



in collaboration  
with



## “VALUE CHAIN BUSINESS LINKAGES” PROGRAM

### What is the value chain business linkages program?

This program is an exercise being undertaken by the SME Association of Zimbabwe in collaboration with the Zimbabwe National Chamber of Commerce (and other business associations) which will create business links or networks between small and medium enterprises and their large corporate counterparts. It is aimed at slowing down the level of unnecessary imports, and rather encouraging that money be retained in the country, and Zimbabweans do business with Zimbabweans to everyone's advantage.

From an individual business perspective, it is a way of expanding your business' markets and also getting reliable suppliers of inputs. Through the Associations, SME participants will also be assisted to ensure they meet the required quality standards and get the necessary support whether in the form of funding, training, mentorship or any other form of help. Expanding markets expands profitability, which ultimately is every business' aim.

### Background

The Zimbabwean economy is in crisis, as confirmed by the latest manufacturing sector survey report. Capacity utilization which had been going up since dollarization, has taken a nose-dive plummeting from 57% in 2011 to 44% in 2012. A number of factors have been cited, with the key issue being the lack of funds, a direct result of the liquidity crunch the country is experiencing.

A closer examination of the factors behind the liquidity crunch points primarily to our negative balance of payments position as the culprit. Our imports far outweigh our exports. While imports are unavoidable as we do not produce several of the goods we need to consume, there is a disturbing trend however whereby many of these imports are actually goods that are, or can be locally produced – often at lower cost.

Drilling down into this phenomenon reveals that these unwarranted imports are the result of:

- a) A lack of information on where these products can be found locally
- b) Inferior or sub-standard production and inconsistency
- c) Corruption and vested interest taking precedence within companies/tendering institutions, and
- d) Corporate and social structures and/or mindsets that perceive local products as being inferior to imported ones
- e) Lack of cohesion and cooperation within the Zimbabwean business sector.

As Associations, we believe robust and directed effort at a national scale is necessary to address these challenges, and this program is meant to be a starting point for the recognition and development of strategies to ensure each of these areas is comprehensively addressed in 2013.

### Action program

We recently held a seminar in which Government, large corporations, business associations and SMEs were represented, together with other organizations that are interested in developing small and medium sized enterprises. This seminar was meant to provide a platform that:

- a) Highlights the key issues around our negative balance of payments position, and specific solutions and linkages that can or should be set up to address these.
- b) Leads to the formation of a technical committee comprising representatives from each of the major sectors that will work on coordinating the setting up of clusters and linkage programs.
- c) Creates general awareness and a mindset shift towards the promotion of Zimbabweans doing business with Zimbabweans.

One of the key outcomes was that we came out with a list of SMEs and large corporations that were committed to be part of the business linkages program, and from there we will be working on implementing these linkages over the next six months.

#### **Who are we targeting to participate?**

The target participants for this program are:

- 1) Serious small and medium-sized business operators.
- 2) CEOs, Chief Operating Officers, Heads of purchasing departments of large corporations.
- 3) Industry and sector associations
- 4) Government ministries and departments
- 5) Institutions and players that have an interest in SME development.

#### **Why do Business Linkages make sense for large corporations?**

SMEs are a vital cog in any country's business set-up, and especially across value chains. Speakers at the seminar highlighted how SMEs can be integrated into the mainstream economy, and advantages associated with doing this, as well as ways of mitigating disadvantages. The presentations will be made available on our website shortly, and you will also be able to get the DVD from our offices.

Most large corporations see business linkages as being a form of charity work, yet SMEs can be helpful not only in lowering costs of inputs and improving productivity, but also in becoming part of the distribution chain and lowering marketing costs while increasing reach drastically on that end. In other words, business linkages are not a case of charity, but a powerful way of leveraging up their business.

By engaging in strategic linkages, both the SMEs and large corporations can grow synergistically in a way they could never achieve on their own.

#### **What exactly will the Associations do?**

The Associations will be responsible for identifying suitable participants for the business linkage program, and getting an understanding of what is required from both SMEs and large corporations.

We will get lists of possible collaboration areas from large corporations that have signed up for this program, and match these to SME products that we identify from the SME Association of Zimbabwe's [business directory](#) and [online shop](#) (click on hyper-links to open relevant pages). To

date, Unilever have agreed to participate in the program, and we are working on securing other large corporations.

SMEs who wish to participate will need to take note of the following key areas that have been highlighted as needing attention by the large corporations:

- Maintaining high quality standards
- Consistency of supplies
- Professionalism of SMEs
- Specialisation

You can get your copy of the seminar DVD which will give you full insights into these expectations from our office for only \$20.

### **How do I get involved as a small or medium enterprise?**

1. The first step is to ensure you are a Registered Member of the Association. This form of registration is free, and can be done within five minutes from the comfort of your office. Steps to take are (click on the highlighted words to go to the relevant page on our website):
  - a. Register as a user by completing the [registration form](#).
  - b. Log into the site using the details you registered with above, and register your business in the [business directory](#).
  - c. While still logged on, enter your products in the [online shop](#). Include prices where possible, or indicate how prices are calculated (e.g. hourly rates, success fees, e.t.c) in the product description space. If you have difficulties in completing your registration, you can call Emeka on 0772 901080 or e-mail [emeka@smeaz.org.zw](mailto:emeka@smeaz.org.zw) for assistance. You can also complete the registration process manually at our office.
2. Send an e-mail to [enquiries@smeaz.org.zw](mailto:enquiries@smeaz.org.zw) indicating that you have completed the above procedures, and wish to be included in the business linkages program.
3. Get your customers to give feedback on your business' performance by requesting them to complete a rating and review of your company. You can easily send out e-mail requests for referrals by using [this form](#). Reviews are important as they give us and other people who may wish to do business with you a third party confirmation of your abilities as a business. You can see an example of a reviewed business by [clicking here](#).

We need you to provide this information as we will be dealing with several SMEs, and we may not be able to contact you individually, but will use the business directory and online shop to get details on businesses in particular sectors and industries.

Please note that paid-up members will be given first priority in this program, but all Registered Members will be considered. If you are not a paid-up member, we will, upon identifying a program for you, insist that you become a paid-up member prior to us linking you to the relevant counterparty.

### **How do we get involved as Affiliates / Large corporations?**

Send an e-mail to [farai@smeaz.org.zw](mailto:farai@smeaz.org.zw) and we will contact you with further details.