

## eThekweni Informal Economy Support Programme (IESP)

- Jobs Fund and eThekweni Municipality Co-funded

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### Case Study: Nhlanhla's Steelworks

#### Enterprise description

The Nhlanhla's Steelworks specialises in manufacturing high quality mild steel gates, stainless steel, gates balustrades, palisade fencing, razor wire, carports gate automation and intercom. The enterprise is owned by Nhlanhla Mchunu and has been operating for 21 years. The business operates from 2 containers on municipal land near the Umlazi Station and has an open-ended rental lease agreement with eThekweni Municipality. Production depends directly on orders received from customers (made to order). The entrepreneur is currently unable to meet demand due to working space constraints.

#### Job creation

Since PPT commenced support 2 jobs have been created, both of which are permanent. There is still potential for additional job creation of approximately 6 people provided that the business can secure expanded working space to expand operations, attract more customers through effective marketing and potentially diversify its product offering.



#### Achievements

- The entrepreneur has created 2 new jobs.
- In March 2015, the entrepreneur purchased a bakkie for business use. Additional purchases for 2015 include a Co2 machine, a large drilling machine and a heavy duty angle grinder.
- PPT has provided support in identifying some of the challenges that are slowing down business growth. This activity highlighted the importance of having clean and welcoming premises, good marketing and efficient production processes. The enterprise has been supported in the development of a business plan which reflects current and long term goals.

- As part of the continued business discussions with PPT, the entrepreneur highlighted that one of his current goals is to acquire land in the township to lease and as such PPT has provided guidance regarding the steps to take to approach the Municipality and Ingonyama Trust.
- The entrepreneur was provided with isiQalo Business Training

### **Way forward**

- Acquire (through a lease agreement) a well located piece of land in the township to set up the second production facility.
- Increase market share and get into government housing projects to supply doors and window frames.
- Advertise the business on billboards along the main roads in Umlazi and prepare flyers to distribute in key locations in Umlazi and surrounding areas.

### **Learning**

- The entrepreneur perceives the current support provided by PPT as half of what the enterprise needs. The remaining need is that of access to finance. The entrepreneur emphasises that financial support would assist in realising many of the enterprise development goals and plans.
- The enterprise does not prioritize ensuring that the premises are aesthetically appealing so that more customers can be attracted to visit the business. They do not see the value it has as part of marketing the business. The buildings are deteriorating and there is no effort being directed to address this.
- The foreign nationals that are employed in the business are particularly multi-skilled, hard-working and meticulous when compared to their South African counter-parts.
- There are generally cash-flow issues due to the fact that the business purchases materials a cash basis but sells products predominantly on credit.
- Emerging steelworks businesses struggle to purchase directly from steel producers because they do not have the buying power to purchase in bulk and save money through discounts.



*Image showing the high quality steel gates produced by Nhlanhla's Steelworks*