

FOR THE ATTENTION OF:

Resident Representative, UNDP
Country Director, UNDP
Country Director, IFC
Country Director, AfDB
Chief of Protocol, Ministry of Foreign Affairs

The ATMS Project:

The African Training and Management Services (ATMS) is a Regional Project of the UNDP, with the IFC as the Executing Agency and the AfDB as the Regional Coordinating body.

The ATMS Project was initiated in 1989 with the aim of enabling African SMEs to become competitive, profitable and sustainable on the global market. It assists these companies by providing management and capacity building services over a period of three years or longer. It does this by seconding qualified, experienced, hands-on, professional management and related services to selected private companies and commercially operated public enterprises, with the aim of strengthening management teams while developing local management capacity.

The AMSCO Project:

The African Management Services Company (AMSCO) was also set up in 1989 to solely and exclusively implement the ATMS Project. AMSCO has its registered office in the Netherlands, and its Operational Head Office in Johannesburg, South Africa. It also has Regional Offices in Ghana covering West and Central Africa, Kenya covering East Africa and South Africa covering Southern Africa. West Africa currently has three Country Offices in Nigeria (Lagos), Senegal (Dakar) and Cameroon (Douala). AMSCO operates in nearly all the countries in sub-Saharan Africa and is entitled to certain diplomatic privileges as a project of the UNDP. The Governments of Ghana, Madagascar, Liberia and the Democratic Republic of Congo have signed the ATMS IV Project document.

The Swaziland Portfolio:

There is currently one (1) AMSCO Project in Swaziland, in the Forestry Sector with one (1) expert.

CASE STUDY - Peak Forest Products

Sector: Forestry Manufacturing
Size: Small
Location: Piggs Peak, Swaziland
Permanent Staff: 366 (67 female)
Contract Employees: 1300

THE CHALLENGE

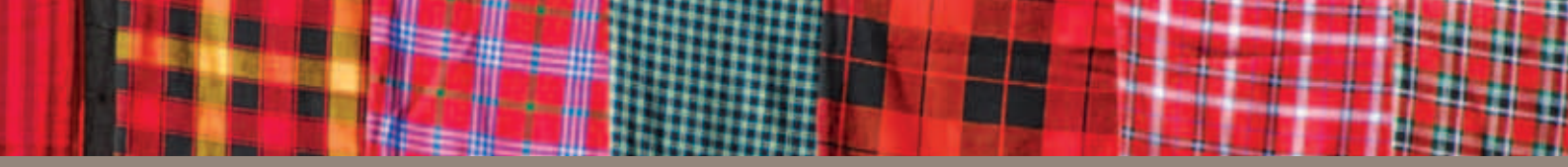
Peak Timbers has operated as a forestry plantation and sawmilling business since the 1940's. It was historically a softwood sawmilling business, but in the early 1990's a decision was made to convert the plantations from softwood (Pine) to hardwood (Eucalyptus). The intention was to rebuild the sawmill plant once the converted forests were ready for harvesting, expected to be in 2011. A fire in 2003 destroyed the wetmill of the Peak main mill and as a result the mill was rebuilt in 2004. This new mill was designed with the future sawing of Eucalyptus in mind. The Company was incorporated in Mbabane, Kingdom of Swaziland on 2 February 2007. Prior to its incorporation, the Company operated out of South Africa. It was the South African Government that encouraged the company to move all its operations and machinery to Swaziland. The management of Peak Forest Products approached AMSCO to assist them in the area of organizational development and engineering for the Swaziland forestry manufacturing plantation



AMSCO Manager, Bo Grant explaining the wood processing quality check

THE AMSCO SOLUTION

AMSCO seconded Mr. Bo Grant as Organizational Development and Training Manager in September 2007. The mandate of the AMSCO Manager was to evaluate the business of Peak Forest Products (PFP) and recommend actions to enable the company to achieve its objectives of: opening a new market, increasing production, lowering operating costs, increasing market share, and training of Swazi staff. His contract will come to an end on August 31, 2010. The company, has however, requested an extension in order to enable him to complete the transfer of his skills to three local managers. This will help to ensure the long term sustainability of the company. The AMSCO Manager has been instrumental in implementing fleet control systems, improving and implementing company policy, processes and procedures for the company. Recovery in the Mill has improved by 10% from the 30% range to the 40% range and overtime expenses are under control. Bo has achieved costs reduction and costs are now below budgeted levels.



AMSCO Manager discussing his succession plan with HR Manager, Mr. Justin Chirwa, Zakhali Tshabalala, AMSCO Project Officer and the identified successor in training management, Mzwandile Ziyane.

AMSCO IMPACT

The AMSCO Manager took control of the Engineering Department. Those engineering tasks that were under the Forestry department were brought back into Engineering and the following successes were achieved:

- 25 individual water systems were repaired and put back on line in the first 6 months, delivering potable water to the people on the plantation. This is the first time safe drinking water was made available to all workers on the plantation
- 6 dams were cleaned out and repaired after the fire due to debris and siltation
- 750 of 1,5000 housing units were repaired to ILO Standards, and this work is on-going.
- Fleet vehicles, including fire trucks and response vehicles were in very poor condition after the fire. The AMSCO Manager put a programme in place and implemented it to ensure all of these vehicles were fully functional before the next fire season. This program continues.
- A “wet deck” storage, complete with a sprinkler system, was created for the storage of burnt timber to prevent its deterioration. The site is capable of storing 100,000 cubic meters of logs.
- Approximately 20 km’s of three phase (11,000 volts) of electric lines were replaced due to the fire.
- He worked with the insurance adjusters to determine the value of the mill that burned and later demolished what was left of the site and cleaned it up.
- He audited 6 superheated steam boilers and found parts had been scavenged from 3 to keep the other three operational. Statutory inspections had not been done for two years. All 6 boilers are now functional and meet statutory requirements.
- Bo Grant interviewed the maintenance workers and found that only 6 out of the 74 workers were actually qualified for the positions they were holding. The MD gave approval to hire an Electrical Foreman, a Trainer for Engineering, a Boiler Foreman, and the restructuring of the internal team. Each Foreman was given a job description and specific tasks to complete.

- The most critical task was training. A gap analysis was conducted which indicated that most of the “Tradesmen” had not completed secondary school education, which is the minimum for entry into an apprenticeship. A trainer was then tasked with selecting a training institute that would provide the company with people who were trained to meet the standards set by the new Foremen. The AMSCO Manager drafted an apprenticeship policy and five apprentices were chosen and indentured into the Swaziland Apprenticeship Program. Two Millwrights have successfully completed their apprenticeships and the three others will complete their training this year.
- Unqualified people manned the boilers which meant a high risk factor for the plant and the workers. The company recruited a Retired Steam Plant Engineer from South Africa for three months to work with the crew until the minimum training required was achieved to allow them to work safely. This gave the new Boiler Foreman time to get a training plan set up with the trainer. Some of the benefits from this training include the reduction of fuel consumption from 4.5 tons per hour to 1.3 tons per hour for the same job. The boilers run twenty four hours daily. This equates to R7.7 million per annum in savings which is translated into cash flow.
- In November 2007, the investors and the Board agreed to purchase and install a small log mill, in conjunction with the existing mill. The project was approved for R22.7 million and commissioned in October 2008. Prior to commissioning, four Operators and four Engineers were sent to Finland for training on the machine. The AMSCO Manager did the drawings, project costs, planning, ordering, negotiating costs from suppliers and labour contractors, authorizing payments and cash flows. He assigned the new Electrical Foreman the task of doing the commissioning.



Mr Bo Grant in action at Peak Forest Products March 2010.

AMSCO continues to seek more human capital solutions for Swaziland in line with its private sector development mandate.

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