

Engen support advances rapid growth of David Swartz Engineering Services

Petroleum giant's Enterprise & Supplier Development fund provides an encouraging stimulus for a South Durban engineering firm.

David Swartz grew up hard in the Durban township of Wentworth, where opportunities were scarce. His dreams of becoming an architect, thwarted by the modest financial position of his parents, saw him kick-off his working career as a semi-skilled artisan in local industry. Not one to accept mediocrity, David studied diligently to achieve diplomas in project management, auditing and contracts management. His hard work eventually earned him a contracts management role at packaging and paper giant, Mondi. In 2009, with a vision of owning his own engineering services company, David left Mondi to pursue his dream.

Convincing his wife Melanie to join him, the duo setup a Level 1 B-BBEE accredited project management consultancy, with David's technical focus complimenting Melanie's ability to manage and streamline office processes. Operating out of their modest rented home, they soon landed a project management contract with Trotech Engineering to help manage a tank maintenance contract at the Engen refinery.

When Trotech's contract expired in 2014, David faced losing his own contract and essential income. However, a chance discussion with an Engen representative at the refinery ended up changing David Swartz' future in a flash. It was suggested to David that he tender for the complete Engen refinery tank project solution contract. Undaunted, David Swartz Engineering Services (DSES) was born, adding its name to a tender list of 24 other companies.

When Engen informed David and Melanie that DSES was on a shortlist of two companies, David sensed that Engen had been impressed with what they saw in him. Yet, when Engen actually awarded the contract to DSES, he found himself hopelessly unprepared for the challenges of owning and operating an engineering services company.

"We started out with no money and a critical need to employ people and invest in equipment," remembers David. "The banks were not prepared to back us and our payment terms with Engen were 45-days."

DSES ended year one (2015) turning over R2.4 million but barely surviving financially. "Opportunity helps," David explains, "but it is hard work that wins the day."

Despite DSES precarious financial position, Engen began to expand their scope of work. At the same time, Melanie negotiated their payment terms down to 30 days, and eventually to 15 days. This allowed DSES to pay their suppliers promptly and earn credibility with their growing value chain.

Then in 2017 Engen's procurement department engaged DSES with a development proposal. With financial support from Engen's Enterprise & Supplier Development Department, DSES focused on acquiring assets to reduce the financial burden of hiring equipment and transport.

The initiative also included post-funding development whereby leading enterprise and supplier development firm, Edge Growth mentored DSES.

The results of this initiative proved successful with DSES taking on an increasing number of tank maintenance, tank repair and other complimentary service projects at the Engen

refinery. This also expanded to include Engen's storage facilities in East London and within the Island View precinct in Durban. DSES's staff compliment grew from 24 in 2016 to 120 within six months.

"Tankage is a rare skill and you need a development plan for your staff," says David. "We have our people on American Petroleum Institute Tank Inspection Courses (API650/653 Certification), Safety Management Courses, and Professional Project Management Courses to develop skills to support our growth."

David pays tribute to Engen for their commitment to DSES and providing opportunities to expand the business in areas of pressure piping, geo-dome roofing and tank design.

"We are thrilled to confirm that Engen's enterprise development fund is backing us with significant support and funding to gear us towards the future."

Engen's head of transformation and stakeholder engagement, Unathi Njokweni-Magida is heartened at the rapid growth of DSES.

"Engen has a solid track record and has proven its mettle in the enterprise development industry," says Njokweni-Magida. "DSES management team is highly experienced, willing to learn and has shown clear abilities to execute on projects and to rapidly develop delivery teams."

Njokweni-Magida says DSES loan funding of R4.6 million has helped them acquire their own equipment and vehicles in order to improve their margins in years to come.

"DSES' stable future growth is built on secured revenues with Engen in 2018. Moreover, thanks to its rising reputation, DSES has a pipeline of projects that will bring exponential growth outside of Engen.

"Engen understands that what is good for the contractor is good for the business, and puts its money and its efforts into developing enterprises like DSES. After all, the wheels of industry will turn more smoothly if Engen can develop all the cogs that drive it," she adds.

Swartz, for one, cannot thank Engen enough for helping him grow DSES and the support they have given him. "Thanks to Engen trusting us when we first started out and, with their growing backing, we will in all likelihood be employing 250 people before 2020."