

Supply chain learnings: Makwa Powertrade and Makwa Best Buy show us how

# The Makwa model Innovative, streamlined and unique

**M**akwa Powertrade and Makwa Best Buy, located in Springbok in the Northern Cape, operate as both distributor and retailer of goods and services.

Because their offering includes servicing large and often remote areas in the Northern and Western Cape, they have had to develop a unique and effective supply chain tailored to their situational challenges. This successful distribution model services both local communities as well as far-flung outlying areas.

## Customer base

Including their delivery areas, Makwa reaches a diverse customer base across a massive area. Their commercial customer base includes spaza shops, larger supermarkets and smaller traders. Deliveries are also made to school feeding schemes and boarding schools.

Both stores stock a combination of bulk and single unit SKUs, with 100–200 walk-in customers per day at Makwa Best Buy and 80–120 walk-in customers per day at Makwa Powertrade. Together the two stores serve 15–30% general public customers; and 70–80% traders.



*Makwa Powertrade country – servicing Springbok and far-flung outlying areas*

Walk-in trade is made up mainly of local women shopping for their families, and hampers have been very successful since they tend to buy all their groceries for the month at one time.

The value of a hamper is R370 and it contains items such as flour, sugar, coffee, beef, jam, peanut

butter, maize meal, yeast, cooking oil, canned fish and macaroni. With care, a hamper can last a month.

Greater volume is seen at month end, when shoppers receive their social grant payouts and then stock up on food for the month.

## Humble beginnings

Makwa director Jan Schreuder's father started the business back in 1972 as Lazarus Brothers in Bitterfontein. After a few months he changed the company's name to Namaqualand Groothandelaars. Jan Schreuder came on board in 1983, and in 1999 they opened a store in Springbok. The store in Bitterfontein was closed in 2016 because the town was too small to sustain it. Then, in November 2018, they bought the Powertrade store in Springbok.



*The Makwa Powertrade store started in Springbok in 2018*

## The next level

The Makwa Powertrade business has now grown to the next level, with the launch last year of a second Makwa store – Makwa Best Buy; and the forging of a partnership between Unitrade Management Services (UMS) and the Makwa business.



*The Makwa Best Buy store launched in 2019*



*The launch included new exterior and interior signage, a fresh look at merchandising and ranging, and a general revamp*



Jan & Laula Schreuder  
Owners, Makwa Powertrade & Makwa Best Buy



Fermino Gomes  
Executive GM  
Unitrade Management  
Services

The Makwa business is built on loyalty and trust and these principles underpin all their relationships. "I have had the privilege of knowing Jan Schreuder for the past 25 years, and know him to be an incredibly loyal and humble human being," says Fermino Gomes, Executive General Manager, UMS Southern Division. 'Oom Jan' as he is affectionately known in the community, and his wife Laula, have seen their business grow from one to two stores in the past year, including the relaunch that has given their stores a fresh look and feel.

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Makwa Powertrade is a landmark in the area, and the store revamp was well-received by their customers.

On the retail side, Makwa is now in a position to compete with the corporates on marketing, shopper experience, store appearance, service, and pricing.

Gomes says, "The retail business now has better trading terms on some key products, resulting in a lower nett cost and improved margin on a number of KVIs, with cost savings passed onto the store's customers. We have also seen an increased demand for secondary lines at the Powertrade store, so the range has been adjusted accordingly."

As for the delivery side of the business, "they have always been king," says Gomes.



Visuals courtesy Vredendal Signs

The stores offer extensive commercial coverage to suppliers, as well as an opportunity to grow retail (consumer) sales through range, variety, good deals and promotions.

Khore hare is a Khoi phrase meaning 'welcome'.



## Successes and challenges

The stores are directed by owners Jan and Laula Schreuder and they have just celebrated their first year of success, which has been hard-won for this supply-chain driven business.

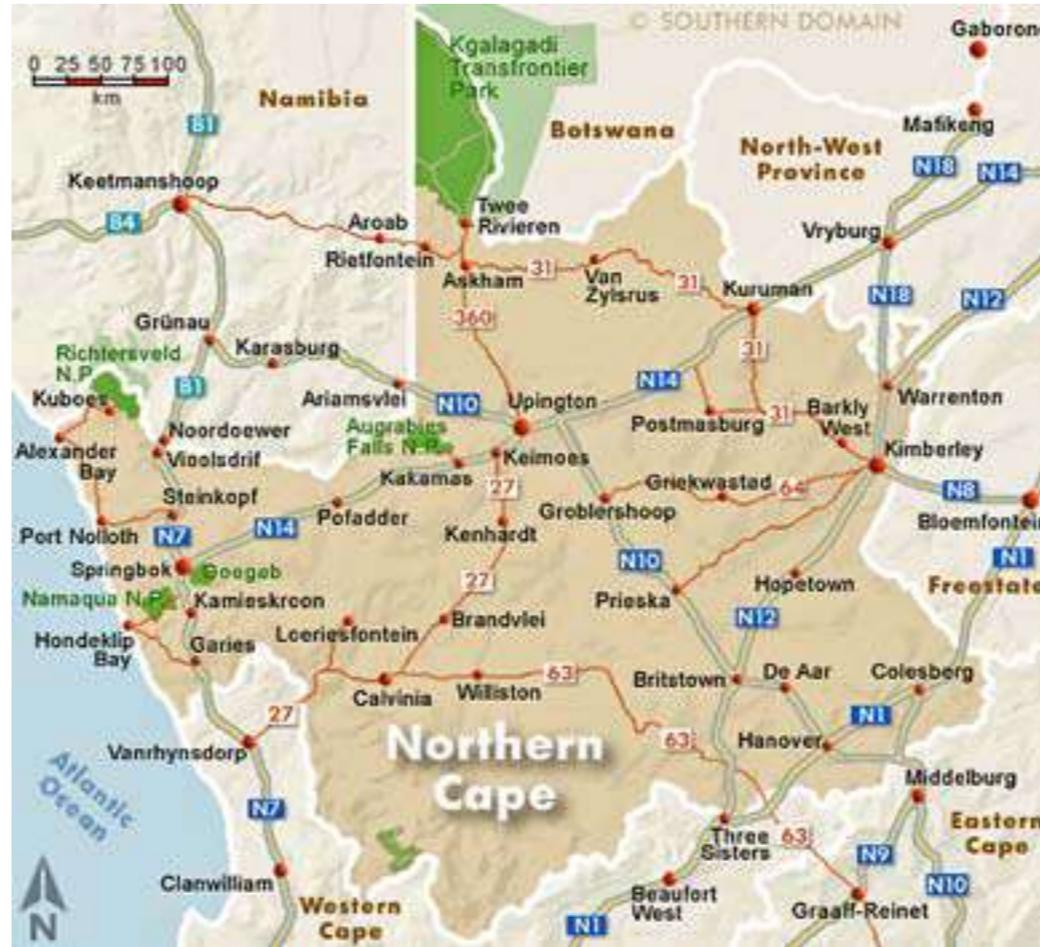
Currently Makwa Powertrade and Makwa Best Buy cover a distribution area from Springbok all the way to the border between Namibia and South Africa, providing the following channels to market:

- 300 kms North to Vioolsdrif
- 200 kms West to Alexandra Bay
- 220 kms East to Onseepkan
- 300 kms North West to Pofadder
- 160 kms South to Bitterfontein

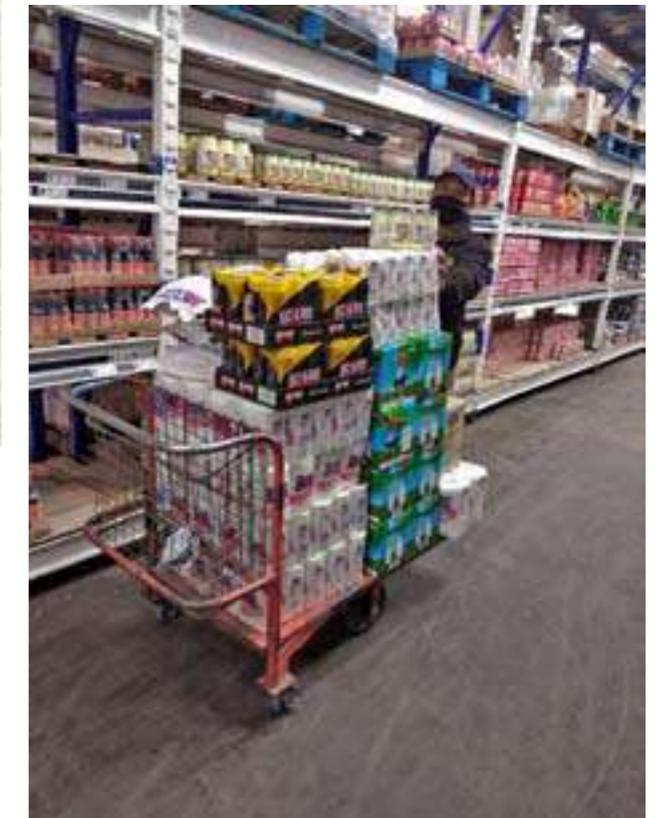
The Makwa business services the Northern Cape through a well-established infrastructure that includes five eight-ton trucks and an experienced telesales team.

In order to meet their retail and distribution demands, Makwa's supply chain is highly streamlined. Once the orders are placed, they are picked out and packed by staff; invoiced and checked; and finally the orders are loaded onto trucks and delivered the next day.

Jan Schreuder talks about the process: "The biggest challenge," he says, "is to make deliveries financially viable. For example, we deliver to far-flung stores in Baken and Alexander Bay every second week, and Kleinzee and Hondeklipbaai once a month." He adds: "This distribution model was determined by a number of interrelated factors: distances between towns, the quality of the roads



*Situational challenges: Small towns, small customer base at each location, varying buying patterns, remote and far-flung distribution locations often on inaccessible roads – a mix of variables that requires careful management to ensure profitability*



*A streamlined supply chain ensures orders are picked out and packed, invoiced, checked and delivered the next day over a wide distribution area*



“ We have to consider distances between towns, the quality of the roads and the financial capacity of the communities ”

and the financial capacity of the communities in these towns.”

Makwa Best Buy consists of a 750m<sup>2</sup> space and Powertrade a further 2 800m<sup>2</sup>. Together with their store warehouse facilities, there are also another two storage facilities in the town’s industrial area, where truckloads are stored for delivery and for stock transfer. Schreuder runs his own fleet of trucks and also employs his own drivers, which helps to make his operation cost-effective.



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*Storage facilities in the town’s industrial area. Truckloads are stored for delivery and for stock transfer*

The trucks deliver inside a radius that spreads over hundreds of kilometres. To the west is Alexandra Bay and to the north is Vioolsdrift, on the Namibian border. In the east is Onseepkans and to the south lies Bitterfontein.

“With this model, we have fully loaded trucks that supply smaller retail outlets in clusters, and at the right time according to their customer’s buying patterns, which in turn is more profitable for our company,” says Schreuder. In addition, Makwa’s team of permanent drivers understand the terrain.

### **Responsive adjustments**

Does he continually re-evaluate and adjust? “Yes,” says Schreuder, “we do – although the adjustments are not major, the model does get adjusted from time to time.”

For example: “The surrounding communities are very much dependent on Sassa grants, and therefore Sassa payments do affect our delivery schedule,” he explains. “Towns such as Baken and

Pofadder occasionally take double the amount they normally do, and that forces us to move other deliveries to accommodate everybody. Loads can also be too small, which also means the strategy needs to be altered.”

Schreuder adds that the Covid-19 lockdown has not had much effect on their distribution model, as they supply to retail stores. “We did, however, pick up that orders from small shop owners increased as lockdown procedures were implemented.”

### **Benefits to both suppliers and public**

The main benefit Makwa offers suppliers is that all their products are delivered to remote areas, enabling suppliers to get their brands into hard-to-reach areas, and Makwa keeps their stock at competitive prices. Products travel many miles over tricky terrain, gravel roads and far outlying places, reaching markets that would be otherwise inaccessible or not cost-effective for individual suppliers.



With their September 2019 launch and UMS partnership, Makwa will be able to offer even better prices and they will be pursuing diverse opportunities to grow the business, for instance, through telesales and distribution of leaflets.

## UMS and Makwa plan for growth

An exciting new path forward was forged for the business, as Makwa Powertrade and Makwa Best Buy extended their opportunities for growth with UMS. This partnership builds on both Makwa and UMS brand equity in the Northern and Western Cape provinces, respectively.

Makwa has strong reputational brand equity in Springbok and the outlying areas they supply, built over many years of serving the community and surrounds; while UMS has a strong footprint in the Western Cape, providing an opportunity for suppliers to extend their reach throughout Makwa's extensive delivery network and now further afield.

UMS has provided additional infrastructure, business development, operational support and marketing and promotions. Accounts have been centralised together with IT infrastructure and support, including order placement and online tracking.

Commercial customers are serviced by four sales reps and a sales manager, and telephonic ordering provides an easy ordering option for commercial customers.

UMS also provides a call centre infrastructure as part of the partnership, and this means a bigger sales team to provide business growth.

Makwa understands the concepts of growth, seeking and implementing new opportunities and servicing a diverse customer base. It has in-depth understanding of store-based sales and delivery-based business, with retail and commercial customers. This extended coverage will mean the growth of commercial business, as well as retail (consumer) sales.

## Can Makwa's supply chain model help to inform other stores?

"I think it all depends on the outline of the area and the customer base that the other wholesalers have. We do not have a lot of walk-in customers

like other stores have, but we do have a huge distribution area that we cover, so our model is rather unique," says Schreuder. "We've trusted our model for over 25 years – with some adjustments along the way – and it has not let us down yet. The model is easily adjustable and understandable. Our motto also makes our model unique: We pride ourselves on the fact you demand and we supply." **SR**



Xenia Kyriacou's professional background includes a PhD in science education and the writing of educational materials and textbooks; academic writing and editing; web content creation; as well as general journalism for retail trade and consumer magazines.



*The long road ahead: such a widespread and sparse client base can only be made viable with a highly streamlined, organised and cost-effective distribution model*

