

An exciting new initiative

An exciting new initiative is emerging in the South African hydraulic and pneumatic industry, the Hydraulics and Pneumatics Export Cluster (HAPEC). Championed by Honingcraft Moser CEO, Gerhard Hauptfleisch, this new cluster will operate under the auspices of the DTI-affiliated South African Capital Equipment Export Cluster (SACEEC). SACEEC assists capital equipment sector companies to grow their businesses through exporting.

The inaugural meeting was held in a packed meeting room at SMC Pneumatics, with Skype links to both Cape Town and Sydney. Among those present were Carolien Van der Horst, SACEEC business development manager responsible for the running of all clusters under the SACEEC umbrella, Bonginkosi Mamba, DTI director responsible for Capital Equipment and Allied Services, and executive member for South America, Sybil Rhomberg, ex-CEO and founder of SACEEC, who has great experience with exports in South America. Together they spelt out the new cluster's vision and mission. This meeting was followed by a presentation at a SAFPA technical evening.

Active clustering

SACEEC promotes active clustering, where companies cooperate to set up mechanisms to reduce export costs, develop new products and build a common purpose. Current clusters under SACEEC's umbrella include Mineral Processing Equipment (SAMPEC), Rail Equipment (RECSA) and Valve and Actuator Manufacturers (VAMCOSA), Solar Water Heating (SWH MANCOSA) and Shaft Sinking Services (SASSES). Under the Export Marketing Investment Assistance (EMIA) scheme, exporters can be partially compensated for costs incurred in developing export markets for South African products and services and recruiting new foreign direct investment into South Africa.

A cluster is a group of businesses with a common value chain and it has channels for business transactions and communication. The businesses in a cluster have in common specialised infrastructure, labour, markets and services, and are faced with the same opportunities and threats. Hauptfleisch described clustering as a bottom up process, driven by industry for industry. It is product and sector specific and is structured to be responsive to opportunities and threats. It is a networking tool that includes all stakeholders. It is not a lobby group or a closed private sector group. The setting is informal, differing from the more formal association, and involves collaboration on multiple levels. The platform that clusters provide enables industry to address opportunities and barriers in a way that cannot be done on an individual basis. "A cluster grows and develops champions, for example a passion for skills development," he said.

Key to the immediate cluster strategy is an outward selling mission (OSM) for the end of August to Perth and Brisbane. An OSM is a group of companies that goes as a group to see clients in a certain region. "This adds credibility, one company alone has a much more fragile base. As a group we have the door more open and create more impact," he continued.

Getting into action

The new cluster is wasting no time in getting into action. Honingcraft's Kavir Singh has already represented the cluster at exhibition pavilions in Angola and Mozambique. Flagship initiatives are important. . There is also huge potential in Latin America as South Africa is competitive in those markets and an OSM to Peru is on the cards for early August. The main target market will be the replacement market, especially the mines. "The plan is also to find someone in the engineering field who speaks Spanish and knows our products to be our eyes and ears and generate business, probably in Chile or Peru to start with," explained Hauptfleisch.

The key is to draw on the power of a focused platform, so representation is also important. In Australia the cluster is already represented by Kenneth Barnard in Sydney, Christopher Flint in Brisbane, and the team is looking for someone to champion them in Perth. "We need to understand the different cultures and we need repeat visits for success. The aim is to have a three-pronged approach: meet people face to face for cocktails, visit shows and exhibitions, and make visits to important players," added Barnard.

Also, on the cards is an inward buying mission (IBM) that will happen in conjunction with Electra Mining in September. The DTI will fund flights and accommodation so in essence we pay the delegate to come in and buy from us.

Benefits to industry

Another potential benefit is the DTI's Localisation Programme and the possible Designation of locally manufactured hydraulic and pneumatic products. The DTI will be able to lobby state owned organisations (SOEs) to buy locally on the basis of the localisation policy and the designation of hydraulic related products. The possibility of the Hydraulics & Pneumatics related products being designated is on the cards.

"There are many benefits for the hydraulic and pneumatic industry", concluded Hauptfleisch. "Companies can market themselves in other countries and open up opportunities in South America, for example. Many of the costs can be reclaimed from the DTI. If you work on your localisation drive and get your economies of scale going, you will also open up opportunities with State Owned Enterprises (SOEs) that will impact your globalisation. A good example is hydraulics in the rail industry, which needs to increase its localisation. You can trade both outwardly and inwardly. We should hunt as a pack. If you do this you will help your business dramatically."

"Export is only a mind shift away, we can teach you how to do it," added Van der Horst.