

2015 - 2020



Summary of 5 year

SUSTAINABLE GROWTH STRATEGY

■ FINANCIAL SUSTAINABILITY ■ STRATEGIC PARTNERSHIPS ■ BUSINESS INTELLIGENCE



■ right PLACE ■ right TIME ■ right CHOICE

ISO 9001 14001 20001 27001 31000 OHSAS 18001

CONTEXTUAL BACKGROUND

The Coega Development Corporation (CDC) has since 2008 diversified its business offering by being an implementing agent for various government departments. This has brought about an evolution of the CDC's business model from mainly investment attraction to selling management and strategic services to a broader range of clients. The evolution has largely been due to both a greater vision of the organisation to be a real development catalyst in the region and in South Africa and to contribute meaningfully to the upliftment of its people.

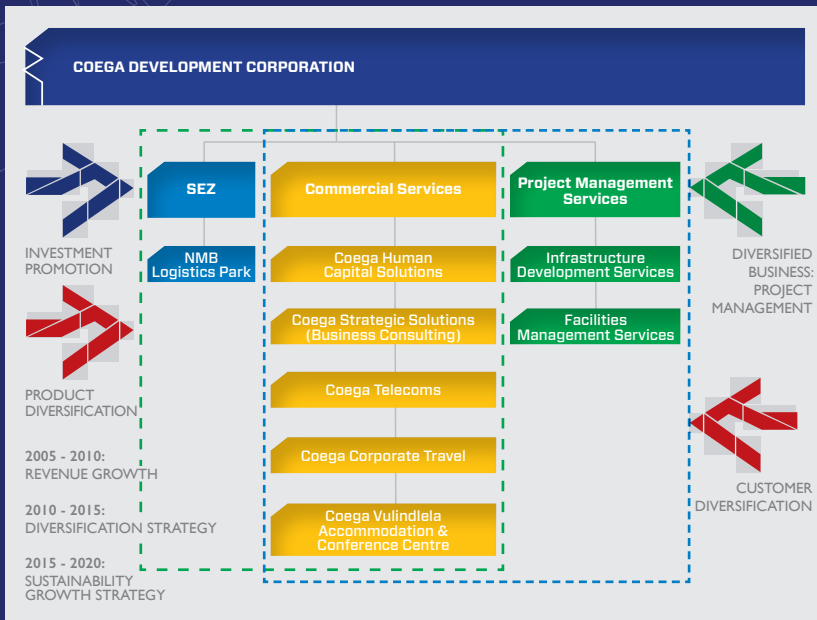
The CDC's previous five year plan (2009 - 2014) came to an end in the 2014/15 Financial Year (FY). The plan has subsequently been improved with the introduction of the new five year plan 2015 - 2020. Coega's Sustainable Growth Strategy seeks to highlight the roadmap and action plan that will guide the CDC's efforts in achieving its 5 year targets.

CDC's senior management presented the organisations strategy to the Board on behalf of the organisation earlier this year (2015) for the Boards vetting and approval. The board approved the strategy for the period 2015 - 2020 in February 2015. This implementation plan proposes an integrated approach in communicating the plan to stakeholders

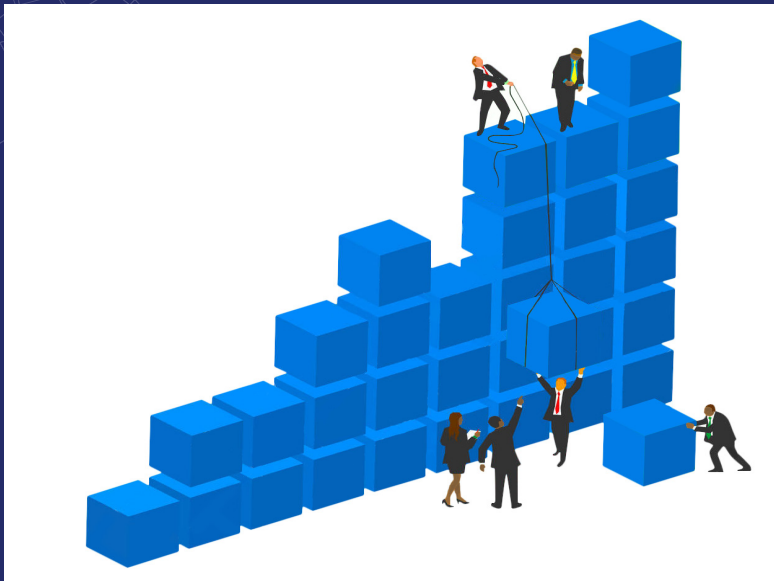
CUSTOMER / STAKEHOLDER / MARKET NEEDS



EVOLUTION OF THE CDC OFFERING



SUSTAINABLE GROWTH STRATEGY



FINANCIAL SUSTAINABILITY & GROWTH

1. Increase Revenue
2. Customer Diversification
3. Manage Funding Risk
4. Diversify Products & Services
5. Increase Profit
6. Assure Return on Investment
7. Reduce Client Turnover
8. Ensure Compliance & Governance
9. Cost Control
10. Improve Productivity
11. Improve Funding Opportunities



PREFERRED INVESTMENT DESTINATION

1. Improve Business Processes
2. Profitability Optimisation
3. Improve Project Management
4. Manage Risk on Project Delivery
5. Gain New Clients
6. Gain New Products & Services
7. Improve Productivity



ADVANCE SOCIO-ECONOMIC DEVELOPMENT

1. Deliver CSI Projects
2. Optimise SMME Development



FINANCIAL SUSTAINABILITY

The overall pre-eminent Strategic Theme is Financial Sustainability. CDC must increase revenue to **R1.4-billion** rand by 2020 through diversifying its customers and service offering, and creating a mix that is stable and viable for the long term. This mix is set at **80%** revenue from SEZ-related activities and **20%** revenue from non-SEZ-Related activities. With an overall year-on-year increase in revenue of **± 35%**.

Supporting the Financial Sustainability theme of the strategy is the utilisation of **Business Intelligence** and utilisation of **Partnerships** to extract value and suppress Costs.

CUSTOMER DIVERSIFICATION

Customer Diversification is a strategy to pursue new markets that the organisation is not currently involved in. The organisation would look at different sectors of the economy to pursue new products and service offerings; however CDC must ensure that it has the capacity to do so.

MANAGE FUNDING RISK

In the event that CDC is not able to receive government funding or receives reduced funds, there must be alternative measures put in place to mitigate the risk. The organisation's resources should be used to generate revenue for the financial sustainability. This will be done by one of the following methods:

- Ensure greater Corporate Governance;
- Leverage the capital assets of the SEZ;
- Obtain partners to develop the land asset and/ or bring their own customers to set up in the SEZ; and
- Obtain funding from alternative sources.

DIVERSIFY PRODUCTS AND SERVICES

This goal is directly linked to customer diversification; CDC must offer a variety of products and services to be able to operate sustainably. This means modifying the current products to expand the market potential of the product while trying to find new ones. Effective product diversification requires accurate targeting and product differentiation.

By utilising the Innovation Strategy, the organisation will be continuing to create linkages internally that become a differentiated value offering externally.

ORGANISATIONAL CAPITAL

Culture; Organisational Alignment; Leadership; and Teamwork.

While not always easy to capture or define, culture is an observable, powerful force in any organization. Made up of its members shared values, beliefs, symbols and behaviours, culture guides individual decisions and actions at the unconscious level. As a result, it can have potent effect on company's wellbeing and success.

Organisational Culture is the basic pattern of shared assumptions, values and beliefs that govern behaviour within a particular organization. Assumptions are the shared mental models or theories -in- use that people rely on to guide their perceptions and behaviours. Beliefs represent the individual's perceptions of reality. Values are more stable, long lasting beliefs about what is important. They help us define what is right or wrong, or good or bad in the organization. Culture content refers to the relative ordering of beliefs, values and assumptions.

Judging by comments from colleagues who have been in Coega for a while, one can safely say that the Coega culture has taken some beating over the years and it's in need of reconstruction. There are currently different cultures in different areas and there was a lack of unifying culture. In any organization, Coega included there's a dominant culture and subcultures, and that is attributable to the growth in the organization, turnover rate, whereby employees with long service are replaced by young ones, generational gap within the company plays a significant role, geographical spread of offices.

INFORMATION CAPITAL

For the CDC, Information Capital is a critical differentiator. Information serves the following purposes:

- It Enables the Operating Model of the Organisation as a Knowledge Entity;
- It enables Business Intelligence (Management by Analytics) which is a Key Strategic Goal for the organisation; and
- It enables Knowledge Management.

HUMAN CAPITAL

The Human Capital element is defined utilising the Capability Model and the Strategic Job families. The Capability Model aims to understand which functions are critical to the organisation, denoted as (a), and those that are essential denoted as (b). Furthermore the model endeavours to pinpoint where the gaps are. Furthermore, the CDC seeks to maximise staff productivity through gains and wellness.

DESIRED END STATE

Perspective	Objective	Measures	Targets
Developmental	Promote Small Medium and Micro Enterprise (SMME) Development	SMME Targeting	40% of all procurement spend
	Improve contribution to EC GGP	GGP Contribution	1.0%
	Increase Job creation	Construction Jobs Operational Jobs	46 000 13 477
	Improve Skills Development	Certified Skills Attainment Number of people Non-certified training	Aggregate 95% Attainment of targeted Skills Categories
Financial	Increase Alternative Funding Sources	Alternative Funding Ratio (non dti) Notional Value of Programmes/ Goodwill Work	80% of Capex Requirement 5% of Profit/R3-million
	Achieve independence from government funding	Profitability Revenue Revenue from SEZ	R490-million R1.4-billion R1.1-billion
Customer and Stakeholder	Attain Diversification of Customers and/or Products	New Investment Index Number of Investors	Internal Target 92 Investors
	Increase growth of operational tenants	Operational Investor Index (Cumulative)	98 Operational Investors or Equivalent Clients
Internal Process	Attain Environmental Sustainability for all CDC Activities	Environmental Sustainability Index	Published Sustainability Report on Global Reporting Initiative Website
	Promote Excellence in the delivery of projects	Project Maturity	Level 4 Maturity
	Ensure that CDC Intellectual Property is protected from Service Providers and other third parties	Knowledge Management Discipline	Level 3
Organisational Capacity	Improve Business Processes and Systems	Attainment of all ISO Requirements	100% ISO Surveillance Audit
	Optimise Staff Skills Inventory	Skills Targeting Index	Aggregate 5% Skills Gap

Perspective	Objective	Measures	Targets
Developmental	Improve Utility Index in all CSI Initiatives	CSI Targeting	10% of annual profit
Financial	Achieve Independence from Government Funding	Cost Control Metric	Net Profit/Revenue Profit/Cost
Customer and Stakeholder	Attain Diversification of Customers and/or Products	Customer Diversity	Double the Number of Clients Double the Number of Products
	Improve Customer Satisfaction Indices	Customer Care Index	90% Customer Satisfaction Rate/ Score = 4.5
	Improve Retention of Operational Tenants	Operational Investor Retention Customer Care Index	100% Retention 90% Customer Satisfaction Rate/ Score = 4.5
	Management of Stakeholders and Funders	Stakeholder Care Index Funding Success Index Compliance to Scheduled Submissions	90% Stakeholder Satisfaction 70% Funders 100% Submissions
Internal Process	Optimise the Management of Empowerment in the Organisation in accordance with the Broad Based Empowerment act	B-BBEE Accreditation	Level I
	Promote an Organisational Culture that Promotes Individual and Organisational Excellence	Organisational Culture Index	Gold Accreditation
	Promote optimal utilisation of Analytics for decision-making at the CDC	Benefit Realisation Index Business Intelligence Implementation	100% of Corporate Improvement Programmes Measured on ROI Level 3 Maturity
	Promote Excellence in Governance and Compliance	Compliance Index	100% Compliance with Annual Governance Compliance Surveillance
	Attain Optimal Utility from ICT Systems for all aspects of the CDC Operations and Projects	Benefit Realisation Index	90% System Utilisation
	Reconfiguration and Utilisation of Facilities and Utilities	Utilisation Ratio Maintenance Index	100% Coverage of Demand 100% Adherence to Planning
Organisational Capacity	Maximise of Staff Productivity Gains and Wellness	Staff Productivity Index	85% Productivity
	Increased Certification Rate for all Professional Staff	Training Certificate Index	100% Certification
	Improve Supplier Responsiveness and Partnership Cohesiveness	Supplier SLA/Customer Satisfaction Rate	95% SLA Attainment/ 95% Customer Satisfaction
	Ensure Utility needs for Investors in the Pipeline are Adequately Catered for	Industrial Water Availability Ratio Potable Water Availability Ratio Electricity Availability	140 MI/d 36 MI/d 42.9 MWh

COEGA DEVELOPMENT CORPORATION

VISION • MISSION • VALUES

VISION

To be the leading catalyst for championing of socio-economic development.

MISSION

To provide a competitive investment location, facilitate holistic infrastructure and value-adding commercial business solutions.

VALUES

Integrity

Honesty, reliability – trust

Innovation

Needs-based service innovation, continuous improvement

Partnership

Teamwork, building long term relationships with clients and stakeholders

Service Excellence

Delivery, speed, quality, customer focus

Sustainability

Social, economic and environmental growth