

Sassda Facilitates Cross Border Initiatives With Leading Kenyan Stainless Steel Fabricator

Johannesburg, 5 December 2016 - A sassda facilitated visit by one of its members, Kenyan-based stainless steel fabricator Desbro Engineering to a number of South African counterparts has resulted in a training partnership between the South African Institute of Welding (SAIW) as part of a joint initiative to boost the skills base within the Kenyan stainless steel sector.

The visit also resulted in Desbro securing a more satisfying primary supplier contract with a local stainless steel producer that will see the company's production cycle benefit from shorter lead times and reduced duties. Desbro has also been able to liaise with local fabricators resulting in the formulation of technology agreements.

Sassda Market Intelligence Specialist **Lesley Squires** says the visit by Desbro is the perfect example of the association fostering business partnerships into Africa to build stronger opportunities for the continent. This against the backdrop of the Department of Trade and Industry's (the dti) new Trade Invest Africa (TIA) initiative that was announced by Minister of Trade and Industry Dr Rob Davies in July this year.

"Sassda, constantly strives to promote the sustainable growth and development of the industry and therefore stands in strong support of initiatives such as TIA and the facilitation of intra-African trade and investment incentives and business partnerships. We agree that South Africa needs to move away from seeing itself as a 'supermarket for Africa' and rather look at partnership opportunities which encourage investment in manufacturing and infrastructure, with meaningful contribution from both partners," says Squires.

A leader in East Africa

As the largest stainless steel fabricator in East Africa, Desbro Engineering is situated in Nairobi and is home to more than 80 employees, with subsidiaries in Uganda and Tanzania. Its growth has taken place against the backdrop of Kenya currently enjoying a 5.5% GDP growth rate which has allowed it to maintain its position as one of the most developed countries in East Africa, making it favourable for expansion and shared opportunity.

Desbro Engineering CEO **Ashu Sennik** visited South Africa with a view to partnering with local manufacturers as part of a bigger strategy on his part to grow the current skills base of his Kenyan operation, understand and extend his manufacturing capabilities and purchase new equipment. "I am currently in an expansion phase and looking to upgrade my manufacturing plant to world class production levels. South Africa is a step ahead of Kenyan infrastructure and in terms of skills. I therefore wanted to get some guidance and a better perspective from some of the best people in the business in terms of their operations, similarities and challenges," he explains.

However, the company's development has not been without its challenges. "We formed Desbro Engineering in 1997, when we entered a partnership as the financial muscle together with a technical partner seeking investment. As the eldest son, my father asked me to step in as head of the company. In 2005, the partnership dissolved and we found ourselves in a position of having no orders for that month or the next; we were struggling to

sustain the business.

“It was a tough time but my father advised me to stay the course. In the third month, we got an order in from Uganda, which proved to be our stepping stone. Today we focus on the stainless steel fabrication of tanks and vessels for the food and beverage industry with 60% of our business coming from the dairy industry and are well entrenched with companies such as Unilever, Coca-Cola, and Pepsi. The remaining 40% of business is made up through custom fabrication on a project to project basis.”

Discussing his visit to South Africa, Sennik says he has been able to engage with other sassda members regarding shared challenges: “We have no skilled labour or technical staff in Kenya and currently bring engineers in from India. I am looking to set up a training school in-house so I can train at least five new Kenyans a month on welding, fitting, and polishing and therefore uplift our production.

Another business challenge for Sennik is that unlike South African companies that enjoy the fast turnaround times of a local mill (Columbus Stainless) and logistics which see material orders delivered the next day, Desbro must wait anywhere between two to three months between placement of an order and delivery. “At any one time, we are required to have a large material holding of stock usually at around 100 raw tonnage.”

Sennik adds; “If I can achieve just 10% of what I came here to do I will be happy with my mission. I have a company which is doing well and which has orders and the ability to fulfil those orders, however we are overwhelmed and while it is a pleasure for us, it is also presents its own set of problems. I came to South Africa as I personally wanted to address those issues and sassda has been instrumental in giving me a broader perspective; meeting face to face is always better, and makes a huge difference to engaging in business.”