

# GE invests R700m into skills and SME development in SA

It was announced today that GE South Africa will invest R700m in two initiatives, which will enable the development of critical skills and small and medium enterprises (SMEs) in the country.

Of the total amount, R500m will be allocated to the creation of a research and development facility that will become GE's local centre of excellence for innovation and technology transfer. A further R200m will be invested in supplier development aimed at supporting and enabling an environment for small medium enterprises to thrive and be active participants in growing the economy.

The investments underline GE's long-standing commitment to partner with South African stakeholders to enable sustainable development.



GE Africa president and CEO Jay Ireland, GE South Africa president Tim Schweikert, and Small Business Development Minister Lindiwe Zulu, along with other executives, were present at the GE Customer Innovation Centre announcement. The investment formed part of a larger R5bn worth of investments that GE is making across Africa.

## Customer Innovation Centre

GE's new engineering and development centre, the Customer Innovation Centre (CIC), will recruit up to 100 technical employees, predominantly from previously disadvantaged backgrounds. The CIC staff, including university graduates, experienced engineers and technicians, will work across GE's product portfolio to develop South African-inspired solutions to some of the region's toughest challenges and deliver simplified world-class products to GE customers. The technical staff will work on products and solutions across GE South Africa's businesses, including energy, healthcare, lighting, and rail transportation.



GE South Africa president and CEO, Tim Schweikert announced a R700m commitment designed to support innovation as well as enterprise and skills development in South Africa – an investment that was also closely aligned with government's increasing demand for localisation when awarding infrastructure contracts.

"The CIC will leverage local South African talent to provide meaningful and dynamic solutions to this region, and indeed the world," said Tim Schweikert, President and CEO at GE South Africa. "It will become a technical resource centre and hub for suppliers and customers across GE's business entities, as well as for the industry."

One of the most important factors contributing to youth unemployment in South Africa is the relatively low levels of skills among young people. The CIC initiative will contribute to addressing this socio-economic challenge.

"With the CIC, GE is providing a centre that will play a role in addressing the critical shortage of skills in South Africa's engineering sector. We are incredibly proud to make this investment and we are confident that the returns will be significant, not only

for our stakeholders and customers but for South Africa as a whole," added Schweikert.

The qualification requirements for CIC engineers include an engineering degree or equivalent from a Further Education and Training (FET) college. Black and rural graduates will receive priority.

The Customer Innovation Centre will ultimately bring local approaches and innovation to GE's global product pipeline, while addressing critical skills development and job creation in South Africa.

## Supplier development vehicle

GE's is making a R200m investment into a supplier development vehicle (SDV) that will identify, finance, develop and possibly incubate black owned small and medium sized businesses. The business development services will focus on strengthening business acumen as well as operational and financial management skills. The technical development services will include engineering support and technology transfer where relevant, and provide finance, business management training and problem solving support to budding and experienced SMEs. This support will help emerging young SMEs from their early development stage, the time at which they are most vulnerable, right through to ensuring a sustainable and growing business.

The investment is focused on increasing the capacity of black-owned SMEs to supply to multinational corporations regionally and internationally. The SMEs will be identified based on a business need from GE's broad portfolio and will be brought into GE's value chain, providing initial offtake and a foundation from which the SME can commercialise their offer to a wider market. The investment is focused on increasing the capacity of black-owned SMEs so that they can target supply into other corporations nationally, regionally and internationally.

Cooperation will further increase the impact of GE's SDV which will look to partner with various development funding institutions, industrial conglomerates and existing active stakeholders in the SME development arena. Through this investment, GE is lending support to the government's plan to prioritise support for small business over the next five years.

"We recognise the important role that SMEs play in job creation, broadening the innovation play and providing work experience opportunities to the youth of South Africa" said Schweikert. "By creating new developing black industrialists, this initiative will grow existing and new businesses and provide products and services that are currently unavailable in the region, which in turn will create long-term sustainability and economic growth."



Small Business Development Minister, Lindiwe Zulu speaks at General Electric's Customer Innovation Centre and the Supplier Development Initiative investment announcement in Johannesburg on 26 June 2014.

Speaking at the same event, Minister for Small Business Development, Lindiwe Zulu said, "As the Ministry for Small Business Development, we are confident that, working together, we will be able to unlock economic opportunities and thus achieve inclusive economic growth and sustainable employment, particularly for women, youth and with people with disabilities. Together, we must ensure that small entrepreneurs have abundant opportunities to grow and develop their enterprises in an environment that nurtures the development of these enterprises and enhances their job creation potential."

Also speaking at the event, USAID's Mission Director, Cheryl Anderson said, "USAID is proud to share GE's commitment to support small and medium enterprises. We know South Africa faces a chronic unemployment problem, especially for youth under age 30. A Job skill is a major challenge. GE's investments in job skills development is a positive step forward to address this need. GE's support for SMEs to grow their businesses and increase the number of people they employ is critical for generating the level of employment that is needed."