

# African SMEs need to prioritise supply chain management

According to John Lucas, country manager of DHL Express South Africa, small and medium enterprises (SMEs) need to make supply chain management part of their business plan if they want to succeed.



Photo by WilliamStitt on Unsplash

Lucas is of the opinion that SMEs have great potential for expansion in Africa because they are agile and flexible enough to exploit the opportunities in the continent's growing economies.

"According to DHL's own research, conducted by HIS Global Insight, SMEs that engage in international markets are twice as likely to be successful than those that only operate domestically," he says.

The International Monetary Fund has estimated that the number of Africans joining the working age population by 2035, will exceed that of the rest of the world combined. SMEs make up a large portion of the employment for these individuals, and around 92% of DHL's business globally comes from the SME market.

Lucas explains that SMEs have a need to achieve certain important outcomes, which is why the capacity of one's logistics service provider matters. "In order to succeed, an SME needs to be able to increase inventory velocity, achieve the shortest possible cycle times, continually improve their supplier performance, and drive their sales and market share."

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Additionally, utilising opportunities to take part in the global economy will speed up SMEs' growth, says Lucas. According to the World Trade Organisation, studies on African firms show that participation of SMEs in international markets can result in higher growth and employment through economies of scale and in enhanced productivity and innovation through learning effects.

Partnering with a logistics provider experienced with the customs requirements of various regions is vital, according to Lucas. "Exporting goods can become challenging when going through customs, and improper or incomplete documentation, restricted items or any other issues could potentially add significant delays to one's delivery. A good logistics service provider should be able to give its clients advice on how to avoid delays with customs, as well as be able to facilitate if goods are delayed at international borders."

"We consider SMEs to be the engines for growth in sub-Saharan Africa, but they need to be agile and flexible enough to adapt to changing regulatory standards and distribution requirements for their products. Effective supply chain management is central to this," Lucas concludes.

### Sources:

- [Africa to Add More to Workforce in 2035 Than World Combined](#)
- [World Trade Report 2016](#)

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