Woolworths
SANBI
2015
Good Business Journey

Context
In the past century mankind has created a highly complex and interdependent global economic system but it is broken in 2 key respects:
1. Our economic system is failing to meet the needs of hundreds of millions of people around the world, thus jeopardizing our license to operate.
Our economic system is degrading the planetary services upon which we as a species depend: clean air, fresh water, nutritious food, rich biodiversity, stable climate, access to materials, security of energy sources, and so on.
Business is a “wholly owned” subsidiary of planet Earth
The challenges are highly interconnected
Being less bad is not good Enough!

The majority of us underestimate what needs to be done. The belief seems to be that gradually reducing the negative impacts of current business models is sufficient.
What is Woolworths involved in?
Enterprise Development

• In the main, the Woolworths Enterprise Development (ED) programme has been designed to support emerging black-owned organisations in the Woolworths greater supply chain, including primary and secondary suppliers. Through this strategy, Woolworths assists emerging black-owned suppliers to become truly sustainable businesses through a balanced enterprise development programme implemented based on individual needs analysis approach.

• This would typically be: ensuring the ED beneficiary is on shorter payment terms to assist in cash flow; identifying development needs and assisting in ensuring that there is a programme of interventions to address those needs; and making finance available through the ED loan fund.

• The ED support is afforded to black enterprises for 3 – 5 years period, after which it should be demonstrated that the enterprise has reached a certain level of sustainability.

• Woolworths has intensified enterprise development support to 40 businesses, which are receiving business development support and financial assistance. Woolworths has disbursed R4.3 million in loans, and also business opportunities worth R157 million from Woolworths were accessed by these small enterprises.

• Over 5 000 people are either employed or supported by the employees of these small enterprises.
Why Enterprise Development

- Increase procurement spend with black owned businesses
- To build capacity of black owned businesses
- Improve supplier performance
- Reduce costs
- Resolve quality issues
- Develop new product
- Develop alternative sourcing
- Coached supplier audit compliance
Enterprise Development Models

- ESD Models
- Direct Supplier Development
- Indirect Supplier Development
- Micro Retailing
- Franchising Support
Case Studies

Gluten Free: ED Project
Case Studies

**GLUTEN FREE BAKERY**

**OPPORTUNITY**
- No full range of Gluten in the retail market
- Availability is very limited
- Highly cost product in the country
- Healthy lifestyle products

**SOLUTION**
- Investment of R 2.2 mill
- Identify a 85% black owned
- Link to primary supplier: Tony Amaro Bakery

**BENEFIT**
- **PROJECTIONS**
  - 1 years (WW) Sales contribution: R 15 mil*
  - 1 years (ED) Sales: R 10.1 mil
  - Contributes to BEE Points
  - 13 new Jobs
Case Studies

Brassicas Project
Case Studies

**CHALLENGE**

- FY 12/13: Lost sales R 10,4 million
- Low Availability of product
- Erratic Weather in the country
- Low production by suppliers
- No black owned/black women owned supplier

**SOLUTION**

- Investment of R 4.9 mill
- Identify a new growing area
- Identify a 51% black women owned farmer
- Link to primary supplier: Fresh 2 Go

**BENEFIT**

- PROJECTIONS
  - 5 years (WW) Sales contribution: R 71 mil
  - 5 years (ED) Sales Margin: R 46.2 mil
  - Contributes to BEE Points
  - 83 new Jobs
Case Studies

Indigenous Eggs ED Project
Case Studies

**CHALLENGE**
- Eggs Category = R4 m /week
- Indigenous = R40K/week
- Currently supplied indirectly to Woolies
- Current supplier focusing on their standard free range egg line
- Ability to grow to R 100 – 150 k/week within 3 years

**SOLUTION**
- Investment of R 2.7 mill
- Build a new Chicken House
- Increase chicken count from 8000 to 17000
- To supply directly to Woolworths within 3 years:

**BENEFIT**
- PROJECTIONS
  - Woolworths 5 years
    Sales contribution: R 23,027 mill
  - Middleky 5 years
    Sales : R 16,847 mill
  - Contributes to BEE Points
  - 5 new Jobs
ED Summary

Why we do it
- Entrepreneurship
- Local procurement
- Sustainability
- Job Creation
- Empowerment

ESD Beneficiary
- 47 ESD Beneficiaries
  - 39 Supplier Development
  - 8 Enterprise Development

IN SUMMARY

Loan Book

Investment Amount: R 41 694 mil
SMME Funded: 22
Loan Default rate: 4%
Sustainability Projects
MEAT RAW MATERIAL PROCUREMENT

• Continue building **farmer, abattoir and supplier** relationships for long-term sustainable growth.

• Identify opportunities for **new sources of animals**.

• Secure all **species**.
Shepherding Back Biodiversity
A Landmark Foundation Project

- 5 year programme by Landmark Foundation

- **GOAL:** Biodiversity conservation on livestock farms is mainstreamed through a return to human shepherding and the development of a wildlife-friendly produce brand leading to payment for ecosystem services as a tool in conservation and local economic development. Landscapes certified to incorporate biodiversity management standards in its management.

- Biodiversity conservation promoted
- Employment and enterprise creation supported
- Rural and local economic development supported
- Community, social and skills development supported
- Mitigation measures implemented on livestock farms
- Woolworths exclusive retail partner

R1.5 million invested
Over 3 years
Conservation South Africa

- Wildlife-friendly lamb and effective methods to resolve human-wildlife conflict in Namaqualand
- Leliefontein and Steinkopf communities
- Eco-Rangers employed
- Abattoir / Supplier identified
- R1.5 Million Invested over 3 years
• Level 1
  • **AIM:** Good livestock husbandry in place and no inhumane predator control methods.

• Level 2
  • **AIM:** Introduction of non-lethal predator control with the aim of reducing losses and eventually phasing out lethal control.

• Level 3
  • **AIM:** producing livestock in an environment where livestock and wildlife coexist.

• **Funding of R1.5 million over 3 years**
WWF – Beef production life cycle analysis

What is actually best for the planet, and us?

Free Range Beef

Or

Feed Lot Beef