

2005



2006



CAPE  
CRAFT & DESIGN  
INSTITUTE

ANNUAL REPORT

# CHAIRPERSON'S REPORT

## for the 12 months ended 31 March 2006

The Cape Craft and Design Institute has come a long way since it started in 2001, with two staff members, in a corner of the Built Environment and Design Faculty Office at the then Cape Technikon. The organisation has now grown out of its space, and, the last few months of the financial year 2005/6 were marked by frenetic activity as the Institute embarked on a new direction, and planned its relocation to new premises in Harrington Street.

A new beginning, the cutting of the apron strings, and the development of a separate and independent administrative and financial structure, signals a coming of age. I would like to express our gratitude to the CPUT, whose hosting of the Institute, made it possible for the organisation to concentrate its efforts on delivery.

The Cape Craft and Design Institute has made a marked impact on the sector:

- It is delivering accredited skills development programmes
- It has impacted on enterprise development
- It has created niche market product development programmes
- It has expanded local and national marketing opportunities and established enduring retail linkages
- It has impacted on the environment, and
- It has increased its capacity and its reach, both regionally and nationally.

However, shortcomings have also been identified, and the Institute is in the process of developing a new strategic vision and plan to 2014, building on its known strengths, and addressing current gaps in delivery.

The increasingly high profile through its range of activities and networks, has also served to bring recognition to the Institute as a best-practice, learning organisation, and role model for the sector. This is reflected in the requests for assistance in setting up similar organisations in the Eastern Cape and the North West province.

During the year under review there was a significant change in the composition of the board of directors. In the interests of greater representivity and accountability to our stakeholders, two craft practitioners, Matanzima Baleni and Derrick Senteni were appointed to the Board at the last AGM in October 2005. Representing the voice of the craft community, they have brought an important new dimension to our focus on service.

I would like to express my thanks to all the Board members who gave of their time and energy in the year under review. They bring to their task a rich range of resources, knowledge and experience which is greatly valued.

The achievements of the Institute would not have been possible without the dedication and commitment of its staff. Every single individual has played an important role in building its success and profile; but above all, the visionary and inspiring leadership provided by the executive director, Erica Elk, is what gives shape and direction to its mission.

Mel Hagen  
December 2006



Mel Hagen (Chairperson)

## GROWING, LEARNING & MOVING

This was the year of exploring visions and strategies. Little did we know we'd realise them so quickly.

We were involved with the MEDS research, the PAMTS strategy development and the CCDI was commissioned to write-up the Customised Sector Programme for Craft for the dti – drawing on 18 months of national consultative processes.

This put us in a privileged position to understand provincial and national strategic thinking and ensure our programme alignment.

At the same time the pressure for the expansion and deepening of our interventions was increasing. We prioritised more outreach work; support for production clusters and a raw materials bank; and the establishment of a mentoring programme. We dreamed of a Centre of Innovation and offices of our own. But we had to be realistic. Getting buy-in; raising funds; acquiring a space; recruiting staff – this all takes time – at least 18 months to 2 years.

Famous last words... By December events had taken over. The opportunity to establish the AMTS FabLab – as a component of a CCDI Centre for Innovation – was put on the table by the CSIR, DST and PGWC. On 3 February the Board decided to embark on this course of action, setting in motion a process that would see the CCDI expand its staff, relocate its entire operations and set up the Centre for Innovation incorporating an AMTS FabLab by 30 June 2006.

And so began another new and exciting era in the life of the Cape Craft & Design Institute.

The incredible roller-coaster journey of the CCDI would not be quite as much fun if it weren't for the limitless passion and energy of the CCDI staff and the ongoing and enduring support of the Board, particularly our Chairperson Mel Hagen. Many many thanks to all...

Erica Elk  
Executive Director



Erica Elk (Executive Director)

### IMPUMELELO AWARD

The Cape Craft & Design Institute was honoured with a Silver Impumelelo Award for its pioneering work in the craft sector. The awards recognise innovation in any field of work.

## NETWORKING

The foundation of all our programmes is the monthly **Craft Partnership** meeting – an institution in the sector in the Western Cape. The meetings continue every month (11 this year) and were attended by a total of 732 people. Attendance grows by word-of-mouth with an average of 30% new attendees each month. After four years of investment into craft enterprises through the programmes of product development, mentoring, various design, business and marketing courses, and participation in events, it is exciting to see crafters themselves becoming guest speakers at the meetings, sharing their experiences.

### Topics discussed at CP meetings

SARS on tax | Fairtrade Tourism | dti Customised Sector Programme for Craft | Sub-sector bodies in the craft sector: Ceramics, Woodturners and Quilting Associations on their modus operandi | Co-operative Units for Production | Support Programme for Tourism-related businesses | Nokia CT Fashion Week | How to approach Personal Selling | Displaying your product for sales | Design Indaba & Expo | NQF4 Learnership Graduation | What crafters don't know about Retail | What NOT to do on a craft production line | Craft Production: from novelties to art | Ambiente décor show, Germany.



Joe Maphuno

Joe Maphuno - 'Attending the CP meetings regularly has helped me to create a family among crafters; we do different things, but we have built relationships – become brothers and sisters. Now, when you get an order for something that you don't do, such as beadwork, it is easy to refer them to the right person. The meetings have also opened my eyes to other organisations that assist crafters.'

Discussions at CP meetings sparked two initiatives that have become part of our programme – facilitation of the formation of **representative craft associations/guilds** where they don't exist (i.e. wire, beads, textiles, etc) and a production cluster initiative to facilitate **access to production space** which is accessible and affordable for township-based producers.

In this vein we have continued to provide in-kind support to the establishment of the Fairtrade Association for Craft South Africa – at least the WC chapter. Increasingly we see the need and value for an accreditation brand/process that incorporates 'Handmade', 'Fairtrade' and 'BEE' compliance. The SABS, PSA and NPI have been approached in this regard.

**STRATEGIC OBJECTIVE - Provide timely information and networking opportunities for enterprises in the sector**

## INFORMATION

The gathering and distribution of information is a critical supportive role played by the CCDI.

The most useful of these activities is our monthly **Newsletter** which is widely received and welcomed; and the distribution list keeps growing. **Eleven** newsletters and **one** TRADEnews were emailed each month to 2380 recipients (an increase of 1038) including Craft Enterprises, Outlets, Service Providers, Partners and the Media. It is faxed to another 60 recipients; sent to 43 Library Business Corners and hand-delivered to 4 community centres in the townships.

Urgent communiqués are sent out to producers via a **bulk SMS service** to alert them to opportunities. In this year 31 SMS messages were sent out in this way. There is always an immediate response – a sign of an effective form of communication.

I've enjoyed reading your monthly newsletter - Eric Meier-Ruegg, Switzerland; Congratulations on your newsletter, which we receive with great pleasure and regularly – it is a source of great information and your willingness to share information sets an example to all in the field of craft development – Jane Zimmerman, Khumbulani Craft, Bryanston. Thanks for your newsletter; we appreciate your hard work with the crafters and are pleased to refer our crafters to the CCDI – Delphine Johannes, Cape Town Tourism, Oostenberg. Your newsletter is my lifeline to the world, I find it INCREDIBLY interesting and useful and the best email I get!! – Lorraine Piers, African Queen Studio.

Our public face and the home for all our information is our **Website** which was revamped this year. It now includes searchable **photo images** of 281 producers (111 producers had photographs taken at our quarterly photo sessions), newsletters, and **exhibitions**. A **retailer** search facility has been added which includes 240 shops, craft markets, producer shops and exporters. Over the year, visits have increased **7.5 times** indicating its value.



Peter Gordon, Woolworths - colour presentation

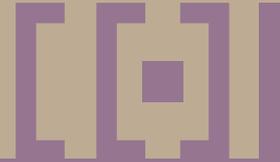
We produced a bumper **Annual Report** covering our first four years (2001-2005) which documents our lessons and experiences. A new **CCDI corporate brochure** was printed along with a 10-minute **corporate CCDI DVD** and a number of promotional DVDs.

DATABASE	2005/06	2004/05
Craft Enterprise	668	596
Retail Outlets	293	242
Service Providers	153	109
Partners	1046	

A full-time database administrator will be employed in 2006/07 to keep our growing database updated.

**STRATEGIC OBJECTIVE -Manage a reliable flow of information, a database and website to and of the WC Craft Sector across the value chain**

## PROMOTION



With a small marketing budget we look for innovative ways to promote the products, people and the CCDI with lasting effect.

During the year we **promoted the sector** through a number of temporary and permanent exhibitions – some of which included beautifying government offices. These activities included:

- **Offices of Provincial Department of Housing** | exhibition in street-level windows
- **Offices of City of Cape Town** | décor of 8<sup>th</sup> Floor, Waldorf Building
- **Department Arts & Culture Budget Vote** | May 2005
- **Learning Cape Festival** | 2-4 August 2005
- **CCDI 4<sup>th</sup> birthday & Craft Icon celebration** | 15 November 2005 (see pic)
- **Small Business Week** | 31 November to 2 December 2005
- **Meetings Africa** | 27-28 February 2006
- **ICLEI Conference** | 27 February to 3 March 2006

Our small **advertising** budget was used to promote the CCDI and our services to the craft sector, as well as to the interior and décor trade, the conference and tourism industries. In addition, we engaged the services of a PR and media consultancy to assist with increased demand for media coverage in newspapers, magazines, radio and electronic media. Recognition and knowledge of the CCDI has increased and crafters are promoted in the media.

With increased publicity comes increased queries and demands. To meet this need we have developed a matchmaking service. In this year 89 **matchmaking enquiries** were recorded – about 2 per week. Queries for a range of products, from corporate gifts to fashion accessories, are received from shops, export agents, conference organisers, the media and other crafters. The newsletter is an excellent means of 'getting the word out' and draws growing interest from the trade. With a dedicated database administrator and more resources we could provide deeper information, and track the success of our referrals.



43 Western Cape Craft Icons are honoured at our 4<sup>th</sup> birthday celebration

**STRATEGIC OBJECTIVE** - develop and promote a visual WC Craft 'signature' and market the sector, the CCDI and its services

# PRODUCT DEVELOPMENT CLINIC

A crucial starting point for crafters is to be confident of the quality and desirability of their product in the market. The PD Clinic is a valuable service that is starting to meet this need. Attendance at the PD Clinic grew by 50% thanks to a pro-active promotion drive using case studies at CP meetings. The results of the PD Clinic depend entirely on the effort the individual entrepreneur invests in the process. The fee structure increased from January 2006 to R50 per session for a minimum of 3 sessions (no-shows are still a negative cost to the CCDI). Subsidies are available on request. Those crafters who put work into the process have shown improvement in both product and sales.

**PD CLINIC: 26 First timers • 92 Sessions • Outreach: 15**

The PD Clinic will be incorporated as a programme of the new Centre for Innovation where the strategy will be reviewed. We hope to increase the range of product developers and expand the service to other regions of the province and structured site-visits to projects. The latter could potentially generate income for the Centre.



## **Small Talk – Chanel Webb**

An imaginative 'tweak' by the PD Clinic has lifted Chanel's product line to a whole new level. Chanel had a reasonably successful range of soft toys which she sold at the Blue Shed, V&A Waterfront. Upon joining the CCDI she visited the PD Clinic, where it was suggested she make a Big Five range for babies! Reluctant at first –surely the Big Five market was oversaturated? - her third attempt captured her own unique style and created a unique product range of Baby Big Five's. These are best-sellers at her stall, 'Small Talk'.



## **To Bead Africa - Thobeka Mdiza**

After only one session ...a new production technique revolutionised Thobeka's business and income. Thobeka had an order for 300 bags, which she could not meet because beading the panels took too long. The PD Clinic advised her to screenprint the images and only partially bead them, which increased her production from one to five panels a day. Within three months, her turnover increased 10 times. She is now training more beaders to meet the demand for her products.

**STRATEGIC OBJECTIVES - Access  
to product development support**

# WINTER SCHOOL & NQF4 LEARNERSHIP

The Winter school held in June/July 2005 during production 'quiet season' was a great success with high attendance and completion levels. The school, funded by the MAPPP-Seta, is a combination of weeklong workshops and half or full day seminars. Enthusiasm amongst the participants was high, and the service providers met our expectations. The programme was widely advertised – including rural areas - generating interest and applications from outside the Metro. In general, participation in our training programmes is increasing, a positive sign that the training is valued and useful.



## Professor Pedro

I did the business courses of the Winter School – marketing, production, costing & pricing. I learnt a lot and have now progressed to exporting. It is difficult to export if one is uncertain, but I have more confidence now. Your production capacity needs to be sharp; else you can't fulfil big orders. This, I think, is now one of our strong points - because we can finish our orders in time, and deliver excellent quality.

Seminars: 28 • Workshops: 49 • TOTAL: 431 training days  
103 People (12 ex- CT Metro) • 4 Service Providers (6 trainers)

## NQF4 Learnership

We completed our second NQF4 Learnership in Craft Micro-Enterprise at the end of September. Twenty-six learners completed the training and 16 were assessed competent.

On 7 December 2005 a Graduation was held during the CP meeting. The final 'exam' was an exhibition of new products developed through the learnership, held at Kalk Bay Modern, a gallery and shop in Kalk Bay. All the learners gained from this exercise and many received orders and sales.



Two problems affected the training; low fundamental skills level (maths, literacy and numeracy); and a limited pool of accredited trainers. We are lobbying the MAPPP-Seta to increase its support for provider accreditation.

The programme was moderated and closed off by the MAPPP-Seta in February 2006.



## Derrick Senteni – NQF4 Facilitator (graduate of 2004 learnership)

Every course that I ever did helped me grow as a meaningful player in the craft sector. I can only encourage other crafters to grab hold of every opportunity that is offered to them. Crafters also need to empower themselves by getting accredited to assess these courses. Their insights are valuable.

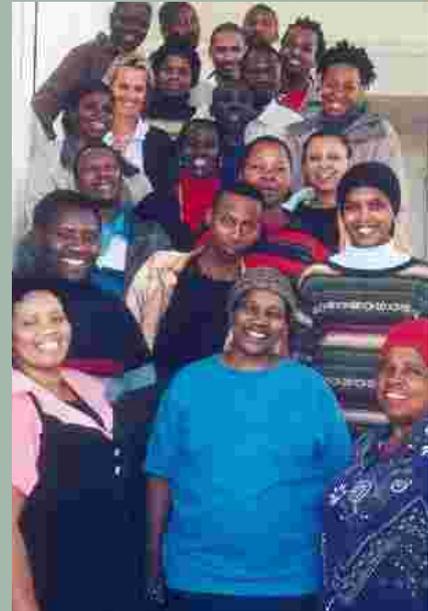
## STRATEGIC OBJECTIVES

- Developing skills in design, production, business and marketing
- Improved business capacity through individual development and training

## MENTORING & OUTREACH

Skills development programmes lay a foundation for the growth of craft entrepreneurs and their businesses – but developing a business is an ongoing process full of challenges and opportunities. To help entrepreneurs find their way through these challenges we piloted a **Mentorship** programme. Twenty-one learners from the 2004/05 NQF4 & NQF6 Learnerships signed up. The learner, assisted by the mentor, identified 3 key outcomes to achieve in their business and this formed their action plan. Over the year the mentor engaged with the learner – telephonically and with personal meetings – to discuss progress and assess next steps. A mentoring template was developed to document the process and progress. This process was very useful. Most of the mentoring seemed to focus on developing life skills which are difficult to measure and not represented in the initial action plans. However there was definite growth and development in each of the learners, who found the process very valuable. We learnt useful lessons which we will feed into a **Mentoring, Counselling & Referral Service** which will be developed in 2006/07 using our own unique Diagnostic Tool and the support of other business development organisations in the province.

During the year our **Outreach** into the regions increased substantially. In the 2<sup>nd</sup> quarter we visited the West Coast, Overberg, Karoo and Eden on a TBF road show. This helped promote the CCDI and our activities and we made contact with crafters in outlying areas. The visits also confirmed the 1999/2000 audit results and our experience – the majority of marketable and economically viable craft is being produced in the Metro and tourism clusters like Hermanus and the Garden Route. This status quo will inform the development of an Outreach Programme for 2006/07 to deliver on the MEDS recommendations and meet regional needs.



The 2004/05 NQF4 group

Outreach support has involved product development, strategic planning and research support. Some of the areas covered: **HERMANUS RDP**, African Inroads, Whale-festival | **CERES** Ceres Development Centre | **PAARL** Luiveskraal Projects | **STELLENBOSCH** Cape Winelands Craft Development Programme | **MONTAGU** Masikhule Invest in Culture | **OUDSHOORN** Red Door | **GEORGE** South Cape Business Centre | **BREEDERIVIER** LED & Tourism | **SWARTLAND** Municipality | **CAPE FLATS** CAFDA Stables Craft Centre | **ARNISTON** business women |

**STRATEGIC OBJECTIVES - Access to reliable counselling and mentoring support**

## RESEARCH & RESOURCES

Our Research & Resources programme is not resourced with people or funding and instead is driven by the ED as a component of the role of this position to develop the strategic vision and direction of the CCDI. As a result this programme has been a major incubator of new projects and programmes for the CCDI and the sector in general.

This year we participated in 3 major research activities:

- the **Micro Economic Development Strategy (MEDS)** research and report commissioned by DEDT, in which we were asked to play the role of government counterpart;
- the **Provincial Advanced Manufacturing Technology Strategy (PAMTS)** process, which was driven by the CSIR, (on behalf of the DST) and in which we were appointed Sector Leader for the craft strategy process;
- the **Customised Sector Programme for Craft** developed by the dti as part of its priority 11 sectors and for which the CCDI was appointed as the service provider to write the report. This drew on 18 months of national consultative and workshop processes driven by the dti Cultural Industries Sector Desk, and in which the CCDI had actively participated.

In addition we supported and/or made inputs into the following:

- **North West Craft Development Initiative**
- **dti National Steering Committee**
- **CT Partnership Creative Cape Town**
- **2010 Cultural Strategy**
- **Tourism Business Forum**
- **FairTrade in Craft**
- **Winelands Craft Development Strategy**

The benefits of our participation in such strategic processes is invaluable as they consolidate institutional knowledge, build profile in the sector, and, more importantly, ensure the alignment of policies and implementation of all parties concerned. Tangible benefits include the establishment of the Centre for Innovation and the growth in the capacity of the Institute.

In addition we find focus areas that can be documented and disseminated to support the sector provincially and nationally. Along these lines we are developing a series of booklets for craft producers – starting with a group focusing on drawing, design, colour and inspiration.



### STRATEGIC OBJECTIVES

- produce, document and replicate resources and knowledge gained through the implementation of CCDI programmes
- research strategic areas that will enhance development of the sector
- provide useful statistical and analytical information on the sector

# LOCAL & NATIONAL MARKETS

The CCDI has a non-trading role in the sector and so market growth has to be achieved through the creation of an enabling environment for enterprise development. This 'hands-off' route can be slow and frustrating, but is the key to long-term sustainable growth.

Our integrated market access strategy has developed over the last 4 years and the model comprises three tiers:

- **Local/direct market access** (emerging entrepreneurs) | events, markets and exhibitions which provide for sales, experiential learning and enterprise marketing
- **National/wholesale market access** (micro-enterprises) | national trade shows, local craft retail and national retailers which develop ability to do wholesale trade
- **Export market/retail outlets access** (established enterprises) | trade shows, national pavilions and niche programmes with national retailers which support sustainability and job growth

The model is based on the **assumptions that**

- SMEs take 3-5 years to develop sustainability (probably 6-10 years in the craft sector)
- Establishing a new enterprise in the market takes up to 3 years
- Not all enterprises need to expand directly into export markets (an intermediary can support this)
- We need to support a significant number of enterprises at local level to ensure a stream of entrants into export markets

Our local and national market access programme included the following activities:

TIER	EVENT	DESCRIPTION	PARTICIPANTS	PARTNERS	SALES
CRAFT MARKETS	Company's Gardens Craft Market	Craft Market	12	CT • TEP	Own sales
	Adderley Street Night Market 17 – 30 Dec 2005	Craft Market	15	CTP	Own sales
LOCAL	Cape Town International Jazz Festival Mar 2006	Consumer show	40	ESP AFRICA	R59 656
	Decorex Cape 29 Apr – 2 May 2005	Consumer & trade	39	TEP • DECOREX	R24 587
	Cape Tourism Showcase 19 – 21 Aug 2005	Exhibition	3	TBF	Marketing
	Visa Christmas Gift Show 16 – 18 Dec 2005	Consumer show	20	SIBANYE • VISA	R20 424
	Design Indaba Expo 24 – 26 Feb 2006	Consumer & trade	27	ATA - SA	R17 700
	ICLEI 27 Feb – 3 Mar 2006	Consumer	11	Umtha • DEDT • ICLEI	R22 629
	YPO Conference 14 – 18 Mar 2006	Consumer	8	YPO • Montebello	Own sales
NATIONAL	SARCD A, Jhb Aug 2005	Trade	6	ATA	R70 000
	Social Entrepreneurs Conference, Jhb 4 – 5 May 2005	Exhibition	3	Organisers	Marketing
	Export Africa , Jhb 17 – 19 May 2005	Trade	5	Wesgro	Marketing
	One of a Kind, Jhb 5 – 9 Aug 2005	Consumer & Trade	11	TEP • the dti	Orders
	National Craft Imbizo, Mafikeng 28 Nov – 4 Dec 2005	Consumer & exhibition	46	DAC	R22 000
INTERNATIONAL	Sante Fe, New Mexico, USA July 2005	Consumer	4	KF • SFIMFAM	R54 956
	NYIGF, NY, USA Aug 2005; Jan 2006	Trade	6	ATA - USA • KF	Orders
	Ambiente, Frankfurt, Germany Feb 2006	Trade	6	the dti • ATA - USA	Orders

Note: Immediate sales at individual events are just one of the benefits; the most important benefit comes from market exposure and the process of "getting ready" to show.

## MASTER CRAFTING

The establishment of a permanent showcase of WC craft as key to a market access programme has long been a priority. A business plan was presented to funding partner, Old Mutual Foundation and Old Mutual Properties, who offered a venue (Mutual Heights) as the potential site. Additional retail space was identified in the building and a vision developed for a **fully integrated craft and design theme** running through the building. The location in the East City and the small size shops in soon-to-be-developed pedestrian-friendly streets made it an ideal location for a fully-fledged craft precinct. Our aim was to lay the foundation for a sustainable retail environment in the Mutual Heights Building, with real commercial benefit to the sector. As the process moved on it became clear that the entrance to the building itself was a significant barrier to achieving this. After a year of effort and substantial expenditure we decided to cut our losses and move on.

While the project consumed energy it highlighted other areas for CCDI-OMF partnerships, namely:

- A **corporate gift initiative** to tap into the increasing demand from government and businesses for custom-made products.
- **Value chain interventions** to support the development of an enabling environment on the demand-side of the value chain.

Partners with CCDI: Old Mutual Foundation

### 18 Master Crafters – Afro Deco programme

A master crafter training programme was a strong component of the showcase. Eighteen master crafters from around the country\* were trained on-site for 6 weeks – and Mutual Heights (an iconic pre-apartheid Art Deco building) provided the inspiration. Exhibition pieces and commercial spin-off products were developed. The programme continued with a second phase of mentoring at the crafters place of production. The crafters reported satisfaction with the process and appear to have gained significant benefits.

A Master Crafter ‘trade day’ was held on 16 February 2006 to test the commercial potential of the products and to provide a training opportunity for remote producers to improve their logistical and delivery skills. Valuable consumer and trade feedback was recorded and sales were fair (R20,000). A subsequent partnership with Spier saw the products exhibited in the Village Hotel foyer for three months, and a suite in the hotel was decorated in the Afro Deco style.



**STRATEGIC OBJECTIVES** – Sales; Access to new, existing markets and other trade opportunities; Product improvement through consumer feedback and market research; Improved business capacity through individual development and training; Improved linkages through the value chain

\*As the sponsor of the programme, OMF operates countrywide and needed to see national, and not just Western Cape, impact.

## PRODUCTS FOR EXPORTS

A long time in planning, this programme really took off in 2005/06 with 12 participating enterprises.

Aid to Artisans appointed exciting young African-American product designer Stephen Burks (funky, fabulous, and famous) as the designer. Stephen spent two whirlwind fortnights in Cape Town (Feb 05 and Feb 06) working with the producers and was shadowed by local Product Development Trainees. He produced a unique new range of products, breaking the mould and exploding stereotypes.

Prototypes were dispatched to the USA and final samples were shown at NYIGF (Aug 05 & Feb 06); Ambiente, Frankfurt (Feb 06); and Jhb SARCD A (Aug 05).

The products generated significant interest. However product positioning and pricing were two barriers to sales: co-locating these large, urban-style products against the traditional ATA product offering of smaller, low priced goods exaggerated the price difference. However pricing is a real challenge (high input costs, exchange rate, and intermediary transaction expenses). The European market responded more positively and unsurprisingly, sales into the local market are strong.

The programme involved intensive work with the enterprises to resolve production, pricing, export and business management issues. It has huge potential long-term impact. Through it we learnt important lessons about the dynamic three-pronged process of development through – product, market and enterprise development.

**Partners with CCDI:** Aid to Artisans, Hartford; Aid to Artisans SA Trust; Kellogg Foundation; Stephen Burks; Enrico Basson (artecnica)



Stephen Burks on the right, in a product development session



Malin Olofsson - the value of working with an international designer, such as Steven Burke, was to watch his design process - he was never limited by the materials and techniques. His approach was to think big, design without parameters, create a range of WOW products - and then adjust to what the producers could do and the market could handle. As Steven challenged their capabilities with new techniques and materials, the producers obviously felt threatened. Later it was comforting to share their experiences and they all benefited hugely from learning from each others' lessons.

As a learner facilitator in the 'producer to market' process, I learnt far more in this commercial environment than in the NQF6 course, the difference between theory and practice. Mistakes made in design, pricing, and market-pitch have a far greater impact than one would think. The day-to-day follow-up of crafters, encouraging them to persevere, was vital; for crafters the biggest challenge was to find time to invest in the process, and to trust it at a stage when there was no direct income.

**STRATEGIC OBJECTIVES** – Sales; Access to new, existing markets and other trade opportunities; Product improvement through consumer feedback and market research; Improved business capacity through individual development and training; Improved linkages through the value chain

## NICHE & RETAIL MARKETS

Supplying into export and national retail markets is a time and resource intensive process for businesses – and for the CCDI. But it is an area that has significant impact on business sustainability, jobs and income and is worth all the effort we put into it. **This year we made significant progress in developing models for export growth** (Kellogg/Aid to Artisans – reported elsewhere), large **national retail trade facilitation** (Woolworths/Xmas Africa), and **niche markets** (Nokia Fashion).

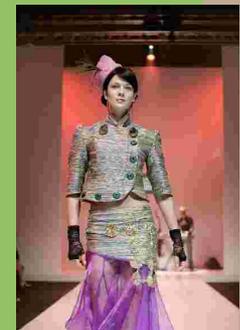
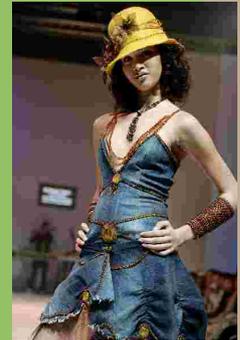
The **Woolworths/Xmas Africa** order facilitation project began in the third quarter with funding from the City of Cape Town. We managed and measured a commercial transaction between an intermediary and a retailer to better understand the process that emerging craft enterprises go through to fulfil orders for major retailers. The December 05 order had a value of R68 000; a second order of R580 000 was placed for December 2006.

Through our involvement we hope to build a model of intervention that ensures sustainable outcomes of large commercial transactions. We hope such a model will help the sector become more globally competitive and collaborate on an equal footing with commercial intermediaries.

**Partners with CCDI:** Link Africa (intermediary), Xmas Africa (product developer), Woolworths (buyer), a diverse group of 9 national and regional producers.

The **Craft Fashion Fusion** programme, which included a ramp show at Nokia CT Fashion Week, was a great success for the 15 crafters (8 from the NQF4 Learnership) and 32 2<sup>nd</sup> year fashion design students at CPUT. Paul Simon, MD of the YDE group, provided guidance with design and product development, and attended product reviews with great interest. The event attracted the interest of fashion media, fashion buyers and the general public. The hoped for market linkage with YDE did not work out but the programme had valuable market exposure and product development outcomes.

**Partners with CCDI:** Leisureworx, YDE, Fashion Design Department, CPUT



Sue Kingma, Nuno - The Fashion Week programme opened my mind to thinking about design in a different way, thinking laterally instead of along a well-worn track.

Firstly, the CCDI advised me to focus – I was making homeware, fashion accessories, cards and toys. The programme helped me to focus on fashion, and this in turn released my creativity and design ability in one specific area. Secondly, the programme opened my mind to working within trends and customer demand and strengthened my business in the areas of design and styling. Thirdly, I started thinking of doing impossible things with my medium – felt – and ended up doing impossible things. I made so many samples, I felt like spitting. Many ideas were explored, which, through the next few months, resulted in a number of new products.

Design Indaba which followed the Fashion Week by a few months provided the next challenge in getting production and stock sorted out, and marketing. I gained 7 overseas buyers, a number of SA shops, and a large SA game destination as clients.

**STRATEGIC OBJECTIVES** – Sales; Access to new, existing markets and other trade opportunities; Product improvement through consumer feedback and market research; Improved business capacity through individual development and training; Improved linkages through the value chain

# FINANCE & ADMINISTRATION

This year we started taking responsibility for all of our own financial and administrative management.

We took over our own financial management, payroll and accounting from the CPUT. While this placed an additional burden on our resources it allows for more efficient financial practises. This area will be supported by a Financial Manager in 2006/07.

We increased and diversified our pool of funders to include the private sector. The Old Mutual and Kellogg Foundations supported two market access programmes; and the FirstRand Foundation funded a series of Workbooks.

With our new Section 21 status the CCDI had to comply with all statutory requirements and is now registered for VAT, PAYE, UIF, SDL and Workmen's Compensation. The CCDI has also been granted Tax Exemption status and a PBO number.

A new Board of Directors was appointed at the AGM on 4 November 2005 after a public nomination process to include 'industry' representation. This Board will serve a two-year term, meeting every quarter. A Management Committee meets every 4-6 weeks to provide support and oversight for the Executive Director.

The core staff remained at 6 full-time with 2 part-time database administrators. In addition, we continued to use a large number of service providers in the implementation of our programmes.

## Board of Directors

- Mary Lynne Hagen - Dean: Faculty of Built Environment and Design, CPUT (Chairperson)
- Jo-Ann Johnston - Chief Director: Economic Sector Development, DEDT
- Kwanda Modise - Manager Economic Development Facilitation, City of CT
- Dr Laurine Platzky - Deputy Director-General: Special Projects, Office of the WC Premier
- Prof Mohamed Bayat - Dean: Faculty of Business Management, CPUT
- Benney Chabalala - Industrial Advisor, Seda
- Matanzima Baleni - Bonke Crafts
- Derrick Senteni - Senteni Creations
- Tessa Graaff - CEO: Montebello Design Centre
- Roelf Mulder - Owner: ...XYZ Design
- Paul Slack - Head Finances, CPUT (Treasurer)

## Growth of Service Providers 2002 - 2005/06

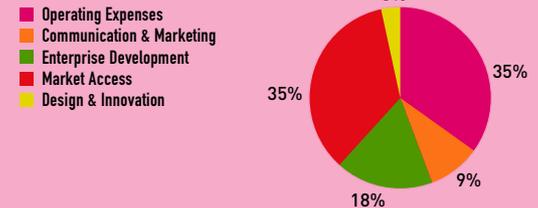
Number of Service Providers		
	Number	Total Spend
2002	46	470 216.82
2003	58	1 497 053.02
2004	53	2 016 160.00
2005/06	70	2 590 047.85



Mandisa Dambile, financial officer

The staff at CCDI doubled!

## % Operations & Project Expense



## Use of Service Providers – per major activity 2002-2005/06



**STRATEGIC OBJECTIVE – establish best practise in all spheres of operation & ensure a financially sound, efficient and well run institution.**

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

## Balance Sheet as at 31 March 2006

ASSETS	2006	2005
NON CURRENT ASSETS		
Property, plant and equipment	9 100	16 280
	9 100	16 280
CURRENT ASSETS		
Funds administered by CPUT	138 146	1 156 539
Trade and other receivables	46 065	1 973 934
Cash and cash equivalents	3 629 758	817 395
	3 813 969	817 395
<b>TOTAL ASSETS</b>	<b>3 823 069</b>	<b>833 675</b>
<b>EQUITY AND LIABILITIES</b>		
CAPITAL & RESERVES		
Retained earnings	1 484 074	1 673 014
	1 484 074	1 673 014
CURRENT LIABILITIES		
Trade and other payables	2 338 995	317 200
	2 338 995	317 200
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>3 823 069</b>	<b>1 990 214</b>

## Income Statement as at 31 March 2006

INCOME	(12 mths) 2006	(15 mths) 2005
Grants Income	4 437 922	6 288 126
Other Income	690 628	250 694
Interest Income	181 202	38 517
	5 309 752	6577 337
Operating Expenses	(5 478 220)	(5 287 877)
<b>OPERATING (deficit)/surplus</b>	<b>(168 468)</b>	<b>1 289 460</b>
Finance Costs	(20 472)	-
<b>(Deficit)/ Surplus for the year</b>	<b>(188 940)</b>	<b>1 289 460</b>

## Statement of Changes in Equity as at 31 March 2006

	RETAINED EARNINGS	TOTAL EQUITY
<b>Balance at 31 December 2003</b>	1 673 014	1 673 014
Surplus/(Deficit) for the year	(188 940)	(188 940)
<b>Balance at 31 March 2006</b>	<b>1 484 074</b>	<b>1 484 074</b>

## Cash Flow Statement as at 31 March 2006

	2006	2005
<b>Cashflows from operating activities</b>		
Cash generated from operations	1 633 239	1 547 656
Interest income	181 202	38 517
Finance costs	(20 472)	
<b>Net cash from operating activities</b>	<b>1 793 969</b>	<b>1 586 173</b>
<b>Cashflows from investing activities</b>		
Purchase of furniture & equipment	-	(11 238)
Withdrawal (Investment) of funds with CPUT	1 018 393	(760 339)
<b>Net cash from investing activities</b>	<b>1 018 393</b>	<b>(771 577)</b>
<b>Total cash movement for the year</b>	<b>2 812 362</b>	<b>814 596</b>
Cash at the beginning of the period	817 396	2 800
<b>Total cash at the end of the year</b>	<b>3 629 758</b>	<b>817 396</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

## Detailed Income Statement as at 31 March 2006

	(12 mths) 2006	(15 mths) 2005
Grants received	4 437 922	6 288 126
Sundry income	406 664	250 694
Mentoring	179 000	-
Commissions	137	-
Participation fees	2 600	-
Sale of Material	102 227	-
Interest Received	181 202	38 517
	<b>5 309 752</b>	<b>6 577 337</b>
<b>Operating expenses</b>		
Audit fees	-	53 010
Legal & Financial	10 265	43 992
Entertainment	43 041	95 518
Depreciation	7 180	8 574
Furniture & equipment	1 260	58 854
Printing, photocopying and stationery	44 326	150 011
Professional Fees	86 745	903 608
Rent & office overheads	27 877	22 766
Staff remuneration	1 512 069	2 036 239
Conferences, travel and related	77 106	466 537
Conferences, symposium fees - local	7 094	3 150
Telephone, fax, internet & postage	79 723	151 913
Translating fees	-	-
<b>Communication and marketing</b>		
Advertising	90 438	68 913
Promotion & marketing	162 877	41 421
Website & database	126 517	16 946
CCDI collateral	-	-
Materials development	138 995	14 269
Sector exhibitions	-	-
<b>Enterprise development</b>		
Skills training	825 787	617 611
Counseling & mentoring	111 143	30 096
Production cluster	-	-
Outreach programme	27 805	-
<b>Market access</b>		
Local craft market	-	-
Consumer shows	653 800	430 191
Trade shows	107 916	-
Showcase/precinct	841 287	-
Order based facilitation	-	-
Niche market programmes	318 082	-
Value chain initiatives	-	-
<b>Design and innovation</b>		
Product development clinic	120 419	12 184
FabLab	-	-
Workshops	-	-
Outreach	-	-
Resources	-	-
<b>Sale of Material</b>		
	56 469	62 074
	<b>5 478 220</b>	<b>5 287 877</b>
Operating (loss) / profit	(168 468)	1 289 460
Finance costs	20 472	-
(Loss) / profit before taxation	(188 940)	1 289 460
Taxation	-	-
<b>Net (loss) profit for the year</b>	<b>(188 940)</b>	<b>1 289 460</b>

## Detailed Description of Grant Income

Addendum to Audited Financial Statements - Prepared by the CCDI

<b>DONATIONS</b>	
City of CT   2005/06	250 000.00
City of CT   Order Facilitation	150 000.00
Dept. Arts & Culture   Investing in Culture   04/05	120 000.00
Dept. Cultural Affairs & Sport   2005/06	170 000.00
Dept. Economic Development   2005/06	350 000.00
Events: CTRU (Design Indaba)	34 200.00
Events: CT Festival	
Events: CT International Jazz Festival	
Events: TEP (Decorex)	19 235.35
Events: City (Company's Garden)	30 000.00
Kellogg Foundation   ATA 2005/06	993 000.00
MAPPP-Seta   NGF4 2004/05	668 482.00
MAPPP-Seta   ITP 2004/05	283 005.00
MAPPP-Seta   Material Development   2005	84 000.00
MAPPP-Seta   Mentoring NGF4/6	95 000.00
Old Mutual Foundation   Showcase / Precinct	1 370 000.00
	<b>4 616 922.35</b>
<b>OTHER INCOME</b>	
<b>Commissions</b>	
Events: CT International Jazz Festival	
Events: Decorex	
Events: Company's Garden Craft Market	137.00
<b>Participation Fees</b>	
Design 4 Living	150.00
CT International Jazz Festival	
Events: Decorex	
Events: One of a Kind	800.00
Winter School	500.00
Company's Garden Craft Market	750.00
Adderley Street	400.00
<b>Sundry income</b>	
Service & fees	58 753.45
Strategy Consulting Income	347 910.20
<b>Sale of Material</b>	
Decorex	11 970.10
Overseas 2	57 279.57
Company's Garden Craft Market	166.00
Xmas Gift show (JHB)	4 089.00
Visa Xmas Show (CT)	5 916.00
Design Indaba	13 205.01
ICLEI	9 601.00
<b>Interest Received</b>	181 201.74
	<b>692 829.07</b>
	<b>5 309 751.42</b>
<b>INCOME RECEIVED IN ADVANCE   2006/07</b>	
Kellogg Foundation	930 000.00
Old Mutual Foundation	130 000.00
Impumelelo Fund	20 000.00
	<b>1 080 000.00</b>