

Integral Diagnostic Review

Preliminary Report

Salej Steel and Word Work T/A Khoi Plastics



22-23 May, 2014, Selibe Phikwe-Botswana

Summary

- Background
- Diagnosis process
- Preliminary results
- Recommendations

Consultant Team Mr. Obert Yuyi

Ms. Modesta Nyirenda

The Company's Diagnostic Process

- Company's background review
- Interview with the management and staff to understand the different elements of the company (22 April 2014)

Background



- Salej Steel and Word Work is sole proprietorship and 100% owned by Ms. Ogotse Jacob. The company is located in Industrial Area, Selibe Phikwe.
- The company operated in the manufacturing sector and specialised in making plastic chairs
- The business was formally registered 2010 and operations started in February 2011 with seed money coming from CEDA of P3,000, 000
- The company's mission is to create employment and contribute significantly to the diversification of the economy of Botswana.
- The company envisages to become the 1st plastic manufacturing company in Botswana
- The company source raw materials (pallets) from South Africa
- The company main target markets were the wholesale and retail sectors.
- In October 2013 the company stopped production
- The company currently has one employee (the owner of the business).

Summary of Work



Summary is based on the discussion with the owner

- The company has ordered raw materials from South Africa worth P585,000 for 30 tonnes arriving June 5th, 2014
- The company main machine breakdown due to power surge in July 2013
- The machine was taken to South Africa for maintenance in August 2013 for two months; the machine was used for operation for only two months and it broke down again.
- The cost of repairs on the machine is P208, 000 and the transport was P44,000.
- As a result of no production, company's cash flow was affected and that resulted the company failing to pay rent.
- In October 2013, Botswana Development Corporation (BDC) took the company to court due to failure to pay rent for its premises. The claim is about P60, 000 in arrears
- There is a standing court order to lock the premises by the deputy sheriff issued in May 2013. The company is expected to pay P54, 000 to the deputy sheriff in order for the premises to reopen.
- There is no operation since the machine broke down in July 2013

Summary of Work



Summary is based on the discussion with the owner (cont'd)

- The company sold and delivered chairs of amounting to P239,000 to Sefalana Wholesale. The money to date has not been paid.
- The company used to employ 40 employees. Currently there is only one employee, the owner.
- About the CEDA loan, the amount outstanding was not disclosed. The owner has alerted CEDA and LEA about the situation.



Conclusions



Conclusion



Conclusions

- Salej Steel and Word Work is located Selibe Phikwe mining town. The company has been in operation since 2012 until July 2013 when the main machine broke down.
- The court decision is still pending and the business cannot operate until the court ruling.
- The company needs to settle its terms with BDC. Should the Court rule in favour of the company, a recovery strategy will need to be developed.



Centre for the Development of Enterprise

