-owned businesses. Without such training Silver Emerald would not have deemed exporting as a means to achieve growth. By investing in Silver Emerald's growth, grant funders have an opportunity to support job creation, stimulate economic growth, and promote ethical and sustainable practices in the personal beauty care industry. Together, we can empower businesses like Silver Emerald to expand their horizons, unlock their full potential, and contribute to a thriving global marketplace.

To read more go to:

<https://www.tfsouthernafrica.org/uk-governments-trade-forward-southern-africa-programme-empowers-women-owned-company-to-expand-export-opportunities-and-achieve-remarkable-growth/>



In Memoriam

Victor Abrahams



Dave Commons



Max Frehse



Our heartfelt condolences go out to the family, friends and colleagues of three of our Board members who passed away recently.

- **Victor Abrahams** was the Branch Secretary of the Gauteng region of the National Union of Furniture and Allied Workers of South Africa (NUFAWSA) and a valued member of the SAFI Board of Directors (BoD) for many years. Victor will be remembered as a fun person who always had a humorous story or anecdote to share.

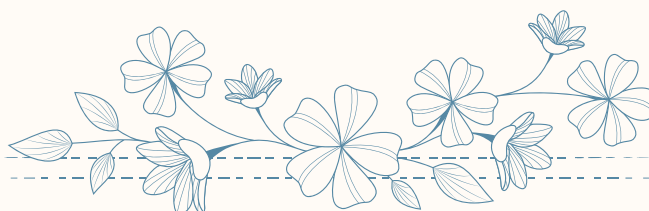
According to fellow BoD member and NUFAWSA colleague, Walter Dyers, people wanted to be in his company because of his upbeat personality. "I was shocked to learn of his passing as I spoke to him a few days before and he was in high spirits even though he was receiving treatment for cancer," Dyers said. "He was held in high esteem by all and will be sorely missed."

- **Dave Commons** was a recent appointee to the SAFI Board of Directors (BoD) but he has been collaborating with and supporting SAFI for many years. As the former MD of Grafton Everest, he had more than 40 years' experience in the furniture industry. For the past 20 years, Dave was the Founder and Chairperson of Trendi Holdings, home to Atlantic Cape, Earthline, Brooklands, and LIV Republic.

According to Greg Boule, Vice Chairman of SAFI, Dave was a visionary who loved to see his business grow and how it provided more job opportunities. "It was part of his DNA, which he emphasised when he recently told members of the SAFI BoD in a meeting how he opened his own trendy business in 2003 and how he, with hard work and keeping to the vision, grew it into the business it is today. He will be deeply missed as we lost a true friend of the Furniture Industry," Boule concluded.

- **Max Frehse** was a valued member of the SAFI Board of Directors (BoD) and served as Chairperson of the SAFI Office, Chair and School Furniture Chamber. With more than 52 years' experience in the furniture industry Max was recognised as an expert across the African Continent and played an invaluable part in the success of Reboni Furniture Factory (where he was the Chairperson).

According to Byron Donaldson, MD of Reboni, the vision, dedication and support from Max has played a crucial role in shaping its growth and success. "We want to assure everyone that we are committed to maintaining Max's legacy that he has built over the years. Our team is fully dedicated to upholding the values and principles he held dear, and we will continue to work tirelessly to fulfil that commitment," Byron said.



DIARISE

24-26 OCTOBER 2023: MANUFACTURING INDABA

The aim of the annual Manufacturing Indaba and its provincial roadshows is to bring together business owners, industry leaders, government officials, capital providers and professional experts to explore opportunities and grow their manufacturing operations. It will take place at the Sandton Convention Centre.





South African
Furniture Initiative



www.furnitureza.org.za

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