



TRADE & INDUSTRIAL POLICY STRATEGIES

BLACK INDUSTRIALISTS CASE STUDIES

Ikusasa Green

August 2022

The Black Industrialists Policy aims to increase the participation of black South Africans in operational management, rather than just financial ownership, of enterprises in key sectors and value chains. The programme was launched in 2015 by the Department of Trade, Industry and Competition, supported by the Industrial Development Corporation and the National Empowerment Fund.

The Black Industrialists Conference in August 2022 examined the impact of the Black Industrialists Programme and explored support measures to boost entry of black-owned businesses and producers into the mainstream economy. It also showcased the work of black industrialists. As an input into the conference, TIPS prepared nine case studies on black industrialists. Renee Grawitzky conducted the research and interviews, and TIPS provided the industry context and looked at the broader developmental objectives.

This case study profiles Ikusasa Green, an Eastern Cape company that manufactures roto-moulded cooler boxes. Other companies profiled are: CapeBio Technologies; Easy Farm; Equal ELM Trading; Flat-Foost Engineering; Microfinish; Pambili Media; PepsiCo ESOP; and Sindane Mining Ventures. Copies of the case studies are [available here](#).

Ikusasa Green: manufactures roto-moulded cooler boxes

Ikusasa Green is an Eastern Cape company that is best known for producing high-end cooler boxes that keep ice frozen without electricity for at least five days. Over the past decade, it has increased its workforce from five employees to over 60, with an annual turnover of around R40 million. The company has prioritised minimising its carbon footprint in the production process. It retails its cooler boxes under various brands through Massmart, Shoprite and Agrinet, increasingly across the Southern African Development Community region.

Tamsanqa Gxowa, now its managing director, founded the company with a long-time friend, Michael Romer. Gxowa's family owned various small businesses, and he studied business administration at Nelson Mandela University and GIBS. He and Romer shared a passion for fishing in the Transkei, where electricity was hard to find, and that led to the idea of the cooler box. Based on Romer's experience with plastics, they hit on the idea of a hard-plastic, heavily insulated roto-mould model. With the help of friends with experience in business and engineering, they raised R3 million in seed funding from the Eastern Cape Department of Economic Development.

Ikusasa Green found a marketing outlet through Massmart's supplier development programme. The programme arose out of an agreement with the Competition Commission when Walmart purchased Massmart in 2011. It aimed to increase the share of South African manufacturers in both Massmart and Walmart stores. It assisted Ikusasa Green with engineering and design to meet Massmart's standards and get up to scale. Over the years, it has provided over R10 million to support the company's growth.

In 2014, Ikusasa Green began manufacturing 45 and 60 litre roto-moulded cooler boxes for Massmart's proprietary brand Safari Camp Master at its plant in Stutterheim. Three years later, it moved its operation to the historic Dimbaza industrial site, helping to revitalise a manufacturing hub that had fallen into disrepair after the end of border-area subsidies. The community there had a pool of skilled workers, and Ikusasa Green more than doubled its total employment. It draws all its design and engineering skills from the Eastern Cape.

Gxowa acknowledges that working with Massmart "has taken our business to another level" because of the volume of sales involved. In manufacturing, he says, "it is all about scale and, if the company is to continue growing and is profitable, it has to diversify its product base and expand." Massmart sells around 60% of Ikusasa Green's production. Ikusasa Green has also begun to explore other distribution networks. It has started to market its cooler boxes through Shoprite. While producing for various markets, the company also manufactures under its own private label as the Romer cooler box.

In 2020, the global COVID-19 pandemic led to a worldwide shortage of respirators for patients in intensive care. Ikusasa Green moved quickly to provide plastic pipes for the production of respirators in South Africa under an initiative driven by the dtic, the CSIR and the private sector. Gxowa says this was an "African solution so as to respond quicker" to the public health emergency. At the time, it was virtually impossible to import the pipes that Ikusasa Green supplied, which were also cheaper than the foreign product.

Today, Ikusasa Green manufactures a range of cooler boxes in different sizes and brands. Its challenge in moving forward is to unlock additional finance to take the company to the next level of capacity and production. About three years ago, the company accessed finance from the Industrial Development Corporation (IDC) and is still trying to repay the loan. In the interim, the company still needs additional capital to expand and to raise productivity.

Gxowa is grateful for support from the dtic and other government agencies. They have assisted Ikusasa Green both directly and the agreement led to the Massmart supplier development scheme. He argues, however, that government should do more communicate opportunities for support to small businesses. It also needs to improve its expertise to really support emerging businesses and to provide advice on funding options that takes into account where the business is at. He also suggested, based on separate work with the non-automotive manufacturing cluster in the Eastern Cape, that red tape and bureaucracy remain a hindrance, countering the government's broader enthusiasm about supporting small entrepreneurs.

Gxowa shares some of his thoughts around what it takes for an emerging entrepreneur to survive and grow. First, he says, "you have to be agile, flexible and take advantage of opportunities" and second, "you need to have the passion, understand the environment that the business operates in, be willing to take risks, and accept that there are going to be personal sacrifices". He adds that it is a challenge for those coming from a previously disadvantaged background to navigate the corporate world. It is one thing to endorse broad-based black economic empowerment at the executive level, but quite another to take action operationally. This is, he says, "is a challenging space to work in."

Ikusasa Green's experience underscores the importance of a holistic approach to promoting black industrialists, which draws on all the policy tools available to the government, from the Department of Trade, Industry and Competition and its agencies, the National Treasury and the provincial government. Their combined support is critical to create space for black entrepreneurs to grow their businesses based on their own skills, passion and networks.

Trade & Industrial Policies Strategies (TIPS) is an independent, non-profit, economic research institution established in 1996 to support economic policy development. TIPS undertakes quantitative and qualitative research, project management, dialogue facilitation, capacity building and knowledge sharing. Its areas of focus are: industrial policy, trade and regional integration, sustainable growth, and a just transition to a sustainable inclusive economy.

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