

Emerging markets key to SA's growth



By [Kate Stubbs](#)

23 Oct 2013

The annual supplychainforesight survey, conceptualised by Barloworld Logistics and based on independent study by international research firm Frost & Sullivan, has released its 2013 results.



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The theme and title of this year's survey, 'Serial Innovation, Smart Partnerships and Sustainable Advantages', identifies and addresses the main issues businesses face in the race for competitiveness.

It highlights the objectives and constraints businesses and supply chains will be facing over the next five to 10 years. It examines what is driving innovation in business, which industries are the most innovative and why and how South Africa fares as an innovative country.

More than half the respondents to this year's survey were CEOs or C-level executives from South African companies. The top two strategic business objectives of respondents are to increase the flexibility, agility and responsiveness of their business and to introduce new products and services.

Emerging markets key to growth

Survey responses indicate that South African companies see emerging markets as key to growth through broadening revenue streams, which may be partly driven by the need to mitigate the risk of increasing competition in the local market.

Other top objectives include harnessing the supply chain to enable business objectives to be achieved and improving customer service levels, using the supply chain as a competitive advantage, and expanding internationally.

The top five constraints ranked by respondents are the cost of doing business, currency volatility, macroeconomic uncertainty, the general skills shortage and labour unrest.

Drivers of change that all companies need to adapt to within their businesses and supply chains include the rise of emerging markets, shift in economic power, globalisation, urbanisation, changing consumer dynamics, increasing regulatory requirements and steadily decreasing natural resources.

While volatility of any kind is challenging it often creates greater opportunities for those best equipped to handle changes. This point is reflected in respondents' objectives of achieving agility and flexibility as being key to managing volatility.

Continuous innovation essential

It is clear from the survey responses that companies need to develop a culture of continuous innovation to respond to rapidly changing market dynamics with agility. Innovation has to become mainstream to any business strategy in today's world where competitive advantage is comparatively short-lived and companies will not survive if they are not dynamically innovating.

90% of respondents believe that new business models will require supply chain innovation, while 87% believe investing in supply chain management and systems enables business success. In addition, 79% of respondents feel strongly that supply chain and logistics innovation has become a prominent tool for competitive advantage and 70% believe that supply chains in South Africa are becoming more effective.

70% of respondents regularly evaluate and modify their supply chain strategy to align it with their business strategy, but only 51% feel they innovate sufficiently within their supply chain and logistics functions. Respondents ranked banking and finance as the most innovative industry sector (74%), followed by ICT (68%) telecommunications 65%, and retail (46%).

Smart partnerships assist response

The importance of smart partnerships between companies, industries and countries is also highlighted in the survey. Successful businesses realise that the secret to competitiveness lies with their ability to continually innovate and partner with the right companies to respond effectively to volatile market conditions.

By forming smart partnerships with key suppliers and other supply chain entities, both parties benefit from building a closer long-term strategic relationship that may or may not involve financial investment. Mutually beneficial smart partnerships fast-track innovation by enabling businesses to leverage the expertise of other organisations and gain access to new products, insights and markets.

The survey points out that from smartphones to smart cars to smart buildings and cities, smart is about thinking differently and creating innovative and sustainable solutions. Smart encapsulates agility, ingenuity, knowledge and foresight.

Respondents ranked collaboration and partnering as key drivers of innovation. Of the 3000 executives responding to the survey, 25% said their company had already developed a new product, improved a product or created a new business model through collaboration with another company.

Full details of the survey, which includes more insights into how industries are organising themselves for competitiveness and growth, are published on the website, www.Barloworld-logistics.com.

ABOUT KATE STUBBS

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