

I.1 Objectives

To create a self-funding industry-wide organisation to represent the industry which also provides efficient and effective services

I.2 Background

Currently, the floriculture industry organisation is characterised as follows:

- Industry organisations exist (with roles that are broadly in line with that which is required), although limited realisation of these roles
- Too many organisations
- Unclear reporting relationships
- Insufficient funding
- No central support services for entire industry

1.3 Areas for strategic focus

1.3.1 Specific initiatives

**1. TIGHTEN UP
SAFIC
ORGANISATION**

**2. CREATION OF
SUPPORT
SERVICES
GROUP**

Initiative 1: Tighten up SAFIC organisation

Context

There are a multitude of industry organisations that in some way represent South African floriculture. For potential customers, suppliers and new farmers, there is no single organisation that is a clear contact point for further information and guidance. From a marketing perspective, it is impossible to conduct industry-wide campaigns without a clearly defined mechanism to represent all the diverse aspects of the various product groups.

From an internal perspective, there is limited communication across product groups regarding potential areas of synergy. It is also impossible for SAFIC to represent, for example SAPPEX and SANA without clear lines of communication.

A number of initiatives mentioned to date, for example pooling, eco-labels and use of agents, cannot be realised effectively without a strong cross industry co-ordination. These initiatives cannot begin within the existing framework.

Key action steps

A new SAFIC organisation should be created and structured as follows (see next page):

New SAFIC organisation

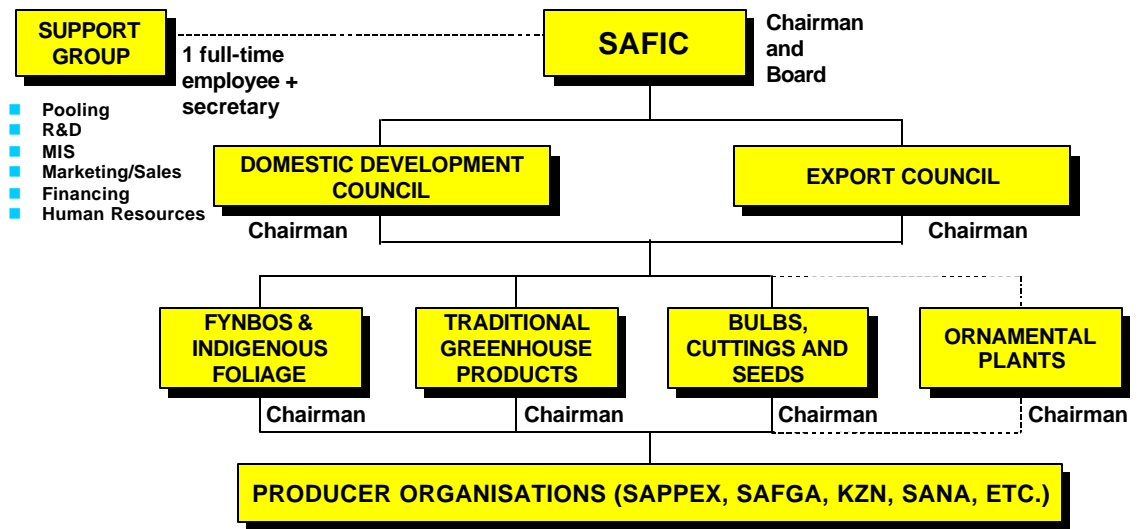


Figure 17: New SAFIC organisation structure

SAFIC will be represented first by a domestic development council and export council and then by product group, divided into the four categories above. Each group be represented by one or more producer organisations (e.g. the existing SAPPEX), whose members will vote in a chairman. The board of SAFIC will be made up of each product group's chairman, together with other key representatives voted on by the remainder of the board.

SAFIC will address issues affecting both the Export and Domestic markets, as reflected by the two Councils sitting above the product groups the: Domestic Development Council and the Export Council. All product groups will be members of both Councils, although one group may choose to be more active in the activities of one over the other. For example, if the ornamental plants group is more active in the domestic market, it may choose a leadership role in on the Domestic Development Council whilst playing a more laid-back support role on the Export Council.

The Councils will naturally interact on a regular basis, and as the markets have direct impact on each other so too, will many activities overlap. For example, if the Export Council runs an industry-wide marketing campaign in its target export markets, the Domestic Development Council may choose to run a similar campaign in South Africa. Other issues, such as developing an emergent farmer support framework may best be addressed on a joint basis, as they will play an equally important role in the development of the domestic market as

they will in producing the necessary volumes to satisfy demand in export markets.

In order to implement the activities and initiatives of both Councils, there will be a support services group that will take instruction from the board and report back regularly to all members about the progress being made in implementing the selected initiatives and activities of SAFIC. This group is further discussed in Initiative 2.

Initiative 2: Creation of a support services group

Context

It has been clearly established through the competitor analysis and the world-class benchmarking, that South Africa's most effective method of competition is through creating world-class support structures. South Africa can compete, across all product groups, if it can bring together all elements of the industry, allowing them to focus on their core expertise. Of particular importance is to facilitate marketing, cross-industry communication and adequate funding mechanisms for all aspects of the industry.

Key action steps

The first step is the formal creation, within SAFIC, of a support services group.

This group's primary role is to take forward the strategy outlined in this document. In order to do this, one full-time person must be employed with immediate effect. At the time of writing, a recruitment agency is in the process of selecting such a person (whose salary is initially to be paid by the DTI's Sectoral Partnership Fund). The immediate tasks of this person will be as follows:

- To communicate further the findings of this exercise to all industry stakeholders
- To set up a series of industry workshops to specify the exact steps to achieve the proposed strategy
- To explore additional funding sources (developmental, private sector and international) for the various initiatives
- To conduct all the initiatives that require minimum external funding, for example:
 - Playing a support/communication role in the transformation of SAFIC

- Preparation of eco-label materials/compliance for all growers
- Analysis of current packaging across industry for both rationalisation and imaging
- Capturing of export volumes for pooling programme
- Examination of most appropriate channels for industry-wide marketing
- Liaison with DTI trade reps in top 3 target markets (and Netherlands) regarding product focus
- Work with ARC on cultivar evaluation
- Work with DTI on website planning for floriculture industry, collation of market and product information
- Exploration of all financing options, including support services group funding and development plans for industry-wide levy

I.3.2 Key responsibilities

Lead	SAFIC	Existing SAFIC representatives need to play a co-ordinating role in the organisation's transformation including the selection of the support service employee and obtaining initial developmental funding (e.g. SPF). SAFIC to work closely on setting strategy and tasks for Support Services Group SAFIC to act as South Africa representative in international floricultural and/or agricultural organisations
Support	Growers/ exporters	Actively participate in industry-wide bodies by attending meetings and openly sharing information across the industry Set up reporting procedures, regularly feed industry-wide bodies with up to date and reliable information
	Government	DTI to provide SAFIC with all information on funding options to help set up the new organisation, advise on successful application techniques
	Labour	Participate in discussions on industry-wide initiatives and provide feedback on proposed changes and new programmes affecting Labour

1.4 Implications for other agricultural sectors

The following Industry Organisation issues should be explored from a pan-agricultural perspective:

Shared infrastructure

There is no doubt that there are synergies across the floricultural industry associations themselves, let alone outside the industry when it comes to sharing infrastructure for organisations, such as office space and equipment. The newly established SAFIC may therefore want to explore the possibility of sharing these resources with other agricultural sector industry organisations.

Perishables Export Association

Organising on an industry/sector specific basis certainly brings benefits from economy of scale and helps to address certain product specific issues, it does not however, mean that there may not be a higher organisational link across agricultural sectors. The floricultural industry should therefore consider entering into a joint agreement with other perishable industries to set up a “higher” perishables organisation (again both with an export and a development council) to address common topics such as pooling and cold chain management, etc. Both Kenya, and Zambia currently have such associations in addition to flower specific industry organisations.