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1. EXECUTIVE SUMMARY

There are not many State owned companies in South Africa that have contributed in excess of R25 billion to South Africa’s Gross Domestic Product over the past 11 years. Since opening its doors in 2003, the Cape Town International Convention Centre (CTICC) has been an instrumental driver in spurring economic growth and job creation in South Africa and transforming the economy and landscape of Cape Town.

After more than a decade of successful operations the CTICC’s positive growth trajectory is set to continue as the expansion gets underway.

CTICC has enjoyed business success over the past 11 years through maintaining high standards and service excellence, as well as leading in triple bottom line sustainability. As many competitors of the CTICC have now “caught up”, the need for differentiation in the market is key to its future success.

This document represents the CTICC’s Business Plan for the 2015/2016 financial year, with a long term vision towards positioning CTICC as one of the world’s top 10 leading long haul international convention centres.

The CTICC’s business plan has been duly aligned with the City of Cape Town’s Integrated Development Plan (IDP) as well as the Western Cape’s Government’s economic growth strategy. Many of the key principles encompassed in both these strategies have formed the cornerstones of the CTICC’s business plan going forward.

An implementation framework shaping a pragmatic action plan for the next year for each of the CTICC’s score departments, with clearly defined areas of responsibility, has been developed to support the CTICC’s business plan.

The business plan begins with an organisational overview of the CTICC and the core reasons for its formation. The CTICC operates in a challenging global context and the market analysis section of this plan provides deeper insight into the broader market environment that the organisation operates in.

The departmental strategies section focuses on the core business strategy and imperatives of the various departments and how the CTICC will achieve its objectives and contribute to the future success and sustainability of the organisation.

To ensure sustainable business development and for the CTICC to continue as a potent driver of economic growth, critical success factors will be the organisation’s resilience and adaptability to meeting the enormous challenges facing the global meetings industry today. It is well understood that the destination plays a significant role in the selection process of a meetings venue and the strategy section reviews in detail the role of the destination and the critical need for the forging of collaborative partnerships across key stakeholders within destination Cape Town, to grow the meetings industry in the region. A number of initiatives have been motivated by CTICC and will be further amplified and driven under the auspices of this plan.

The need to be strategically focused in a more challenging commercial and socio-political environment is crucial. A fresh approach to the planning discipline, resulting in a business plan that is geared to break the commodity mind-set and go beyond the function – to go beyond the extra mile! Pro-active initiatives will drive activities forward and strong emphasis will be placed on return-on-investment measurements in all areas of activity.

The management team will drive the process going forward and the last few sections of the plan focuses on the budget, management structure and potential risks that have been identified and the proposed mitigation measures.
CTICC will ensure that the business plan is activated in an integrated manner, maximising synergies across all departments and ensuring that performance is monitored as per the agreed targets.
2. COMPANY OVERVIEW

2.1. ABOUT THE CTICC

The CTICC has been a remarkable success since it opened in 2003. It has helped raise the awareness of Cape Town and has contributed to the city being a popular business destination. It contributes to the economies of the Western Cape and South Africa both through its direct operations and by raising the tourist and business profile of the province.

The CTICC was established with the aim of delivering an international convention centre in Cape Town. While the first few years of its existence saw the CTICC focus primarily on establishing itself as a world-class convention centre in Cape Town, in recent years the focus has shifted to encouraging ongoing growth and development of the South African events industry and firmly establishing Cape Town and the CTICC itself as a premier international business tourism destination.

Since opening its doors the CTICC has through its operations, been a key contributor to the Gross Geographic Product (GGP) of the Western Cape and the Gross Domestic Product (GDP) of South Africa. The CTICC has made a cumulative contribution of over R 25 billion to South Africa’s GDP and more than R 22 billion to the Western Cape’s GGP over the past 11 years. In addition the CTICC sustained over 7000 direct and indirect jobs in the 2011 year alone.

The CTICC expansion project will effectively double the centre’s exhibition capacity and allow it to increase its economic, employment and social contributions to the region and country.

Shareholding Structure

The Cape Town International Convention Centre Company (Convenco) is the holding company of the CTICC. Convenco was formed in 1999 through collaboration between the City of Cape Town, the Western Cape Government and the business sector.

The primary objective behind the formation of the holding company was to deliver a world-class international convention centre in Cape Town that would provide meeting, convention and exhibition services and facilities for local and international organisations and their guests.

In so doing, it was envisaged by the Convenco co-founders that the CTICC would have a sustainable positive impact on the economic and social development of Cape Town, the Western Cape and South Africa.

Financing of the new expansion phase has resulted in changes to the shareholding proportions as illustrated below:

<table>
<thead>
<tr>
<th>Entity</th>
<th>Share portion in 2013</th>
<th>Share portion as at 30 June 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Cape Town</td>
<td>50.2%</td>
<td>62.8%</td>
</tr>
<tr>
<td>Western Cape Government</td>
<td>25.1%</td>
<td>24.9%</td>
</tr>
<tr>
<td>SunWest International (Pty) Ltd</td>
<td>24.7%</td>
<td>12.3%</td>
</tr>
</tbody>
</table>
2.2. VISION MISSION AND VALUES

Vision

The CTICC’s vision is to become one of the world’s top 10 leading long-haul international convention centres by 2020.

The successful realisation of this vision is not measured purely by commercial interests, but also entails the CTICC’s ongoing significant contribution to South Africa’s economic growth and development.

The CTICC aims to achieve this vision by elevating its reputation as a truly inspirational business that sets the global standard for excellence in business practices, hospitality and event hosting both locally and internationally. Driving the knowledge economy and skills exchange will be an imperative in terms of focusing on key economic sectors of the City and the Western Cape Provincial Government.

Mission

The objectives underpinning the achievement of this vision are:

- Maximising economic spin-off and job creation
- Focusing on innovation and exceeding expectations
- Service excellence by building capable and quality staff
- Becoming a world leader in sustainability.
- A fully self-sufficient organisation

Through the consistent achievement of its financial and non-financial targets, its economic and social upliftment contributions, and its effectiveness in raising the profile of Cape Town and the Western Cape, the CTICC continues to achieve and exceed all these stated objectives.

Values

The achievement of the above vision and mission is driven by the CTICC’s strongly value-driven culture, which is founded on:

- Passion – We live to go beyond
- Innovation – We create magic that gives us the edge
- Integrity – We are transparent in all that we create
- Excellence – We create superior experiences.

The above values will continue to propel the CTICC into the future, underpinning its vision of being the one of the top 10 best long-haul convention centre in the world, by 2020.

2.3. STRATEGY ALIGNMENT TO THE CITY OF CAPE TOWN’S INTEGRATED DEVELOPMENT PLAN

As a municipal entity, CTICC is required to submit, along with its annual budget, a multi-year business plan that sets key financial and non-financial performance objectives and measurement criteria. The business plan is required to align to the objectives of the Integrated Development Plan (IDP) of our parent municipality i.e. the City of Cape Town (CoCT). Our business model is closely aligned to these objectives and one of the core reasons for our existence is to contribute to economic growth, job creation and a thriving skills economy.
The table on the next page illustrates the alignment between the CTICC and the City of Cape Town. In addition to aligning with the City of Cape Town’s IDP the CTICC’s business strategy is also geared at advancing the knowledge economy and contributing to growth in the key sectors that have been identified by the Western Cape Government. Some of these strategic sectors include the following:

- Agro processing
- Aquaculture
- Business Process Outsourcing (BPO)
- Green Economy
- Information Communication Technology (ICT)
- Metals and Engineering
- Oil and Gas
- Tertiary
- Tourism

Cape Town is renowned for its medical and scientific fraternities, which is an appealing value proposition for international association conferences. These conferences, which attract the world’s leading experts in the scientific, medical and academic disciplines, provide a pivotal platform for knowledge exchange and industry advancement.
Table 1: CoCT IDP Focus areas vs CTICC’s Business Objectives

<table>
<thead>
<tr>
<th>City of Cape Town 2012/2017 IDP Focus Areas</th>
<th>CTICC Mission Statements and Activities</th>
</tr>
</thead>
</table>
| 1 The Opportunity City Economic Growth and Job Creation | Maximizing economic impact and job creation through:  
- Driving the knowledge economy and skills exchange  
- Attracting more meetings and events to Cape Town  
- Increasing turnover and market share  
- Achieving a BBBEE procurement spend of not less than 50%  
- Partnering with business tourism role players to advance the industry  
- Pursuing new strategic business opportunities |
| 2 Infrastructure-led growth and development | The CTICC East expansion will effectively double the size of the exhibition space, in order to service high levels of demand. The expanded facilities will further enable CTICC to continue to increase the economic multiplier effect and host concurrent meetings and events. |
| 3 Promote a sustainable environment | CTICC aims to be a world leader in sustainability through the commitment of a dedicated team of staff members and partners, who place sustainable business practices at the top of every agenda. The CTICC aims to uplift and empower the communities in which it operates. |
| 4 Leverage assets to drive economic growth | Driving economic growth through the knowledge exchange and job creation. |
| 5 Training and skills development | A core focus is on building capable and quality staff through a constant focus on training, rewards and recognition, mentorship, and financial and physical wellness. Service excellence is further enhanced through continuous innovation of technology and processes. |

| 2 The Safe City | The CTICC is focused on putting measures in place to ensure a safe environment for anyone that walks through its doors. CTICC is a member of Cape Town Central District (CCID) and pays a monthly fee for support of cleansing and security within the precinct and during large events. |
| 3 The Caring City | CTICC is committed to uplifting and empowering the communities in which it operates & has partnerships with number of NGO’s. Clients and service providers are encouraged to leave a legacy and participate in initiatives that serve to create sustainable communities. |
| 4 The Inclusive City | CTICC contributes to transformation by consistently meeting and exceeding the target of spending no less than 50% of its budget on BBBEE suppliers. |
| 5 The Well-run City | We comply with the MFMA and all relevant legislation. The CTICC adheres to the principles of King III Code on Governance and complies with the Municipal Finance Management Act (MFMA) and all other relevant legislation. Adequate risk identification and management processes have been implemented to ensure that the centre operates according to the highest ethical standards. The CTICC has achieved unqualified clean audits for two consecutive years. |

### 2.4. KEY PERFORMANCE INDICATORS

As a results-driven organisation, much emphasis is placed on attainment of targets, firstly at an organisational level, and then cascading down to departmental and finally individual
performance levels. Our system of performance management is integral to achieving our financial and our non-financial targets. CTICC’s performance is measured by the City of Cape Town against a set of Key Performance Indicators (KPIs). These are agreed between the CTICC and the City on an annual basis.

The following table below illustrates the agreed KPIs for the financial year 2015/2016:

**Table 2: CTICC’s Key Performance Indicators**

<table>
<thead>
<tr>
<th>Category</th>
<th>Measurement</th>
<th>Reporting Interval</th>
<th>Actual 2014</th>
<th>Annual Target 2015</th>
<th>Annual Target 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Operating Profit</td>
<td>Percentage achievement of annual budgeted operating profit</td>
<td>Quarterly</td>
<td>190%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>2 Capital Projects</td>
<td>Percentage of the total number of capital projects for the year completed or committed</td>
<td>Quarterly</td>
<td>100%</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>3 Capital Expenditure</td>
<td>Maintain five star tourism grading through effective management of maintenance &amp; quality of service delivery</td>
<td>3rd Quarter</td>
<td>Five Star Tourism Grading Council Certification</td>
<td>Achieve Five Star Tourism Grading Council</td>
<td>Achieve Five Star Tourism Grading Council</td>
</tr>
<tr>
<td>4 Capital Expenditure (CTICC Expansion Programme)</td>
<td>Achieve 100% of Milestones</td>
<td>Quarterly</td>
<td>N/A</td>
<td>100% of Milestones reached</td>
<td>100% of Milestones reached</td>
</tr>
<tr>
<td>5 Events</td>
<td>Number of events hosted compared to annual budgeted target</td>
<td>Quarterly</td>
<td>535</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>6 Events</td>
<td>Number of international events hosted compared to budgeted target</td>
<td>Quarterly</td>
<td>33</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>7 External Audit Report</td>
<td>Unqualified (clean) Audit Report the financial year</td>
<td>Quarterly</td>
<td>Unqualified Audit Report for 2012/2013 financial year achieved</td>
<td>Unqualified Audit Report (2nd Quarter)</td>
<td>Unqualified Audit Report (2nd Quarter)</td>
</tr>
<tr>
<td>8 Human Capital Development</td>
<td>Percentage of annual total salary cost spend on training of permanent and temporary staff</td>
<td>Quarterly</td>
<td>5.2%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>9 Minimum Competency Level</td>
<td>Number of senior managers registered for MFMA Competency Course</td>
<td>Quarterly</td>
<td>9</td>
<td>7</td>
<td>5</td>
</tr>
</tbody>
</table>
2.5. Core Target Markets

The below table provides an overview of the key target markets of the CTICC. These target markets will need to be approached in dynamic ways in order to remain relevant and position CTICC as top of mind.

<table>
<thead>
<tr>
<th>Target Market</th>
<th>Focus Areas</th>
</tr>
</thead>
</table>
| Stakeholders/Shareholders | • The City of Cape Town  
• The Provincial Government of the Western Cape  
• CTICC Board Members  
• Relevant Sector bodies such as Cape Town Tourism, Cape Town Partnership etc.  
• Hospitality Industry peers and associations, EXSA, SAACI |
| Clients | • International Associations  
• National Associations  
• Professional Conference Organizers  
• Exhibition clients  
• Visitors and delegates  
• Corporate clients  
• Government organisations  
• Event Organisers |
| CTICC Staff | • Contract staff  
• Permanent staff |
| Media | • Online media  
• Regional and national newspapers  
• Online news portals  
• Industry and association websites  
• Social media |
| Public | • Local communities |

**Event Market Segments**

**International market**
The international market comprises of associations, corporate organisations, governmental meetings and certain social and cultural events. The CTICC has determined that its primary business will be derived from the traditional European and British markets with a new focus on the American market and international associations from Africa.
The International Sales department focuses its international sales initiatives and endeavours in these territories. The CTICC appointed International Sales Representatives to assist with lead generation in Europe and America. International association meetings typically last an average of four to five days and have a lead-time of approximately two to three years for bidding and planning.

While the CTICC is undoubtedly an attractive destination for an extensive variety of events, conferences and exhibitions, a core mandate of the CTICC remains to attract and host international association conferences, and thereby contribute to the economic growth of Cape Town, the Western Cape and South Africa as a whole.

International conferences, exhibitions etc have the potential to contribute the most to the CTICCs economic performance indicators. In addition, it is the most recession-proof segment of the CTICC’s business as associations are governed by their constitutions and are therefore bound to conduct regular meetings of their members, irrespective of prevailing market conditions.

**National market**
The national meetings market comprising national associations, corporate organisations, governmental meetings, civic and other organisation meetings and social and cultural events.

National congresses are usually attended by a minimum of 50 delegates and are organized on annual basis. They last for an average of two days and, in certain cases, will have an exhibition component. The market is drawn primarily from Gauteng, although there are opportunities in the Western Cape and the other provinces.

The lead time for business from this market has decreased and the new trend is that bookings are made within a month of the event date. Recent studies indicate that 40% of all events hosted at the CTICC are booked within one month of the event date. This change in the market has necessitated the need for a short-term events contract as well as a dedicated team to assist with the booking and event coordination.

Based on this trend a decision was taken in July 2014 for all short term bookings to be coordinated from inception to completion by the National Sales department and not the Event Management department. The reason for this was to streamline the booking process, thereby adding value to the client.

Additional event types that are classified in this category include, exhibitions, trade fairs, banquets, special events, other events and film and photo-shoots.

**Exhibitions market (business-to-consumer)**
The exhibition market comprises primarily national and local events aimed at business-to-consumer commerce. The CTICC has hosted home décor shows, outdoor and travel expos, wedding exhibitions, boating and marine equipment exhibitions and other events that purposefully attract consumers from Cape Town and the Western Cape.

A new trend that is emerging is that consumer show events are pairing their events with complementary events to increase the feet through the door, while leveraging off combined marketing and PR costs. The existing shows are also adding new complementary product elements to attract different target markets and consumers. For example the Good Food and Wine show who has added a trade component or the Boat Show who has other elements such as an entertainment and lifestyle element.
The Commercial and Business Development department is planning to undertake research and investigate the feasibility of hosting its own shows in order to create new revenue streams.

**Trade Fair market (business-to-business)**

The Trade Fair market primarily comprises exhibitions that are staged for the purposes of promoting business-to-business commerce. The CTICC has hosted trade fairs featuring sectors such as building and construction, engineering, agriculture, manufacturing, export and others. These events are always commercially driven and most often aimed at local business consumers, not international markets.

There has been an increase in the number of bi-annual trade fairs, and many of these events are relocating to venues like shopping malls, farms and alternative outdoor locations. For example, motor manufacturers are opting to go to shopping malls where they will pay the same amount for a day’s venue rental at the CTICC but for a week in the mall and will get more exposure as more people will walk past their motor vehicle on display. The Taste of Cape Town has also opted to rather be outside at the Greenpoint Cricket stadium rather than indoors at the CTICC.

These events are generally single-day/night occasions and comprise of banquets (social, corporate and government), special events of a cultural, religious, civic or sporting nature and staged entertainment performances. Aside from the shows, these events usually involve the serving of food and beverages to seated guests.

These events are usually organised independently of exhibitions and conferences and the responsibility for booking and payment usually vests with one person or organisation.
3. MARKET ANALYSIS

3.1. SITUATION ANALYSIS

Macro Environment

The combination of changing political, economic, social and natural environments presents a complex and dynamic situation in which the CTICC operates. The CTICC’s macro environment consists of six sub-environments or variables namely Political, Economic, Social, Technological, Legal and Environmental (PESTLE). These are constantly changing forces, which not only affect the macro and micro environments, but also impact on each other – resulting in a dynamic and constantly changing business environment. When analysing the macro environment, the focus is on these constant changes in the sub-environments and their implications for the business.

The below PESTLE analysis highlights the CTICC’s current macro environment and follows with the opportunities for the CTICC to maximise its business given the external challenges.

<table>
<thead>
<tr>
<th>Political:</th>
<th>Economical:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• International political instability</td>
<td>• Exchange rate fluctuations</td>
</tr>
<tr>
<td>• Negative perception from international clients</td>
<td>• Geo-political influences</td>
</tr>
<tr>
<td>• Governmental Support – National Convention Bureau (Subvention Fund)</td>
<td>• Shift in traditional markets</td>
</tr>
<tr>
<td>• Synergy with Shareholders</td>
<td>• Electricity and petrol increases - affects affordability of the destination i.e. flights, transport and food costs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social:</th>
<th>Technological:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Cultural aspects</td>
<td>• Rate of technological change</td>
</tr>
<tr>
<td>• Perception from society and local communities</td>
<td>• Adaption to new technological trends</td>
</tr>
<tr>
<td>• Sustainability/Job creation</td>
<td>• Lack of national infrastructure to support the new technology</td>
</tr>
<tr>
<td>• Unemployment rate – leads to poverty, which affects the image of the destination</td>
<td>• Emergence of mobile technology</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legal:</th>
<th>Environment:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Existing legislation</td>
<td>• Climate change risks</td>
</tr>
<tr>
<td>• Municipal entity legislation</td>
<td>• Shortage of energy</td>
</tr>
<tr>
<td>• New immigration and Visa Regulations</td>
<td>• Water restrictions affect operations</td>
</tr>
<tr>
<td></td>
<td>• Ebola Virus</td>
</tr>
</tbody>
</table>
3.2. COMPANY ANALYSIS

While the CTICC Strategy Pyramid and Value Proposition listed below has been well documented in previous annual submissions it is important to reinforce its essence. The illustrations below have been included for this purpose:

**Strategy Pyramid and Value Proposition**

![Strategy Pyramid Diagram]

Our positioning has been determined by the underlying rationale that while international meetings represent higher yielding business opportunities than local events, we need to concentrate our marketing and sales efforts on growing the exhibition and trade fair market and the special and other event portfolios.

In determining our local national and global positioning and in putting in place a marketing and communication strategy to realize our stated objectives, the CTICC recognizes certain critical factors that will influence our success. These factors include:

- South Africa’s international profile as a destination
- Cape Town’s international profile as a destination
- Overnight air travel considerations
- Global and national security
- Exchange rates
- The emergence of other competitive facilities in Africa and elsewhere
- Trends and dynamics in the meetings planning industry

3.3. MARKET ATTRACTIVENESS

**Future potential**

While the planned expansion of the CTICC presents significant growth potential across the board, there are a number of specific areas in which the CTICC can generate future growth.

Special Events, such as comedy shows and sporting events, is one such business area where vast potential could be unlocked with the appropriate business model. Another area with significant future potential is researching and developing a strategy to create feasible CTICC events such as comedy shows, music productions and consumer shows, which could bring in an additional revenue stream.
The opening of CTICC East will also enhance the CTICC’s global competitiveness and will allow the CTICC to attract more large scale exhibitions and international conferences of 10 000 or more delegates to Cape Town.

Potential barriers to growth

African and International Market

- External global factors such as Exchange Rate fluctuations, Ebola outbreak and natural disasters such as the Ashcloud.
- VISA & Immigration regulations.
- Accessibility - Direct flights to Cape Town and high costs.
- Lack of subvention (subsidisation) funding when bidding for international conferences.
- Increased global competition coming to the fore. New convention centers are continually being opened internationally (including Africa).
- Emergence of new hotels and alternative conference venues nationally.

Product differentiation

- Diverse array of new innovative conference and events packages.
- Only convention centre with a Halaal certification.
- ISO certifications
- Size of centre
- 5 star grading from the Tourism Grading Council
- Service excellence
- Committed to sustainability
3.4. OPPORTUNITY ANALYSIS (SWOT)

In addition to the above factors there are additional threats and challenges which need to be taken into account\(^1\). The SWOT analysis below highlights the opportunities for the CTICC to maximise its strengths in the context of a challenging business environment.

Below is a detailed SWOT analysis of the CTICC – with particular reference to the Commercial and Business Development department.

<table>
<thead>
<tr>
<th>Internal</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengths</strong></td>
<td><strong>Weaknesses</strong></td>
</tr>
<tr>
<td>- Excellent/Diverse culinary offering</td>
<td>- Lack of capacity to host events in high seasons</td>
</tr>
<tr>
<td>- High quality of building</td>
<td>- Limited amount of large capacity convention facilities as compared to other destinations</td>
</tr>
<tr>
<td>- High quality service ethic</td>
<td>- Minimum parking facilities &amp; price of parking for guests</td>
</tr>
<tr>
<td>- Good Governance ethics</td>
<td>- CTICC key suppliers not meeting standard requirements</td>
</tr>
<tr>
<td>- International standards driven</td>
<td>- Succession planning</td>
</tr>
<tr>
<td>- ISO accredited</td>
<td>- Retention of skill staff</td>
</tr>
<tr>
<td>- Committed &amp; passionate staff</td>
<td>- Inconsistency of service delivery impacted on reputational and financial loss</td>
</tr>
<tr>
<td>- High quality inhouse service providers</td>
<td></td>
</tr>
<tr>
<td>- Package diversity</td>
<td></td>
</tr>
<tr>
<td>- Strong brand in awareness</td>
<td></td>
</tr>
<tr>
<td>- Strong industry commitment to brand &amp; marketing initiatives</td>
<td></td>
</tr>
<tr>
<td>- Well-established high-yield client base</td>
<td></td>
</tr>
<tr>
<td>- Customisation/flexibility</td>
<td></td>
</tr>
<tr>
<td>- Competitive pricing relative to immediate competition</td>
<td></td>
</tr>
<tr>
<td>- Sustainability-conscious organisation</td>
<td></td>
</tr>
<tr>
<td>- Good City location and in access to high quality amenities</td>
<td></td>
</tr>
<tr>
<td>- Lack of similar-sized venue supply in Cape Town, Western Cape</td>
<td></td>
</tr>
<tr>
<td>- Surrounding different hotels (high level/diverse options/hotel categories)</td>
<td></td>
</tr>
</tbody>
</table>
External

<table>
<thead>
<tr>
<th>Threats</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• International demand for short-haul destinations (Financial constraints and associated costs)</td>
<td>• Targeting 2nd and 3rd tier SA markets for incentive &amp; corporate business, special events</td>
</tr>
<tr>
<td>• Not enough recognition as a safe and accessible destination</td>
<td>• Leveraging partner stakeholder relationships and Cape Town brand initiatives</td>
</tr>
<tr>
<td>• Long-term strength of South African rand and Government policy regularities – political Instability</td>
<td>• Long-term commitment on current target markets</td>
</tr>
<tr>
<td>• Long-haul destination – associated carbon footprint related to travel</td>
<td>• Lack of supply in Cape Town for the convention centre industry</td>
</tr>
<tr>
<td>• International competitors with stronger financial standing improving product range and service offerings</td>
<td>• Growth of Cape Town, as a prime destination</td>
</tr>
<tr>
<td>• Expansion delays that compromise the design that does not meet the requirements</td>
<td>• Growing niche and emerging economy markets</td>
</tr>
<tr>
<td>• Profit margin erosion due to factors such as increased cost including direct &amp; indirect costs.</td>
<td>• Educating new markets on CTICC product range</td>
</tr>
<tr>
<td>• Potential loss of bids due to lack of cohesion of industry partners resulting in financial loss and increased sunvention (subsidy) trend within the industry</td>
<td>• Expansion given which capacity to host multiple of larger events</td>
</tr>
<tr>
<td>• Lack of capital investment and quantum of potential investment due to obsolete equipment or fittings resulting in unexpected equipment failure and aging infrastructure impacting on the service delivery</td>
<td></td>
</tr>
<tr>
<td>• Revenue erosion due to customer spend</td>
<td></td>
</tr>
<tr>
<td>• Forex</td>
<td></td>
</tr>
<tr>
<td>• Costs increasing</td>
<td></td>
</tr>
</tbody>
</table>

Remaining competitive in a turbulent environment

The factors outlined above allow the CTICC to remain competitive. For example, whilst international meetings and conferences represent higher yielding business opportunities than local events, the market environment analysis indicates that there is a need to have a parallel focus on growing the centre’s national conference and small meetings business. The CTICC’s strategic plan for the future needs to take a holistic approach that maximizes opportunities across all of its market segments.

Whilst the expansion will come as a great relief to certain exhibitions and shows, the challenge will be securing business that fills both the existing CTICC West and East. An aggressive sales strategy which targets exhibitions and conferences needs to be executed in conjunction with a marketing and communications plan that emphasises the expansion as part of the existing brand identity.
3.5. CUSTOMER ANALYSIS

While the CTICC is in the fortunate position of retaining many repeat trade fairs and exhibitions and international events it has become challenging for the CTICC to offer these valuable clients their preferred dates and venues in advance due to the increasing demand for space. The CTICC has reached a point where demand is outstripping supply.

This situation is likely to become more challenging given that global trends indicate that event lead times are becoming even shorter. This means that the CTICC is constantly under pressure to offer the right client, the right space, at the right time, and for the right price.

Accurate customer analysis is therefore vital to identify who our customers are, what they want, and allow us to successfully meet the market demand.

Client Buying Behaviour

**International Association Conferences:** International Association conferences are conferences that are required to rotate globally and need to draw an attendance of over 50 delegates. These events are secured via a formal bidding process through local members or chapters of the association with the support of the City’s convention bureau.

Decision-making for major international association meetings are determined by a variety of factors and takes place over a protracted period of months or even years. When the host city is finally selected the event lead time can range from 12 months to six years.

**International Corporate/Government Conferences:** The Corporate and Government segments do not have a formal buying behavior and no specific pattern for event rotation.

The end client can book directly or via 3rd parties i.e., meeting planner or Professional ConferenceOrganiser. These events generally have a lead time of 12 – 18 months. Events are secured either via a tender/procurement process or directly with the venue.

**National Conferences:** During the 2013/2014 financial year the majority of these types of events, 61%, were booked within one year of the start date and 25% two years out. A minimum of 4% of the events are booked more than 4 years in advance.

**Exhibitions:** 43%, of exhibitions are booked within 1 year of the start date and 50% booked more than 4 years in advance. This is due to repeat events booked in advance and events booked within 1 year. The trend is showing an increase of shorter lead times for new exhibitions.

**Trade Fairs:** Like the exhibition segment, trade fairs are also showing an increase in shorter lead times with 47% of event bookings taking place within a year of the event. Only 24% were booked within 2 years and 19% were booked more than 4 years in advance.

**Other Events:** During the 2013/2014 financial year, this segment consisted of 299 events of which 70% were booked on a short term basis with a 3 month lead time. Of these short term events, 40% was booked within a month of the event day. This places enormous pressure on the Sales and Event departments. For this reason, events booked from the 1st month of the event day will remain within the Sales department who will co-ordinate the event.
**Banquets:** The majority of banquets are booked outside a 3 month lead time resulting in them being classified as long term bookings. 28% of the banquets hosted during the last financial year were comprised of short term bookings and 23% were repeat events. Clients are looking at alternative culinary experience options, other than the formal sit down gala dinner banquet.

**Special Events:** Special events require a longer lead time for events as the event organisers need to market these events to the public. 63% of the Special Events hosted at the CTICC are booked 3 months or more in advance and a mere 10% were booked within a 1 month window period.

**Film Shoots:** Due to the dynamic nature of this segment, most bookings are made within 1 month from shoot day and 55% of film shoots are booked within the same week as the shoot. Film and photo shoots are seasonal and subject to weather conditions.

### 3.6. COMPETITIVE MARKET ANALYSIS

The CTICC constantly benchmarks itself against its various competitor sets, the most important of which is the International Associations market. It is estimated that there are approximately 19 000 different International Association meetings organised on a regular basis. The International Congress and Convention Association (ICCA) Association Database has collected information on approximately 80% of them. An overview is provided in the illustrations below:

![2013 Global Market Share](image)

*Source: ICCA Country and City Rankings Report 2013*

The ICCA Statistics Reports are based on the ICCA Association Database, which means the figures cover meetings organised by International Associations which take place on a regular basis and which rotate between a minimum of three countries.

From the Global Market Share graph above it is clear that an opportunity exists for Africa as a continent to increase its global market share. When seen in conjunction with the Africa Market Share graph below, it is clear that South Africa is well placed, in the African context, to benefit most from potential growth in the International Association Meetings segment.

---

2 ICCA (International Congress and Convention Association)
When focusing on the Cape Town context in the analysis of these two graphs, the status of the city as an international meetings destination becomes even more positive. This is further reinforced when one considers the number of events hosted per year between 2004 and 2013.

Table 1 below illustrates performances by a ‘long-haul’ competitor set between 2004 and 2013 with relation to the number of meetings hosted.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cape Town</th>
<th>Kuala Lumpur</th>
<th>Vancouver, BC</th>
<th>Melbourne, VIC</th>
<th>Sydney, NSW</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>44</td>
<td>55</td>
<td>46</td>
<td>40</td>
<td>44</td>
</tr>
<tr>
<td>2005</td>
<td>35</td>
<td>50</td>
<td>39</td>
<td>52</td>
<td>57</td>
</tr>
<tr>
<td>2006</td>
<td>52</td>
<td>73</td>
<td>59</td>
<td>52</td>
<td>58</td>
</tr>
<tr>
<td>2007</td>
<td>43</td>
<td>82</td>
<td>52</td>
<td>40</td>
<td>71</td>
</tr>
<tr>
<td>2008</td>
<td>47</td>
<td>78</td>
<td>59</td>
<td>45</td>
<td>72</td>
</tr>
<tr>
<td>2009</td>
<td>54</td>
<td>80</td>
<td>47</td>
<td>35</td>
<td>62</td>
</tr>
<tr>
<td>2010</td>
<td>41</td>
<td>79</td>
<td>58</td>
<td>49</td>
<td>102</td>
</tr>
<tr>
<td>2011</td>
<td>38</td>
<td>78</td>
<td>55</td>
<td>62</td>
<td>57</td>
</tr>
<tr>
<td>2012</td>
<td>38</td>
<td>69</td>
<td>49</td>
<td>54</td>
<td>86</td>
</tr>
<tr>
<td>2013</td>
<td>45</td>
<td>68</td>
<td>57</td>
<td>52</td>
<td>93</td>
</tr>
<tr>
<td>Average</td>
<td>43.7</td>
<td>71.2</td>
<td>52.1</td>
<td>48.1</td>
<td>70.2</td>
</tr>
<tr>
<td>% Share</td>
<td>15%</td>
<td>25%</td>
<td>18%</td>
<td>17%</td>
<td>25%</td>
</tr>
</tbody>
</table>

3 ICCA (International Congress and Convention Association) Country and City Rankings report
Table 2 below\(^4\) illustrates the market share of events in the city compared to the total number of events in that country.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cape Town</th>
<th>Kuala Lumpur</th>
<th>Vancouver, BC</th>
<th>Melbourne, VIC</th>
<th>Sydney, NSW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>South Africa</td>
<td>Malaysia</td>
<td>Canada</td>
<td>Australia</td>
<td>Australia</td>
</tr>
<tr>
<td>2004</td>
<td>51%</td>
<td>69%</td>
<td>22%</td>
<td>21%</td>
<td>23%</td>
</tr>
<tr>
<td>2005</td>
<td>44%</td>
<td>77%</td>
<td>19%</td>
<td>28%</td>
<td>31%</td>
</tr>
<tr>
<td>2006</td>
<td>58%</td>
<td>72%</td>
<td>27%</td>
<td>25%</td>
<td>28%</td>
</tr>
<tr>
<td>2007</td>
<td>57%</td>
<td>75%</td>
<td>21%</td>
<td>18%</td>
<td>32%</td>
</tr>
<tr>
<td>2008</td>
<td>47%</td>
<td>72%</td>
<td>20%</td>
<td>22%</td>
<td>35%</td>
</tr>
<tr>
<td>2009</td>
<td>53%</td>
<td>74%</td>
<td>20%</td>
<td>19%</td>
<td>34%</td>
</tr>
<tr>
<td>2010</td>
<td>48%</td>
<td>66%</td>
<td>25%</td>
<td>21%</td>
<td>43%</td>
</tr>
<tr>
<td>2011</td>
<td>45%</td>
<td>62%</td>
<td>22%</td>
<td>30%</td>
<td>28%</td>
</tr>
<tr>
<td>2012</td>
<td>39%</td>
<td>63%</td>
<td>18%</td>
<td>19%</td>
<td>31%</td>
</tr>
<tr>
<td>2013</td>
<td>38%</td>
<td>58%</td>
<td>20%</td>
<td>21%</td>
<td>38%</td>
</tr>
<tr>
<td>Ave</td>
<td>48%</td>
<td>69%</td>
<td>21%</td>
<td>22%</td>
<td>32%</td>
</tr>
</tbody>
</table>

As can be seen from above, Cape Town has attracted almost half of all International Association Conferences hosted in South Africa over the ten-year period. Its desirability therefore is undeniable from a South African perspective.

A comparison between major national competitors is illustrated in Table 3 below\(^5\) and further reinforces this point through a comparison of market share of events in the city compared to the total number of events in the country. Other cities are not included.

---

\(^4\) ICCA (International Congress and Convention Association) Country and City Rankings report

\(^5\) ICCA (International Congress and Convention Association) Country and City Rankings report
<table>
<thead>
<tr>
<th>Year</th>
<th>Cape Town</th>
<th>Johannesburg</th>
<th>Durban</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>South Africa</td>
<td>South Africa</td>
<td>South Africa</td>
</tr>
<tr>
<td>2004</td>
<td>51%</td>
<td>20%</td>
<td>13%</td>
</tr>
<tr>
<td>2005</td>
<td>44%</td>
<td>6%</td>
<td>16%</td>
</tr>
<tr>
<td>2006</td>
<td>58%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>2007</td>
<td>57%</td>
<td>17%</td>
<td>12%</td>
</tr>
<tr>
<td>2008</td>
<td>47%</td>
<td>19%</td>
<td>12%</td>
</tr>
<tr>
<td>2009</td>
<td>53%</td>
<td>13%</td>
<td>9%</td>
</tr>
<tr>
<td>2010</td>
<td>48%</td>
<td>11%</td>
<td>12%</td>
</tr>
<tr>
<td>2011</td>
<td>45%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>2012</td>
<td>39%</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>2013</td>
<td>38%</td>
<td>15%</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>48%</strong></td>
<td><strong>13%</strong></td>
<td><strong>13%</strong></td>
</tr>
</tbody>
</table>

While the graphs and tables above demonstrate Cape Town’s leadership potential, they also show that there is still much work to be done in order to increase the city’s current world ranking in terms of the number of international association meetings that it hosts.

Overall Cape Town’s ranking increased by 8 places in 2013 (52nd) compared to the ranking of 60th in 2012. The CTICC is ideally placed to strengthen this growth, year-on-year.

Regional bid meetings have increased due to new and more established City Convention Bureaus entering the market such as the Durban KwaZulu-Natal Convention Bureau, Tswane Convention & Visitor Services Bureau and the Johannesburg Convention Bureau.

As new convention centre’s continue to open up across the African continent, Africa is emerging as a key competitor. Convention centres are in the pipeline for Rwanda, Kenya and Nigeria.

The Kigali Convention Centre in Kigali, Rwanda will be opening towards the end of 2015/early 2016. In 2015 the Calabar Convention Centre will be opening in Calabar, Nigeria and the Bomas Convention Centre in Bomas, Kenya has a planned opening of 2017.
4. DEPARTMENTAL STRATEGIES

4.1. COMMERCIAL AND BUSINESS DEVELOPMENT

The Commercial and Business Development department is comprised 3 core departments of the following sub departments, which are responsible for driving the core business of CTICC.

- International Sales
- National Sales
- Event Management
- Revenue Management
- Marketing and Sustainability
- Corporate Communications

4.1.1. INTERNATIONAL SALES OVERVIEW

The overarching objective of the International Sales department is to increase the CTICC’s competitiveness in the global long-haul market through successfully bidding for International Association conferences as well as targeting corporate and government events. International conferences and events are major drivers of economic growth and job creation in the province and country.

One of the CTICC’s annual key targets set by the Shareholders is to attract 32 international conferences to Cape Town and host 500 events in order to raise the global competitiveness of the destination.

RATIONALE

International Conferences are a key market segment for the CTICC as it directly contributes to economic growth and job creation in the country. The CTICC supports established tourism and emerging events industry businesses by attracting local and foreign delegates and visitors to the city. The effect does not stop here. There is the positive trickle-down effect of salaries and wages being spent in the local economy. There is also a sizable contribution to taxes. Much of this positive effect is funded by international delegates.

The CTICC has is a key catalyst in the development and evolution of the knowledge economy. Cape Town’s appeal as a global destination has seen a steady stream of international medical, environmental, agricultural and mining; oil and gas conferences converge at the CTICC thereby facilitating knowledge sharing and skills exchange. The fact that many of these international congresses are also repeat events speaks volumes about the CTICC’s success in terms of delivering excellent experiences for its international clients and delegates.

Attracting more international conferences and events to Cape Town in the key growth sectors discussed earlier in the document will spur economic growth and job creation in the province and support both the City of Cape Town and the Western Cape Government’s economic development strategies and goals. This is therefore directly aligned with the City
of Cape Town’s Integrated Development Plan (IDP) as well as the Western Cape’s Governments economic growth strategy.

**KEY OBJECTIVES AND ACTION PLANS**

The section below outlines the objectives of International Sales department’s key objectives for the 2015/2016 financial year.

**Attract more events through increasing lead generation**

The department tracks all future events that are on the books through an International Forecast Report. The annual target set for the CTICC is a minimum of 32 events and in order to achieve this it is essential that over 100 conferences in various statuses (i.e. bidding, bid awarded, contract sent, contracted etc.) are on the books. One way of ensuring that the CTICC’s order book is looking positive is through increasing lead generation. The below initiatives are geared at increasing the number of leads.

*International Sales Representation*

It is important to have a targeted approach to guide the International Sales Representation company that is based in Europe with regards to the key conferences that need to be targeted. This will assist CTICC to fill the gaps in years, where events are required.

The international sales representative is required to submit a minimum of eight leads per month as per the contract for the calendar year 2015 – 2016. 50% of these leads must be, linked to open years for bidding as per the International Forecast Report. In addition 20 % of leads generated need to be aligned to the sectors of Agriculture, Medical, Environment, ICT, Mining and Oil & Gas. The remaining 30% must be bids with a potential rotation for Africa/Southern Hemisphere/World International or where the “Call for bids” specifically requests certain destinations to bid or express interest.

*CTICC Ambassador Programme*

The aim of this industry initiative is to tap into the resources of Cape Town’s academic, medical and scientific fraternity in order to grow the market share of the association conference industry in Cape Town. The CTICC Ambassador Programme is used to identify key academics and private practice clients that are involved in the bidding phase of an event or who have hosted an event at the CTICC and who can serve as ambassadors for the venue and Cape Town. These ambassadors can assist to identify peers in their field that can possibly bid for future conferences. In the 2015/2016 financial year the target is to increase the number of ambassadors by five.

The new ambassadors will be secured through targeting clients that are board members of International Associations and through client networking functions. Annual networking functions will be hosted where current ambassadors can introduce peers/contacts to the CTICC that can potentially bid for future conferences.

*Trade shows/client – supplier workshops focusing on business events*

Attend tradeshows where the South African National Convention Bureau provides a platform to exhibit. Key industry trade platforms that the CTICC has identified include the following:

- IMEX America, Las Vegas, USA (October 2015). This is America’s worldwide exhibition for incentive travel, meetings & events.
• EIBTM, Barcelona, Spain (November 2015). EIBTM is the leading global event for the meetings, incentives, conferences, events and business travel industry. The event attracts over 15 000 meetings industry professionals with over 3 000 exhibitors.

• Meetings Africa, Johannesburg, South Africa (February 2016). Meetings Africa showcases Africa’s diverse offering of services and products where African associations and African meetings industry professionals can partner to help transform the continent.

• IMEX, Frankfurt, Germany (May 2016). The worldwide exhibition for incentive travel, meetings & events based in Europe.

Client/Supplier workshops identified are as follows:

• ICCA Africa chapter Client/Supplier workshop, Basel, Cape Town – 2015, in Zambia - 2016). This workshop focuses on Associations with an African rotation.

• XL Workshop, Abu Dhabi (March 2016). This workshop focuses on associations with a World International rotation.

• ICCA Client/Supplier International workshop in Basel in 2015. This workshop focuses on associations with a world International rotation. Number of delegate averages 30 pax (split between Associations and Convention Centres.

Sales trips to National Associations – four per annum

New leads for the sales trips will be linked to leads received from the International Representation Company as well as clients contacting the CTICC or Cape Town Convention Bureau with regards to bidding for a conference. Once a lead has been received, contact has to be made with the National Association to attain if they are interested in bidding as the CTICC as a venue cannot submit a bid on behalf of the National Association.

As the Cape Town and Western Cape Convention Bureau (CTCB) are key in the beginning stages of bidding and produces the bid book it is of strategic importance that they join the sales trip to explain their services to new clients. Existing clients with future confirmed conferences will also form part of these visits from a Client Relationship Management (CRM) perspective.

Sales trips to International clients

In addition to attending international trade shows, sales trips to clients with potential bids and conferences based in Europe and the USA will also be undertaken. Research will be conducted to ascertain if the National Association wants to bid. Brussels, Washington DC and Geneva are three cities with a high concentration of International Association headquarters. Existing clients can also be visited in the targeted cities. From a CRM point, hosted dinners can form part of this activity. The ICCA database can be a valuable tool in identifying relevant global headquarters to target.

CTICC East

By 2022 it is envisioned that the total number of international conferences to be hosted per year will increase substantially due to increased capacity with the completion of CTICC East in 2017.

The research plan is to have a specific focus on conferences that have a venue specification and delegate numbers, which utilizes both CTICC West and East. This will be
applicable for events hosted from 2017. Due to the 3 – 5 year lead period for securing international conferences, bidding for these events is set to commence prior to the opening of CTICC East. We are reviewing the current repeat clients that have to be displaced in order to facilitate bidding for international conferences in CTICC West.

An urgent need to open up a booking system for CTICC East is required to achieve the targets in terms of lead time.

**Foster collaborative partnerships with industry stakeholders to attract more events**

With specific reference to International Association Conferences, it is pivotal that the CTICC has a collaborative partnership with the Cape Town and Western Cape Convention Bureau (CTCB), a strategic unit of Wesgro, the official tourism, trade and investment promotion agency for Cape Town and the Western Cape. The CTCB promotes Cape Town as a premier business events destination. As the CTCB plays a key role during the bidding process by providing bid promotion to the National Association or local host for potential future bids taking place at the CTICC, there has to be synergy between the CTCB and CTICC’s activities. The CTICC also works closely with the South African National Convention Bureau in order to raise the global competitiveness of Cape Town.

The CTICC regularly engages with the CTCB to achieve the following:

- Update on number of events and delegate days targets.
- Compare new opportunities and research to not duplicate research done by both the CTCB and CTICC.
- Update on status of bids submitted.
- Update on bids lost and reasons – this market intelligence to be used to identify trends.
- Update on upcoming tradeshows and comparing of diary appointments to see if the CTICC can join meetings with potential new clients.
- Share gap years where research has to focus on to secure future conferences so the CTCB can also target relevant conferences.

Sharing of key targets with the CTCB and SANC is important due to the increase in number of events (18 more per annum by 2022). There will be a higher number of bids to be submitted, site inspections to Cape Town and potential request for subvention etc. All expense budgets will have to be aligned to accommodate this increase in the number of conferences as the CTICC does not produce bid books. This has always been the core function of Convention Bureaux globally.

**Securing bids and conferences to raise the global competitiveness of Cape Town**

Once leads have been identified and researched the event still has to be secured for Cape Town and the CTICC. International Associations as well as Corporate and Government events are in most instances out for bidding or part of a tender process against other long-haul or international cities.

After bid submission, a key factor in securing bids is the site inspection visit of the International Association or Corporate/Government client. During these visits the CTICC gets to showcase what the venue has to offer and when requested can introduce clients to suppliers.

These site inspections are also an opportunity for the National members to meet with the International clients and the CTICC facilitates these meetings when needed.

*Subvention*
There is an international trend that more International Associations are asking for subvention/funding as part of the bidding process before deciding their host city. As this is in most instances part of the bidding process, the relationship with the City of Cape Town and Cape Town and Western Cape Convention Bureau is imperative in securing the subvention funding. The process is that the CTCB applies for subvention on the client’s behalf for City of Cape Town as well as South African National Convention Bureau funding. If this funding is not secured as part of the bid specification Cape Town loses its competitive advantage and runs the risk of losing the conference to other cities, who offered funding.

Therefore the relationship between the CTICC, City of Cape Town, CTCB and SANCB is of strategic importance.

Site inspections

Most international conferences will do a site inspection to the host venue prior to making a final decision. Hosting these site inspections is a key part of the sales activities as clients get an opportunity to experience the product offering and engage with the CTICC’s service partners.

TREND ANALYSIS

Below are some trends that are emerging in the international conference market that the CTICC needs to be cognisant of if it wishes to maintain a competitive advantage.

Rising costs and varied recession impacts show differing strategies across the globe, while savvy planners are ensuring quality content and the promotion of increasingly critical virtual meetings. To overcome this challenge, below are some ways of how meeting professionals are strategically and creatively managing time and money:

- 13% are holding more local/regional meetings to reduce travel.
- 22% compressing more meetings into less time.
- 9% more focus on meeting design.
- 10% using more lower-cost suppliers.
- 11% seeking more innovative suppliers.
- 13% using more technology.

METRICS AND MEASURES

- Specific targets to be set for various sales activities such as site inspections, cold calls, sales calls. These will need to be measured on a monthly basis.
- Trade Show reports to indicate ROI of meetings held with relation to current events and potential future bids.
- As per the contractual arrangement targets will be set for the International Sales Representation Company for leads to be generated linked to gaps in the International Forecast Report and to generate research for new lead opportunities in

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6 Source: MPI Meetings Outlook – 2014 Summer edition
the key sectors of Agriculture, Medical, Environmental, ICT and Mining, Oil & Gas and other sectors identified in the province and city’s economic growth strategies.

- Ambassadors programme targets and return on investments
- Review tradeshows attendance that are incentive based eg, EIBTM
- Number of Sales trips to Johannesburg
- Number of International Trips.

**Budget**

The venue rental target for International Conferences has increased by 33% to 39% in the 2015/2016 FY budget and not by the indicated 7% as per the shareholder’s target. The reason for this is that when budgets were set there were 46 events on the books vs the annual target of 32. This higher number of events on the books can be attributed to the additional sales executive that were appointed 2 years ago.

For the expense budget 20

% of the revenue was transferred to the Marketing Services and Sustainability department towards new projects and the CTICC Expansion marketing collateral.

**4.1.2. National Sales Overview**

The core function of the National Sales department is to actively pursue direct and indirect revenue generating activities to meet and exceed the CTICC’s revenue targets. Another objective is to increase event numbers to maximise occupancy levels.

The National Sales department also upholds customer relationships to nurture loyalty and convert new business into repeat business.

**Key Objectives**

To build and strengthen relationships with key individuals, communities and companies in order to achieve the following:

- Position CTICC as the leading meetings and events venue on the African continent.
- Exceed revenue targets as set for each market segment within National Sales by 5%.
- Generate new business and attract new events by tapping into new and niche markets i.e. cultural events, indoor sporting events and competitions.
- Book and plan short term bookings with 1 month lead time to improve customer experience.
- Generate additional revenue through upselling all revenue generating products and services.
- Adapt and innovate service offerings to meet clients’ needs and expectations.
- Pro-active sales will be a key focus in order to generate additional leads and strengthen customer relationships.
RATIONALE

New markets such as cultural and sporting events will be targeted in order to broaden the CTICC’s client base and increase the number of events hosted over predominantly quiet periods.

Through maximising yielding with the aid of different pricing structures, CTICC can optimise on seasonality and improve negotiations. This yielding strategy will empower sales executives to make decisions without requiring approval, allowing them to secure business faster and more efficiently.

By increasing cultural events, sporting events and competitions as well as consumer exhibitions, the CTICC will become more accessible to the public thereby increasing our “Love Brand” image. This has been referred to in the Marketing Strategy further on. Cultural and Community events will contribute to making the CTICC accessible to the local community, usually for an event which they feel passionate about. This passion is then associated with the CTICC by hosting these events. The Discount and Yielding Policy will always be taken into account with these types of events.

TREND ANALYSIS

Below are some relevant industry trends that have informed the business strategy for the National Sales department.

Banquets Trends - Clients are looking at more value added proposals and comprehensive packages. These could include a photo booth, specialised menus, themed packages as well as checklists specifically designed for the type of event i.e. weddings.

Traditional formal gala dinner banquets are on the decline as more clients look towards interactive dining experiences and programmes which facilitate networking.

Special Event Trends - Production companies are using venues that are affordable and flexible with pricing in order to maximise profit and lower risk. As production companies sell tickets to the general public, there is no guarantee of the revenue that will be generated prior to the event.

These event types have a large expenditure prior to the event, with no income being generated, as revenue made from ticket sales are only accessible after the event. Therefore sponsorships are very important. Sponsorships could be corporate or beverage related, however beverage related sponsorships usually include a pouring rights agreement.

Comedy and music productions usually run for 3 to 5 days in smaller venues with 2 shows per day, however in larger venues, it reduces to a 2 day event with 1 show per day. Venues for comedy and music productions are secured months in advance to allow maximum time for ticket sales.

Capabilities of the venue are taken into consideration with regards to catering, capacities, holding areas for guests and artists, accessibility and parking.

National Association Conferences, Corporate and Government Trends:

With specific reference to Association Conference Industry trends:

- Event greening is on the increase.
- Videoconferencing is preferred for smaller meetings; however this is still a very expensive option.
• Less-expensive accommodation options required as client budgets are reducing, but expectations are increasing.

• Changing programme structures to allow for more inter-active sessions and networking opportunities.

• Decrease in delegate numbers.

• Conference budgets continue to be scrutinised and conference organisers require value from their events.

• Hybrid events are being incorporated into programs as clients are moving towards virtual attendance to save costs on travelling.

• Event technology and applications on smart phones/ other devices are becoming a norm and are being used for anything from registration and demographic analysis, to catering requirements. This allows the event organiser to create an inter-active environment for the delegate to participate in the event.

With regards to Corporate and Government trends:

• Corporate companies are building their own conference facilities in house to save on costs associated with external meetings and events.

• Events are being arranged at much shorter lead times. This has an impact on venues as less time is available to ensure that all the client’s requirements and expectations are being met.

• Video Conferencing/ Live broadcasts are increasing, as many corporates are decreasing their travel and entertainment budgets to save costs.

• Delegate numbers are on the decrease and therefore national conferences are becoming smaller. Smaller regional meetings are now taking place to save costs on travelling.

• Event greening is becoming a standard operating procedure as venues are required to provide clients with their sustainable efforts, prior to being chosen as a venue.

Exhibition and Trade Fair Trends:

• There has been an increase in enquiries for events within the food and agriculture sector.

• Exhibition centres own their own events.

• Some Trade fairs are combining their events with conferences or seminars relative to the trade7.

• Exhibition centres are charging less venue rental for a percentage of the ticket allocation8.

• Exhibition stands are becoming more sustainable9.

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7 (Source: The Exhibitor: www.exhibitoronline.com)
8 Source: Clarion Events UK – Mrs N. Muller).
9 Source: www.scan.co.za
• Exhibitions and Trade Fairs are reinventing shows by adding extra elements to keep attracting more consumers (i.e. the Boat Show now has various getaway resorts in the show). 10

• Smaller exhibitions are taking place in shopping centres and malls as it is more cost effective and receives more exposure from the general public. The client sees it as a greater return on investment.

• Venues are purchasing their own equipment and facilities i.e. carpeting and access equipment, thus making it more cost effective for the client/consumer11.

• Emerging markets slowdown fuels concern for global outlook

• Trade Fair industry is growing steadily but 2013 was below expectations 12

• Pure trade fair organisers grow stronger than venue owners and organisers with own venue.

• BRICS countries 13
  o Brazil: economy is stagnant
  o Russia: economy is stagnant, possible recession looming
  o India: showing positive momentum after a rough period of declining growth
  o China: growth is slowing down, in 2014 will be the lowest since 1990

NATIONAL SALES ACTION PLAN

Implement a yielding strategy

A yielding strategy will generate maximum revenue over high demand periods. It will also create a sense of empowerment for the Sales Executives through the selection of the different pricing structures available to them, decisions can be made immediately which will increase the client’s confidence in the Sales Executive and allow them to convert business faster to increase the number of new bookings being made.

Develop Show creation models

Research and develop show creation models for Special Events in the Auditoria and exhibitions halls such as the Mini Wedding Expo held in August 2014. This will allow CTIC to host shows over predominantly quiet periods, increase occupancy levels, generate additional revenue and increase the number of events hosted.

Enhance Client Relationship Management

Build better relationships with clients to create loyalty. Competition venues are increasing in and around Cape Town, therefore the CTICC would need to be more aggressive in its marketing approach. Initiatives to build client relationships are listed below:

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10 (Source: CTICC trends observed)
11 Source: Durban International Convention Centre).
12 Source: UFI Bogota, 2014)
13 Source: 81st UFI Congress – Global industry review presentation by Jochen Witt (Bogota 2014).
• Increase off site client visits.
• Increase sales trips to Gauteng from 4 to 6 per year with a special focus on targeting corporate and government business.
• Build relationships with venues around the centre and develop a referral system for events, when the venue is not able to accommodate requests. This could possibly entail offering commission to the venues for referring events to the CTICC.

Presentations & Targeted CRM Events

Target corporate companies, which do not have the CTICC registered on their supplier database. Conduct presentations to the corporate events teams and invite them to the CTICC for a targeted CRM event, where the culinary offerings as well as the facilities are showcased.

Target Special Events

Sporting organisations, institutions and associations will be pro-actively targeted to encourage them to host indoor sporting events and competitions.

The CTICC have hosted Judo Championships in 2011, Gym for Life Challenge 2013, Mr & Mrs Fitness Competitions, which is a repeat event, and will host the International Shotokan Karate Federation of South Africa in 2016. We have also been approached to bid for World Table Tennis Championships, which could not be accommodated due to space constraints, as well as the International World Fitness & HIP HOP UNITE Championships 2016. The World Gym for Life Challenge is also looking at returning to the CTICC in 2016.

METRICS AND MEASURES

Increased KPI targets will drive pro-active sales. The individual performance of the sales executives will be monitored and measured on a monthly basis by means of a tracking document and one-on-one meetings with individuals.

Yielding strategy

The yielding strategy which will be introduced in the 2015 calendar year will consist of three rate tiers. Reports will be drawn from EBMS to monitor and manage the rates, which sales executives are booking, particularly over busy periods, to ensure that maximum revenue is achieved.

Client relationship management

• Off-site visits – these will be measured and monitored by means of a weekly sales report, noting the client, comments of discussion as well as the appropriate follow up action to be taken.
• Sales trips to Gauteng – Sales trip reports will indicate the return on investment of meetings held with corporate and government clients with relation to current events as well as future potential events.

Presentations & Targeted CRM Events

Additional KPI targets will be implemented to increase the number of corporate clients. This will be measured by means of reports drawn from the booking system on new accounts entered as well as the KPI tracking document. ROI will also be a system generated report.
The KPI document for the National Sales team will be updated during the 2014/2015 FY to incorporate the above mentioned tactics. Targets will be set to measure performance and ROI will be measured by the increase of pro-active events.

Sales reports will be populated by the sales executives on a weekly basis, reflecting the monetary value ROI of their off-site sales visits and pro-active sales initiatives.

**BUDGET**

The overall National Sales budget is reduced by 8% due to the large increase in the International Conferences budget. As International Conferences are forecasting to host 46 events, restrictions on available venues are prohibiting generating additional revenue. The total budget however has still increased by 7%.

The National Conferences budget has been reduced by 28% and the Trade Fairs budget has remained the same as the 2014/2015 financial year, due to the limited venue availability.

Other Events, Special Events and Banquets have all reduced in budget, however should space become available through events cancelling or releasing venues; these segments will be reselling the space due to the short term notice of enquiries.

Film Shoots have increased in budget based on the excellent performance of this segment during the 2014/2015 financial year.
4.1.3. EVENT MANAGEMENT OVERVIEW

The core function of the Event Management department is to successfully execute all events hosted at the CTICC while adhering to all policies and processes. The department is also responsible for upselling all subcontracted services as well as food and beverage in order to generate additional revenue. This department is also responsible for managing the execution of all repeat events from inception to completion.

KEY OBJECTIVES

The key objectives of the Event Management department are as follows:

- The successful and profitable management of repeat events.
- To increase revenue for sub-contracted services & catering.
- To improve Client Relationship Management.
- To increase the rate at which repeat events are contracted while improving the management of the finance processes and reduce/simplify discounts.
- To improve client relationships and experiences through continued engagement and improvement on service delivery and offerings.
- To research new public catering models in conjunction with the Food and Beverage department to enhance service offerings.

RATIONALE

Through increasing revenue for sub-contracted services, mainly audio visual, the department will be able to positively and accurately contribute to the financial success of the organisation while strengthening relationships with clients.

TREND ANALYSIS

A recent trend that is emerging is that more incentive groups are choosing to host their social events at CTICC. There has been a steady increase in the number of incentive bookings being hosted at the CTICC since last year. Targeting Destination Management Companies (DMC’s) can be a potential new revenue stream for the CTICC.

Additional international trends that are coming to the fore include the following: 14

- Growing trend of clients “adding a meeting” to their incentive events.
- Apps And Philanthropy
- Social Media Marketing
- Locally sourced food produce
Currently there is also a strong focus on healthier lifestyles and the CTICC can use this to its advantage in diversifying its menu offerings such as:

- Healthier children’s meals
- Gluten Free meals

EVENT MANAGEMENT ACTION PLAN

Finance/Payments Management

Implement a process/reporting structure to put more stringent controls in place for payments for upcoming events.

Public Catering

Pre-planning based on research - events that have already identified that they will only have Risk Catering for delegates.

Repeat Events

Focus on the retention of existing repeat events and the conversion of new events to repeat events.

Customised Reports

Implement new reports that will speak to specific areas i.e. contract statuses, payments for upcoming events and venue availability to convert new events to repeat events.

Departmental Meetings

Weekly departmental meetings with specific agenda points to measure progress and to identify areas where escalation to management is required.

MEASURES/METRICS AND RETURN ON INVESTMENT

- Updating the department’s KPI’s to include the areas being measured in order for all members to take responsibility and accountability.
- N’lighten feedback to be used as a tool to track client feedback and satisfaction.
- Analyse client feedback and engagement to see if targets were achieved and objectives reached.
4.1.4. REVENUE MANAGEMENT OVERVIEW

The core function of the Revenue Manager is to maximise revenue for all commercial budget line items by providing support to the relevant sales and events departments and ensure that CTICC yields maximum revenue per available room.

KEY OBJECTIVES

• To ensure that overall revenue is maximised by developing a pricing and yielding strategy for CTICC and the expanded venue.

• To streamline the contract process and investigate whether sales and event executives are able to compile their own documents and whether contract signatories can be delegated.

• To improve on processes to monitor and capture the actual attendance at events in EBMS.

• To define how events are classified, as well as the targets set for each market segment.

RATIONALE

Pricing Strategy

One of the first tasks of the Revenue Manager was to ensure that we benchmark ourselves against other industry role players, understand our internal departments and what their requirements are and most importantly to understand what our clients require in term of venue rental pricing.

We have devised a pricing strategy for the CTICC which allows the sales and event executives to sell to our clients at a rate that yields on average a 10% increase on current rates but have also made available 2 other pricing options available to yield effectively.

The two additional rate tiers are as follows:

  o “rack high” period (Feb, Mar, Sept, Oct, Nov) which is +3% over and above CPIX increase of 6.5% ie. 9.5%.
  o “normal rack” (May-Aug) of 6.5% CPIX.
  o “low rack” (Dec-Apr) which is 6.5% CPIX (less 2%) ie. 4.5%

The implication of the above is at management’s discretion. This will all be implemented effective 1 January 2015 and is controlled via the Revenue Manager and reported to the GM: Commercial and Business Development regularly. This excludes any discounts.

The primary reason for this was to ensure that the executives are negotiating the best rate for the CTICC while their clients’ feel that they receiving value for money. To this end we have also decided not to advertise any venue rental rates online or in our marketing collateral as this is international best practice.

In turn we also developed new packages for the both International and National Sales like the Auditoria day conference package as well as the exhibition hall banquet package.
Various on-going engagements will be taking place in order for the teams to fully understand the pricing lists and for the first time in 10 years all bookings has been loaded to the new pricing list.

During the next year the Revenue Manager will focus on developing a pricing strategy for CTICC East to ensure the best revenue yield possible for the CTICC.

During 2015 clients who will be moving to CTICC East, will need to be identified and prices for these clients will need to be determined in order to successfully sell this building space.

Training and Development

The department will also focus on training and development within the Sales and Events departments to ensure that all executives understand the implication of the data entered and the new pricing strategy. Three price plans have been introduced, which the executives can offer to clients.

It is essential that that all information captured in EBMS is correct so that the CTICC can report accurately to all stakeholders. Staff who are responsible for entering the information into the system need to be educated and understand their contribution to the overall results within the company.

Event Classification / Actual Attendance

By defining the event classification more accurately CTICC will improve its economic impact reporting. The department’s core focus will be to have this classification accurately done by 30 June 2015.

TREND ANALYSIS\textsuperscript{15}

AIPC 2014 Berlin identified the following as the top ten pricing trends for 2014 affecting booking trends and revenue:

- 50% of venues are increasing their pricing annually.
- Discounts or incentives are awarded to 27% of their clients.
- Only 39% of venues are increasing revenue streams in 2014 against 45% in 2012 and 2013.
- Shorter lead times are a reality.
- Governments are cutting down on meetings and incentives.
- Clients are booking smaller spaces, which will lead to the sales teams having to increase the amount of events hosted.
- Content diversification – personalised marketing activations.
- Clients are focused on the ROI.
- Clients require more services and partnerships.
- Mobile technology is exploding with video content being top of mind.

\textsuperscript{15} Source : AIPC 2014 Berlin Annual Member Survey
REVENUE MANAGEMENT ACTION PLAN

*Develop pricing for CTICC East in line with our current pricing*

During year one the focus for the Revenue Manager would be to devise the pricing strategy for CTICC East taking the current booking trends and event classification into consideration.

**Staff Engagement**

Monthly engagements with the Sales, Events and Business Improvement and Innovations Manager to ensure that all staff understands the data they need to enter for on-going improvements and enhancements in their daily tasks.

**Accurate Reporting**

Clarify the CTICC event classifications to ensure accurate reporting with regards to event types, class and classifications data.

**Monthly Meetings**

Implement monthly meetings with departments to understand their needs and develop training.

**MEASURES/ METRICS AND RETURN ON INVESTMENT**

- Analyse data entered on a quarterly basis where required.
- Conduct bi-annual surveys to include feedback on progress.
4.1.5. MARKETING SERVICES AND SUSTAINABILITY OVERVIEW

The marketing and sustainability strategy will focus on how the CTICC can move nimbly into the future so that business risks are minimised and that return on investment is maximised.

As a leading conference venue, the CTICC has the ability to create all sorts of wonderful, sometimes life-changing experiences; it also has the ability to empower the local community, build skill-sets that add to South Africa as a whole, and make a strong economic contribution to the Western Cape. In addition, the ability of the CTICC to influence patrons and visitors in a positive, memorable way should not be overlooked.

The CTICC views its brand as a connector; a brand which brings people together and offers valuable, memorable experiences. The “Lovemarks” Methodology\(^\text{16}\) is based on the premise that people are typically powered more by emotion than they are by reason. As such, to follow the “Lovemark” methodology, the CTICC brand needs to be positioned as a brand which evokes emotion.

Noting that collaboration – both internally and externally – is a growing trend which feeds into almost every different facet of the marketing strategy, key areas for external and internal brand positioning are highlighted below. The strategy argues that the need for strong stakeholder engagement and staff brand leadership are necessary steps to creating a successful and resilient “Lovemark”, which is explained later in this section.

The strategy discusses key objectives of the Marketing, Communications and Sustainability departments, falling broadly under the categories of people, planet, performance and partnerships. These objectives reflect the research carried out throughout 2014 and the resultant business implications.

The strategy then focuses on tactics to achieve the objectives set out. In addition, the advertising strategy for 2015/2016 is rationalised and discussed, giving a broad overview of external marketing targets.

The strategy concludes with a reiteration of the business case for sustainability, thus motivating its inclusion into key CTICC projects. It also looks at the metrics which will be applied to measure the success of the projects outlined. It finally looks at reporting on the triple-bottom-line, and how the measurements of success within the CTICC can be taken externally to stakeholders.

BRAND ESSENCE AND OVERVIEW

The Lovemark methodology: Combining emotion with value

As mentioned above, the CTICC views its brand as a connector and value-creating brand. Aiming to brand itself as a “Lovemark”\(^\text{17}\), the CTICC aims to evoke an emotional response within clients, staff, stakeholders and patrons. This should evoke a positive feeling that the CTICC is the facilitator of unique and exciting experiences, as well as an organisation which cares for the community of Cape Town and building skill sets. This methodology was approved in 2013 in line with the advertising strategy which not only includes the

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\(^{17}\) As defined in Roberts, Kevin (2006). The Lovemarks Effect: Winning the Consumer Revolution. New York: powerHouse Books: “Lovemarks are the brands, events, and experiences that people love”. 

Draft 1 - CTICC Business Plan 2015/2016
international market but shifting towards raising awareness amongst domestic buyers and local community and continuing to drive all revenue streams.

**CORE BRAND OBJECTIVES**

The following broad objectives of the CTICC brand are highlighted:

- **Economic spin-off and value creation**
  Achieved through business success, supporting local small, medium and micro enterprises, training the workforce, offering employee benefits and creating meaningful skills exchange.

- **Innovation and trend-focused**
  Achieved through keeping abreast with latest trends and encouraging organisational creativity.

- **Service excellence and brand custodianship**
  Achieved through training, development and recognition of staff and staff embodying the above brand values.

- **Sustainability leadership and collaboration**
  Achieved through operational leadership, as well as positioning the CTICC brand as a thought-leader in sustainability in the meetings and events industry. Similarly, the CTICC should strive to be transparent, curate content and share experiences.

- **Self-sufficiency and “thrive-ability”**
  Achieved through business success and a circular business model which turns waste into profit.

**MARKETING AND COMMUNICATION OBJECTIVES**

**Strategy objectives: customer retention in a changing society**

Based on the trends research conducted by the Marketing and Sustainability department, as well as the market opportunities and brand essence of the CTICC, the following new objectives for the Marketing, Communications and Sustainability departments have been set. The aim of the objectives is to penetrate a changing market, making the CTICC brand a constant leading presence internationally whilst garnering respect locally.

These objectives, which can be activated by the Marketing, Communications and Sustainability departments, can broadly be defined into 4 interconnected focus areas: people, planet, performance and partnerships.

**People**

The overarching objective of this focus area is to create tangible skills exchange, both in-house and with relevant external communities. Through this broad objective, the strategy aims to increase community connection (furthering the “Lovemark”) as well as adding value to surrounding communities and stakeholders which enhances the potential work-force and client pool, as well as the knowledge economy of the Western Cape.

Important to the CTICC’s focus on people is its own CSR Implementation Strategy through which the CTICC provides various types of community support.
Four community partners were selected as part of the primary CSR programme of the CTICC. These organisations needed to provide motivation for their involvement, as well as annual feedback on the benefits to their respective communities. The organisations are:

- Abalimi Bezekhaya
- The Haven Night Shelter
- Foundation for Alcohol-related research (FARR)
- Mitchell’s Plain School of Skills

The current community partners have been selected since 2010. It is thus recommended that the community partners are evaluated at the end of the 2014/2015 financial year, in order to review the support which the CTICC provides and ensure that the centre’s CSR interventions enable maximum impact.

In addition, the centre supports organisations on an ad-hoc basis, which depend on various factors. These include the following three areas:

1. Organisational: A variety of different organisations receive ongoing or ad hoc support as part of the organisational activities at the CTICC. This could include donations such as left-over food or re-usable items after an event such as carpets, wood or stationery. It can also include procurement of goods or services from organisations with community based benefits, such as buying baskets as corporate gifts from a non-profit organisation.

2. Community Connection: This aims to provide a link back to the local community through staff and is done on a quarterly basis through different initiatives. Staff members need to make suggestions about local community initiatives that need support in a specific way. The CTICC links up with a partner to provide support to a community initiative, such as working with a supplier to paint a school or providing a music system for an old age home.

3. Urgent: Where there is an urgent need that the CTICC feels need support, then this can be motivated and support can be provided as required. This relates to local disasters or other relevant opportunities.

The CSR implementation plan is based on the above support and is created as a separate strategy. The below objectives for CSR highlight the main themes of this strategy:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder Engagement</td>
<td>Create and maintain relationships with stakeholders</td>
</tr>
<tr>
<td>Corporate Social Responsibility</td>
<td>Tangible CSR investment</td>
</tr>
<tr>
<td></td>
<td>Engaging with Community Partners as with stakeholders</td>
</tr>
<tr>
<td>Cultural Responsibility</td>
<td>Celebrate cultural aspects of staff and location</td>
</tr>
</tbody>
</table>
Planet

The CTICC has made great strides in environmental management, and thus the objective of this focus area is to continue to grow this area of sustainability. This focus area aims to maintain leadership in the international arena of environmental management.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon energy</td>
<td>Continual reductions in carbon footprint and electricity</td>
</tr>
<tr>
<td></td>
<td>Encourage the use of energy efficiency amongst clients and peers</td>
</tr>
<tr>
<td></td>
<td>Reduce staff transport emissions</td>
</tr>
<tr>
<td></td>
<td>Produce a full audited carbon footprint</td>
</tr>
<tr>
<td>Mobility</td>
<td>Encourage patron usage of carpooling and cycling to the centre</td>
</tr>
<tr>
<td>Waste</td>
<td>Reduce waste to landfill</td>
</tr>
<tr>
<td></td>
<td>Reduce total waste volumes</td>
</tr>
<tr>
<td>Water</td>
<td>Encourage increased water efficiency</td>
</tr>
<tr>
<td></td>
<td>Reduce potable water usage for unnecessary usage</td>
</tr>
</tbody>
</table>

Financial Performance

The overarching theme of this focus area, which is carried through the other three areas in various different topics, is to maximise return on investment and create robust client relationships. The aim of this focus area is to enhance the value for clients, in turn building the sustainable client database with engaged return clients.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing and Communications</td>
<td>Raise Awareness around the CTICC Business segments</td>
</tr>
<tr>
<td></td>
<td>Attain best ROI/ROO for advertising spend</td>
</tr>
<tr>
<td></td>
<td>Generate innovative/relevant content</td>
</tr>
<tr>
<td></td>
<td>Seek opportunities to create customer loyalty</td>
</tr>
<tr>
<td></td>
<td>Position CTICC for top of mind</td>
</tr>
</tbody>
</table>
### Partnerships

This new focus area concentrates on the value of strategic external and internal brand positioning of the CTICC. The aim of creating and building lasting partnerships along the CTICC’s value chain is to position the CTICC as a centre of excellence, creating top-of-mind awareness as a sustainable brand.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>Collaborate with service providers to enhance service offerings</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>Engage with contract labour to be active brand ambassadors</td>
</tr>
<tr>
<td></td>
<td>Engage with permanent staff to be active brand ambassadors</td>
</tr>
<tr>
<td>Marketing and brand engagement</td>
<td>Create marketing collateral which encourages two-way engagement</td>
</tr>
<tr>
<td></td>
<td>Establish clear sustainability communication to clients and patrons</td>
</tr>
<tr>
<td></td>
<td>Encourage sustainable behaviour from clients and patrons</td>
</tr>
<tr>
<td></td>
<td>Ensure maximum leverage is achieved from marketing and communications</td>
</tr>
<tr>
<td></td>
<td>Increase transparency</td>
</tr>
<tr>
<td></td>
<td>Form alliances with key role-players in industry</td>
</tr>
</tbody>
</table>

Record ROI and ROO through metrics and analytics
Create multimedia which encourages two-way engagement
Strategic social media positioning and growing online profile
Expansion awareness campaign

Business Development

Continue to enhance green product offerings
Activate campaigns in a strategic digital platform
Maintain and retain small business segments
The below table highlights the main business advantages of following an ambitious sustainability strategy. It should be noted that, whilst exact return calculations are difficult to predict, close monitoring through the suggested metrics on the next page will allude to the business returns in greater detail.

<table>
<thead>
<tr>
<th>Business Advantage</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk reduction</td>
<td>Adapt to changes in PESTEL environment</td>
</tr>
<tr>
<td></td>
<td>Reduce future risks of failure due to structural breakdown</td>
</tr>
<tr>
<td>Community strengthening</td>
<td>Reduce risks of labour unrest</td>
</tr>
<tr>
<td></td>
<td>Attract top local work force</td>
</tr>
<tr>
<td>Securing business</td>
<td>Value adds – strengthening the CTICC image of excellence</td>
</tr>
<tr>
<td></td>
<td>Transparency enhances client trust – encouraging return business</td>
</tr>
<tr>
<td>Strategic brand positioning</td>
<td>Content marketing increases the reputability of the Centre, encouraging more business</td>
</tr>
<tr>
<td></td>
<td>Industry leadership – reputability</td>
</tr>
</tbody>
</table>

TREND ANALYSIS

Key marketing, communications and sustainability trends inform the overall marketing and sustainability strategy.

Summarised, the trends can be encompassed into 4 broad themes:

1. Changes in the digital arena
   The fact that marketing has moved to a digital arena is well established. However, from creating a larger mix of mobile users, to providing snackable content, to increase in video ads, this trend shows the evolution of the information age from one

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of visual users to interactive users. Creating valuable content which can be shared online, as well as providing more videos, will be key to keeping up with this trend.

2. **Real-time human connection**

A growing trend is the demand for more face-to-face interaction. From people-based research, to physical meetings and advertising, to engaging with clients through staff brand ambassadors, this trend reflects the need for businesses to become more “real” to clients. A key component to remaining with this trend is the need for valuable staff engagement and innovative marketing solutions.

3. **Collaboration and engagement**

In conjunction with both of the above trends, the trend of collaboration and engagement is an overarching theme running through most marketing and sustainability trends today. From stakeholder engagement reviews, to collaborative content-based marketing, to roundtable gatherings of key industry representatives, collaboration is key to the success of business strategy. A key component to keeping abreast with this trend is the formation of connections, both internally and externally.

4. **Climate change risks**

Whilst environmental sustainability used to be a “nice to do”, it has become a strategic imperative of business strategy. Globally, organisations are now assessing risks of vulnerable positions on their value chain due to climate change. They are also aiming to mitigate potential contributors to high-emissions scenarios which yield higher risks for business in the future.

**MARKETING AND SUSTAINABILITY STRATEGY**

Based on the trends researched above, the tactics which follow are also informed by activism campaign strategy tactics. The tactics include structured communication, credibility, targeting opinion leaders, commonplace interests, playing to what’s there and positive messaging. These tactics will ensure that the “Lovemark” is grown, ensuring strong brand allegiance and top-of-mind awareness.

**Stakeholder Engagement is key**

Stakeholder engagement is a key element of successful Marketing and Brand strategies, and priority needs to be given to thoroughly evaluating issues that are important to key stakeholders, whilst engaging with them for more information/feedback. The above notes highlight the best ways in which to engage with stakeholders.

In addition, the CTICC currently uses independent market research organisation to evaluate the service it delivers. This platform should be utilised as a key tool to understand and highlight important issues to clients, thus guiding the CTICC’s strategy and approach. It is recommended that the surveys are used to:

- Evaluate the success of sustainable initiatives at the CTICC
- Suggest which issues are most important to stakeholders

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• Give feedback to clients who are unsatisfied or require more information
• Compile a sustainability client database to keep interested parties abreast with developments and achievements of the CTICC.

In addition to utilising the surveys as a resource for client engagement, it is suggested that a thorough stakeholder review process is carried out and guided by a relevant and experienced third party. Such a move would allow for a broader evaluation of the CTICC’s current stakeholders and inform the stakeholder engagement process going forward.

Internal partnerships

As staff is one of the most visible brand representatives and an increasingly important imperative for any business function, the values of the CTICC need to be communicated across all levels of staff and effective brand ambassadorship rewarded continually.

Service providers who operate daily within the building are also a key tool to the success of the CTICC’s own strategy. Thus building and maintaining partnerships, as well as increasing monitoring and reporting on service providers, is a necessary focus.

**MARKETING & COMMUNICATION TACTICS**

<table>
<thead>
<tr>
<th>Overarching Target</th>
<th>1 Year Target</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create marketing interventions which inspire and interact</td>
<td>- Enhance multi-media marketing collateral</td>
<td>Encourage two-way dialogue; Value adds – strengthening the CTICC image of excellence</td>
</tr>
<tr>
<td>Grow the CTICC brand to encompass the expansion</td>
<td>- Create marketing collateral for the expansion</td>
<td>Successfully market the expansion as part of the existing CTICC building and brand.</td>
</tr>
<tr>
<td>Build meaningful partnerships</td>
<td>- Network with key organisations to form relationships</td>
<td>External brand positioning as a leader in sustainability and innovation</td>
</tr>
<tr>
<td></td>
<td>- Enhance communication with service providers</td>
<td></td>
</tr>
<tr>
<td>Curate content</td>
<td>- Curate content which is useful to the industry as a whole and not CTICC-specific.</td>
<td>External brand positioning as a thought-leader in the conference space; Transparency enhances client trust – encouraging return business; Content marketing increases the reputability of the Centre, encouraging more business</td>
</tr>
<tr>
<td></td>
<td>- Introduce multiple voices as narrative tools to tell stories</td>
<td></td>
</tr>
<tr>
<td>Lead in sustainability arena</td>
<td>- Specific targets highlighted in sustainability strategy</td>
<td>Adapt to changes in PESTEL environment and Reduce future risks of failure due to structural</td>
</tr>
</tbody>
</table>
| **Engage with staff for maximum outcomes** | - Create brand value guide for staff  
- Continue with activation campaigns | Reduce risks of labour unrest;  
Develop Lovemark to attract top local work force |
| **Reach maximum target markets** | - Obtain maximum ROI for advertising spend | Ensure that the interventions have maximum leverage and spread |

**ADVERTISEMENT STRATEGY**

**Strategy, tactics & measures**

The core objective of the Advertising Strategy is to build brand equity and raise brand awareness of the CTICC in order to position the centre top of mind amongst its intended target market\(^2\). In addition, the advertising strategy aims to:

- Communicate effectively and holistically with all business segments on their preferred platform of content consumption.
- Reach the maximum target markets across all segments, with the least amount of wastage.
- Create meaningful awareness of CTICC that can result in real leads and sales.
- Position the CTICC adverts in media or editions that will amplify CTICC achievements and brand.
- Ensure sound frequency levels to ensure target market breakthrough. CTICC has an increased number of competitors within the national segment, e.g. a 2,000 seater at Canal Walk. In order to remain top of mind for the target market, continuous communication will be needed (this is where digital can be very effective).

The proposed approach for the CTICC is a combination of a digital strategy, as well as some industry-specific print media. The proposed print schedule is lean, making away with placements which are less targeted.

In order to effectively communicate with the centre’s intended target markets - both locally and abroad - there will be a strong drive towards customised communication. This means that the actual communication messaging to the international market will typically have a different focus to the messaging targeted at the local market. This is outlined below:
The following media types are the correct tools for the CTICC’s marketing and advertising strategy, based on the marketing and media objectives:

- Print
  Builds credibility of the brand, awareness, recognition, and can create a call to action. There will however be a reduction in placements to allow for greater online exposure through campaigns.

- Online/digital
  Allows for dialogue, participation, call to action, brand awareness and recognition. Annual review of the segments activated indicates an increase in events booked, demonstrating its return on investment.

- Social media
  Customer engagement, customer dialogue, brand awareness/ recognition, call to action.

- Events/activations
  Ensure customer engagement, dialogue and new markets.

**Advertising budget**

The CTICC has six business segments which need to be considered on both local and international platforms. Specific publications have been identified based on the target audience and reach.

The recommended advertising budget split proposal is as follows:

<table>
<thead>
<tr>
<th>PRELIM MEDIA BUDGET SUMMARY</th>
<th>Rands</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Print</td>
<td>R 116 490</td>
<td></td>
</tr>
<tr>
<td>National Online</td>
<td>R 591 600</td>
<td></td>
</tr>
<tr>
<td>National Other</td>
<td>R 14 000</td>
<td></td>
</tr>
<tr>
<td><strong>National Total</strong></td>
<td>R 722 090</td>
<td>40.4%</td>
</tr>
<tr>
<td>International Print</td>
<td>R 129 000</td>
<td></td>
</tr>
</tbody>
</table>
METRICS FOR SUCCESS

Based on the above strategy for the marketing and sustainability department, success needs to be measured in various forms. As sustainability is not yet being measured in financial terms other metric systems need to be used. The below table shows how success for various targets should be measured.

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Topic</th>
<th>Metric</th>
<th>Measurement of Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>Corporate Social Responsibility</td>
<td>%CSR spending on NPAT</td>
<td>Increase in %CSR spending on NPAT</td>
</tr>
</tbody>
</table>

### Business Segment Advertising Spend

<table>
<thead>
<tr>
<th>National Conference</th>
<th>International Conference</th>
<th>Film and Media</th>
<th>Exhibition and Tradefairs</th>
<th>Special Events</th>
<th>Campaigns including Banqueting</th>
</tr>
</thead>
<tbody>
<tr>
<td>R760 000.00 ; 50%</td>
<td>R514 160.00 ; 34%</td>
<td>R28 700.00 ; 2%</td>
<td>R35 300.00 ; 2%</td>
<td>R53 950.00 ; 4%</td>
<td></td>
</tr>
</tbody>
</table>

The cost of inflation not included

<table>
<thead>
<tr>
<th>International</th>
<th>Online</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>R702 760</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R44 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>International</strong></td>
<td><strong>Total</strong></td>
<td><strong>R 875 760</strong></td>
</tr>
<tr>
<td>Media inflation reserve</td>
<td>R 189 000</td>
<td>10.6%</td>
</tr>
<tr>
<td><strong>Both</strong></td>
<td><strong>Total</strong></td>
<td><strong>R 1 786 850</strong></td>
</tr>
</tbody>
</table>

Draft 1 - CTICC Business Plan 2015/2016
### Return on Investment in advertising and campaigns

Advertising requires constant monitoring in order to determine the ROI per advertisement placed. The following tools are used in order to guide ROI calculations:

<table>
<thead>
<tr>
<th>Medium</th>
<th>ROI Tool</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Print</strong></td>
<td>• Actual advertising rates paid to rate-card rates</td>
</tr>
<tr>
<td></td>
<td>• Any additional complimentary placements negotiated, tabulated at their value</td>
</tr>
<tr>
<td></td>
<td>• Long term: Year on Year percentage increase in ad spends, against percentage growth in business.</td>
</tr>
<tr>
<td><strong>Online</strong></td>
<td>• If actual sales/revenue cannot be measured, then return on objectives can be measured – for example, targets for online presence against actual spend versus number of contacts made</td>
</tr>
</tbody>
</table>

---

### Energy savings

<table>
<thead>
<tr>
<th>Planet</th>
<th>kWh and kVA</th>
<th>Reduction in kWh and kVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Savings</td>
<td>litres</td>
<td>Reduction in litres</td>
</tr>
<tr>
<td>Carbon Footprint savings</td>
<td>Tons</td>
<td>Reduction in tons</td>
</tr>
</tbody>
</table>

### Financial Performance

<table>
<thead>
<tr>
<th>Number of return clients who care about sustainability</th>
<th>Number of Nlighten responses</th>
<th>Increase in numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of return clients who value transparency</td>
<td>Number of Nlighten responses</td>
<td>Increase in numbers</td>
</tr>
</tbody>
</table>

### Partnerships

<table>
<thead>
<tr>
<th>CTICC-curated sustainability event attendance</th>
<th>Number of pax</th>
<th>Increase in numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>CTICC-curated sustainability event social media impact</td>
<td>Likes, shares, retweets, and click-through to website per event</td>
<td>Increase in amounts</td>
</tr>
<tr>
<td>Sustainability social media impact</td>
<td>Likes, shares, retweets, and click-through to website</td>
<td>Increase in amounts</td>
</tr>
</tbody>
</table>
Currently these tools are being utilised by the CTICC for reporting purposes, and for the strategic development of future campaigns.

The above strategy highlights the need for the CTICC to take cognisance of its external environment, whilst planning and adapting thoroughly to changes in the future. Key to building a resilient brand to take the CTICC forward, the strategy above highlights the need for increased collaboration internally across departments, as well as externally across organisations. The imperative to set ambitious sustainability targets will have long-term returns for the CTICC, as well as the move toward content-based marketing. Overall, the Marketing, Communications and Sustainability departments need agility and determination in taking the CTICC toward its goal of becoming the best long-haul convention centre by 2020.

4.1.6. CORPORATE COMMUNICATIONS OVERVIEW

The Corporate Communications department’s key function is to execute all external and internal communication initiatives on behalf of the CTICC. Like the Marketing Services and Sustainability department it is a strategic support function tasked with building and maintaining relationships with the centre’s internal and external stakeholders and target markets. Its key objectives are closely aligned to the marketing services and sustainability department and complement marketing.

Strategic collaboration with various departments is pivotal to ensure that all communication is aligned unanimously with the organisation’s vision, mission, values and culture.

KEY OBJECTIVES

External Communication Objectives

• To effectively communicate the CTICC brand essence of opportunity and the experience economy to the relevant target markets in order to:
  – Position CTICC as the one of the top 10 best long haul international convention centre by 2020.
  – Raise the profile of the CTICC in the local and international market.
  – Position CTICC as an industry leader in environmental sustainability.
  – Re-engage brand understanding and awareness regarding what the CTICC can offer in terms of creating a memorable experience.

• Create top of mind awareness amongst key decision makers.

• Drive more interactive and customised communications that effectively connect with each of the centre’s target markets.

• Raise the CTICC’s profile in terms of social media and establish CTICC networks and communities.

• Position CTICC as a world leader in sustainability.

• Raise awareness of the CTICC East both locally and internationally.

• Implement ROI measurement tools for all objectives = website traffic analytics, sales ROI from communicating marketing campaigns, media publicity – AVE (Advertising Value Equivalent), reputation management.
Social Media Communication Key Objectives

- Effectively connect with the centre’s target markets by providing a two way communication platform to enhance business processes and be more responsive to clients’ needs and wants.

- Create customer loyalty through building and strengthening relationships between the CTICC and its intended target markets. The core aim is to position CTICC as a “Lovemark Brand” through creating top of mind recall and increasing brand awareness and brand equity.

Internal Communication Objectives

- Drive the internal communication strategy to meet organisational goals and encompass values, passion, innovation, integrity and excellence

RATIONALE

- Develop a communications strategy for the CTICC that is rooted in an inside out approach. In essence the CTICC is all about relationship building and, as such, all communication should meet this objective.

- Enhance CTICC’s global positioning through effective local and international public relations and marketing platforms.

- Ensure that all external and internal communication initiatives are aligned to the CTICC’s marketing initiatives.

- Engage in meaningful two-way dialogue with the CTICC’s intended target market to ensure that the CTICC remains relevant and adds value. It is important to create feedback platforms, whereby clients can actually interact with the CTICC and provide feedback on how we can improve.

- Enhance destination marketing and leverage more off Destination Brand Cape Town. It is essential that the CTICC be seen as the gateway to Cape Town.

- Increase the CTICC’s market share in growing viral communities through implementing an aggressive social media strategy.

In order for the CTICC to maintain a competitive edge it is imperative that the CTICC’s service offerings and products meet the needs of its intended target markets. A strategic imperative in achieving this goal is to embark in meaningful client engagement dialogue with all the CTICC’s key target markets.

TREND ANALYSIS\(^{21}\)

In 2014 key corporate communication trends that are emerging include the following:

**Shift to Mobile and Beyond** - The biggest trend with the greatest immediate impact on communication is the shift to mobile. Global mobile traffic currently represents 17.4% of all internet traffic and is rapidly increasing. Mobile internet use is expected to surpass traditional desktop internet use in 2014.

**Social Media Impact on Communication** - Digital influencers have grown 30-fold in less than two years. The sheer volume of mentions requires brands to prioritise: find out who matters, 

\(^{21}\) http://burson-marsteller.eu/2014/02/10-global-communication-trends-in-2014/
determine what they’re saying, how it sways others and how best to engage with them. Balancing the emotional (dialogue) with the rational (measurement of influence) is the key.

**Brand Journalism** - Social media broke the traditional media model in one fundamental way: media organisations are no longer gatekeepers of information & audiences. The very definition of “news” is changing. Brand journalism isn’t content marketing, nor is it sponsored content. In fact, it’s quite the opposite. It is meaningful, quality storytelling.

**Crisis in the “Always On” Era** - Since the advent of “always on” social media, companies have to guard their reputations even more vigilantly. Viral videos can wreak havoc on brands. Speed is of the essence and ultimately the only answer at times like this is timely, honest and transparent communication.

**Transparency is King** - In our hyper-connected world, the trend is increasingly towards hyper-transparent communication. Consumers and other stakeholders have many more channels at their disposal for exposing and discrediting companies for any lack of honesty. As difficult a concept as that is for many, transparency is the only answer. Brands that embrace this hyper-honesty trend will reap the benefits in consumer trust.

**Image is All** - Studies have shown that people remember only 20% of what they read and that 83% of learning occurs visually. The massive popularity of visual social networks like Instagram, Pinterest and Tumblr, demonstrates the emotional power of images to tell stories in a way that is proven to be far more memorable than mere words. In the same way, viral videos tell more powerful stories and allow greater engagement with consumers.

**Integrated Communication** - The digital age has heralded a polar – and some might argue generational – shift in the way that the communications industries of PR, marketing, and advertising operate. It is increasingly evident that the future lies in full integration of all the communication disciplines.

**EXTERNAL COMMUNICATION ACTION PLAN**

*Interactive Multimedia Press Releases & Editorials*

Create multimedia press releases. This will be a traditional press release with interactive short video clips embedded. The chances of news being showcased are substantially higher if it contains interactive elements that are geared at audience engagement.

*Press conferences/media roundtables*

Focus on strengthening existing ties with local media through hosting regular press conferences and media roundtables. It is important for journalists to engage with the relevant senior management team and be aware of the role they play in the centre’s operations. These media roundtables would need to be innovative and showcase the CTICC’s service offerings.

*Customised Client and CTICC Ambassador Newsletters*

Create customised newsletters for the CTICC’s clients and its ambassadors. These two target markets have different needs and one way of adding value would be to develop customised communication that meets these needs and adds value.

*Stakeholder and Industry Representation*

In order to enhance brand awareness and position CTICC as top of mind and a thought leader in its field, it is imperative that CTICC is represented on key communication and stakeholder forums.
Mobile Marketing: Videos /YouTube

Integrate opportunities for customer feedback and response through marketing activities. It is important to ensure that we have a call to action for all our marketing collateral and client engagements. A focus will be on developing customised messaging that is targeted at upselling the CTICC’s product and services and encourage two-way dialogue and interaction through smart phone technology. Develop a mobile information and event calendar application, which will allow people to download relevant events and information that they require.

MEASURES

- Conduct qualitative client communication survey on a quarterly basis.
- Measure the level of two-way client engagement between the CTICC and its target markets.
- Utilise website analytics to gauge client and public interaction on a monthly basis.

SOCIAL MEDIA ACTION PLAN

The social media tactics are geared at increasing market share in terms of social media platforms and growing the CTICC community on Facebook and Twitter in order to build brand equity and loyalty.

Create a virtual community of fans of the CTICC

Target delegates and organisers of events and get them to follow events at the CTICC and talk about their experiences at the CTICC. This is will lead to effective brand endorsement and significantly enhance CTICC’s market share in the social media space as the centre attracts millions of delegates per year. The CTICC can tap into the viral marketing benefits of social media to increase top of mind awareness and utilise social media platforms to position CTICC as an industry and thought leader in the meetings and events industry.

Collaborative Social Media Marketing with key event organisers

Leverage off existing event organisers social media communities in order to build brand equity. Popular consumer shows such as the Cape Homemakers Expo, Design Indaba and the Cape Town International Jazz Festival have established social media networks and fan bases. CTICC can tap into these networks and collaboratively market these events, thereby increasing brand awareness.

Proactive Marketing and Sustainability Social Media Campaigns

Run innovative social media campaigns geared at promoting the CTICC’s marketing and sustainability offerings. In order to support the Marketing and Sustainability department and ensure that all marketing campaigns gain significant traction an extensive social media marketing plan will need to be rolled out in conjunction with the Marketing and Sustainability department.

Run regular competitions

In order to enhance accessibility to shows at the CTICC and to stimulate event interest will regular competition campaigns, where members can win incentives like event tickets, meals or parking vouchers will be executed. The aim of these competitions would be to build the CTICC community on Facebook, by offering incentives to get people to broadcast these opportunities with their networks and create a “Lovemark brand” methodology as explained earlier.
Create Twitter CTICC ambassadors

Relevant CTICC staff need to be continually tweeting about news and events at the CTICC to ensure that the CTICC is seen as a dynamic relevant organisation that is continually innovating.

Become a thought leader in the meetings and events sustainability space

To ensure that the CTICC is truly a thought leader in sustainability it is essential that key CTICC staff get involved in topical and relevant industry debates.

Tap into clients networks

Raise brand awareness of events at the CTICC by getting event organisers to promote the CTICC hashtag to attendees, when tweeting about their events. This could lead to events at the CTICC trending in Cape Town.

MEASURES

• Percentage growth increase in terms of social media followers on a quarterly basis.
• Utilise Facebook Insight Analytics to measure page impressions, level of engagement and number of posts.

INTERNAL COMMUNICATION ACTION PLAN

Implement a new intranet

Develop an interactive internal communication platform in conjunction with Human resources that will encourage information sharing between staff. A thorough staff needs analysis will need to be conducted before a suitable communication platform is chosen.

Electronic Noticeboards

As part of the centre's commitment to sustainability electronic touch screen noticeboards should be implemented. These internal noticeboards should broadcast all pertinent news. Staff should be able to interact with it and navigate to find relevant information. The notice board can be completely interactive and we can even broadcast You Tube clips, videos etc.

MEASURES

It is suggested that quarterly communication surveys are conducted to assess staff feedback on how the initiatives outlined above were received and the way forward in terms of what they would like to enhance or change.
4.2. OPERATIONS DIVISION

The Operations Division is the largest divisions at the CTICC and is responsible for executing all operational and food and beverage service offerings.

The division supports the following sub departments:

- Food and Beverage
- Maintenance and Facilities
- Conferences and Exhibitions
- Business Improvement and Innovation
- Information Communication and Technology

This division plays a pivotal role in ensuring that the CTICC meets the Key Performance Indicators and targets set by the City of Cape Town in terms of customer centricity and service excellence, operating profit, capital expenditure, capital projects and sustainability.

The CTICC has expanded its focus to include various additional revenue-generating activities.

4.2.1. FOOD AND BEVERAGE OVERVIEW

The Food and Beverage department has always played a pivotal role in generating revenue for the CTICC and the focus for the 2015/2016 financial year will continue to remain on providing creative cuisine and personalised service.

Another strategic imperative is creating consistency through achieving the competitive edge and setting the benchmark in terms of products and services, whilst monitoring and reducing operating costs to effectively increase bottom line profits.

KEY OBJECTIVES

- To create memorable experiences through providing innovative cuisine offerings and five star service levels.
- To consistently exceed client expectations by serving a quality product at a competitive price.
- To utilise sustainable local produce.
- To effectively manage costs without compromising product standards and levels of service excellence.

RATIONALE

The rationale driving the objectives outlined above is that if we do not do anything innovative and provide “out-of-the-box” thinking, we will lose business to the competition. It is essential that we continually innovate in the food and beverage space and ensure that the quality of our services and products remain at the cutting edge ensuring we gain the competitive edge.

Understanding our clients buying needs and their buying patterns is essential to the CTICC’s success. Client feedback is a critical component and we partner with an independent service improvement company to conduct ongoing client satisfaction research covering every possible CTICC touch point. CTICC is a brand that is built on a sincere promise of...
extraordinary and unforgettable experiences from start to finish. To deliver on this promise we understand that feedback from our clients is essential to helping us take our product and service offerings to the next level. The findings of these independent surveys continue to be positive and in 2014, the CTICC achieved an average of 82% on its overall client satisfaction index rating.

**TREND ANALYSIS**

The following trends listed below are set to transform the food and beverage industry.

- The use of technology to interface with guests during dining experiences. The introduction of lightning and cameras into cuisine service offerings are being used to enhance the dining experience.
- Sourcing produce locally and utilising regional foods continues to remain one of the top food trends.
- Small plate movement – There has been a shift from traditional meals to small tasting size dishes. This allows guests to order multiple dishes and share different food experiences.
- Neuro-gastronomy, which entails the use of smell, shape and sound in food is another popular trend that is emerging.
- Demand for Artisan based food & beverages such as cold pressed juices, cheeses, artisan breads and pastries are increasing.
- Snacking is the future of eating and clients are demanding healthier snack options such as crunchies on a stick as opposed to traditional biscuits.
- Specialised coffee – the use of artisan styled coffees with a variety of flavours and presentations.

Source:
http://foodgawker.com/
https://www.finedininglovers.com/blog/food-drinks
http://www.tour-magazine.com/
http://www.food4inspiration.be/
http://food52.com/
http://www.eatout.co.za/
FOOD AND BEVERAGE TACTICS

Increase Food and Beverage Revenue

- Develop special customised menu’s for unique demands
- Offer sponsored food products
- Expand the capacity to offsite catering

Control all Direct Operating Costs

- Maintain costs without compromising on the quality and service delivery of food and beverage standards.
- Reduce waste and minimise over production to save costs.
- Maintain and improve efficiency and productivity of Food and Beverage Staff.
- Partner with vendors at certain events.

Create consistency in service delivery

Ensure that products and services are consistent at every touch point and exceed client expectations.

A core focus will be on enhancing product knowledge across the board working together with the Human Resources department to train and upskill staff to ensure consistent delivery of all core functions.

Create innovative ideas to enhance customer experience

To be successful, innovation is crucial to any business or organisation, trends are constantly changing and clients expect to see continual enhancements. The below initiatives are geared at creating memorable cuisine experiences for the CTICC’s clients.

- The introduction of live interactive cooking stations, where clients will be able to interact with the chefs.
- Introducing flexible customised menu offerings.
- Offering new cuisine experiences such as the Food truck concept.
- Introducing new enhanced Coffee Shop product offerings.

Innovation can be used as a device or process to improve the CTICC’s service offerings and add value to our clients, which in turn will increase market share. Implementing innovation in the food and beverage sphere can be one of the CTICC’s key differentiating factors.

<table>
<thead>
<tr>
<th>Risk Reference</th>
<th>Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk 1. Reduction in profit margins</td>
<td>• Ensure correct costings are done as per budgeted costs.</td>
</tr>
<tr>
<td></td>
<td>• Try and up sell from the start giving clients new ideas.</td>
</tr>
<tr>
<td></td>
<td>• Avoid clients using public catering.</td>
</tr>
<tr>
<td></td>
<td>• Train staff according to specialized skills and implement a labour specialization strategy to build up a skills bank. Utilize different labour brokers for different services.</td>
</tr>
</tbody>
</table>
4.2.2. MAINTENANCE AND FACILITIES OVERVIEW

At the CTICC, we recognise that remaining competitive and successful requires continual reinvestment into our business. This is especially relevant in a challenging and volatile economic environment where targeted investment and effective cost control are vital without compromising the quality of service and client experience.

The Maintenance department is responsible for service delivery and the maintenance of the CTICC to ensure that it meets the world-class standards that our brand promises and our clients have come to expect.

KEY OBJECTIVES

Creating memorable customer experiences through providing a world class facility that meets both national & international 5 star standards:

The department aims to create memorable customer experiences by focusing on maintaining the facility and creating a productive work place culture by rejuvenating and refurbishing staff facilities. Keeping the CTICC in a pristine condition and continually investing in upgrades and refurbishments will help CTICC to maintain a competitive edge and position itself as one of the world’s leading conference centres.
OPERATIONS ACTION PLANS AND PROJECTS

Refurbishment of operable walls

A key focus for 2015/2016 will be to refurbish the operable walls, which are serviced every three months. Over the course of 12 years of operations the CTICC has reached a point where these walls are in need of a comprehensive refurbishment. The process will commence in 2015 and will continue over a three year period to ensure cost effectiveness.

Replacement of Ballroom and Meeting room carpets

In order to maintain the superior quality. Due to the volume of foot fall though our carpeted venues along with the space being used for multipurpose events the carpets need a complete face lift. This project will be completed over a two year period.

Replacement of restaurant area tiling

After twelve years of operations, extensive and regular damage to tiles has been experienced in the restaurant areas. Regular repairs have been done to individual broken tiles, utilizing attic stock, but it has now reached the stage that there is no longer attic stock available to do the required repairs and the purchasing of additional attic stock has resulted in colour differences being experienced in the venue tiling. To ensure that we maintain an internationally acceptable visual appearance, we will be replacing restaurant tiles in the Jasminium & Strelitzia conservatories.

Ongoing refurbishment of gallery wooden panelling

After twelve years of operations, extensive and regular damage to the gallery wooden panel wall cladding has been experienced. Regular repairs have been done to individual panels, utilizing attic stock and a semblance of colour matching. Numerous panels are damaged and to ensure uniformity and consistent colour matching vast sectors of the paneling will need to be replaced. This will be executed over a three year period.

Replacement of parking directional signage

The original directional parking signage has been in place since the inception of the centre in 2003 and needs to be replaced and upgraded. Accurate identification of the amount of available parking per area needs to be implemented and displayed in order to effectively communicate the amount of available parking to patrons prior to arriving at the centre.

Refurbishment of Audi 2 chairs

The chairs in the Audi 2 will also be refurbished in order to ensure that the CTICC’s venues continue to meet the high international standards.

Refurbishment of staff ablution facilities

The CTICC staff is the company’s primary asset & it is thus critical that staff facilities are on an equally high standard.

As such the CTICC staff ablution facilities will also be refurbished in order to ensure that these facilities are of an appropriate standard.
MEASURES/METRICS AND RETURN ON INVESTMENT

- The project coordinator will oversee all projects and processes and document and gauge the level of performance.
- Positive feedback from audit report (HACCP).
- Positive feedback from ‘Nlighten report once incorporated (customer satisfaction).
- Sustainability (cost saving and effectiveness of investment).

RISKS

The below table outlines the risks that have been identified and the proposed mitigation measures recommended.

<table>
<thead>
<tr>
<th>Risk 1</th>
<th>Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unexpected equipment failure and aging infrastructure impacting on the service delivery.</td>
<td>Capital project expenditure plan in place and reviewed by EXCO and approved by the board.</td>
</tr>
<tr>
<td></td>
<td>Preventative maintenance plan in place and monitored by the GM: Operations.</td>
</tr>
<tr>
<td></td>
<td>Continue to monitor capital procurement plan as well as the preventative maintenance plan.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk 2</th>
<th>Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appointment of new service providers who have all the correct credentials, but are not able to deliver to our/customer requirements.</td>
<td>Supplier screening and reference check processes in place.</td>
</tr>
<tr>
<td></td>
<td>Ensure detailed supplier specifications are provided prior to the advertising of tenders to ensure functionality of supplier can be appropriately assessed.</td>
</tr>
</tbody>
</table>

4.2.3. CONFERENCES AND EXHIBITIONS OVERVIEW

The Conference and Exhibition Services department oversees and executes all logistical services and products related to hosting an exhibition or conference at the CTICC. This department is responsible for all liaisons between the CTICC, clients and service providers and oversees all parking logistics.

KEY OBJECTIVES

- To provide a world class service offering through in-house service provision of all exhibition related services.
- To provide seamless exhibition and conference services.
- To establish an in-house service supply and parking logistics department.
RATIONALE

The Conference and Exhibition Services department plays a pivotal role in the successful execution of all events taking place at the CTICC. It is essential that the necessary resources and skills are in place so that this department can execute its functions seamlessly.

A core focus area for this department is improving parking efficiencies. With the expansion underway a need has arisen to implement a fully-fledged parking and logistics department to manage traffic flow during events.

At present the CTICC is currently outsourcing the provision of this service through its preferred suppliers. In order for the CTICC to sustain itself, it is mandatory that a mark-up or commission is added to the cost to the client. The result of this is that the CTICC pricing falls out of the market range and clients are opting to use external service providers. To counteract this it is essential that parking is managed in house by the CTICC.

TREND ANALYSIS

Key trends indicate that more competitors are entering the exhibition services market. The implication of this to the CTICC is that more clients are choosing to use external service providers and not the CTICC’s preferred in-house supplier. This has resulted in declining revenues.

CONFERENCE AND EXHIBITION ACTION PLAN

Provision of IT and AV services (in conjunction with Insourced IT Department)

Having already seen the cost savings with supplying power and distribution boards to in-house service providers, a plan has been put in place to expand this in house product offering by selling certain IT and AV services and in so doing create revenue, reduce operating costs as well as assist in ensuring customer centricity by reducing the cost to the customer. This initial service will encompass the provision of display monitors to Exhibition stand customers, the provision of certain Day Conference Package AV requirements, and the provision of certain Exhibition and Day Conference Package IT requirements.

No additional staff will be required other than those identified as being required for the establishment of the Insourced IT Department. There will though be an initial CAPEX requirement of R250,000 to source the required equipment, with a forecast return on the investment of one year.

Establish an in-house Parking and Logistics department

There has been an increase in the demand for parking during peak times at the CTICC, which is not being met due to capacity constraints. CTICC consequently utilises an overflow parking facility located at the V & A Waterfront during peak periods.

Due to the CTICC expansion taking place the CTICC has had to upgrade its P1 Parking facility to accommodate the additional parkers, who used to park on the site of the expansion. This has placed additional parking constraints on the CTICC and parking during events has become challenging. Congestion issues are becoming a serious challenge for the CTICC and the City of Cape Town.

An opportunity to manage this congestion has arisen, which will create additional revenue for the CTICC.
Departmental 2015/16 staffing requirements

- 1 x Parking & Logistics Manager
- 1 x Parking Supervisor (existing)
- 1 x Parking controller (existing)
- 1 x Marshalling Yard supervisor

Departmental 2016/17 staffing requirements

- 2x Parking controller
- 2x Marshalling yard controllers

MEASURES

Continuous review of progress will be monitored by checking on the approval of staffing motivation to carry the process forward.

METRICS AND RETURN ON INVESTMENT

Exhibition Services - This will be measured by revenue generated from the services provided by the department.

Parking and Logistic department - The parking department will continue its requirement to generate revenue and meet set budgets. The logistics mandate is to ensure compliance with the City Traffic Services requirement to control the marshalling yard and the proper planning of both CTICC East and West build-ups and breakdowns.

4.2.4. BUSINESS IMPROVEMENT AND INNOVATION OVERVIEW

The core function of the Business Improvement and Innovation department is to formalise the organisation’s approach to innovation, to increase the efficacy of knowledge management with specific reference to the operating system, or EBMS, the business intelligence tool of choice, QlikView and various ancillary technologies.

KEY OBJECTIVES

To give credence to the company values of Passion, Integrity, Innovation and Excellence through creating platforms where staff are able to contribute knowledge, skills, creativity and expertise in order to address business challenges, and the pursuit of exceptional customer experiences, on a consistent, and sustainable basis. This ambition will be categorized as follows:

- To have 100% of EBMS users declared proficient through competency-based training.
- To be at the forefront of industry-specific innovation.
- To seek to constantly improve operational processes in order to ensure constant improvement.
- Successfully implement a version upgrade from USI Version 19.7 to 20.7.
• Successfully integrate both F & B data into EBMS

ACTION PLANS

The launch of the Knowledge Exchange Network (KEN) which is a training programme for EBMS users. The training content will be the result of the USI Business Process Optimization project (BPO), which was conducted in October of 2014, the results of which were used to highlight areas of inefficiency in terms of the use of EBMS.

Another initiative will be the EBMS version upgrade from Version 19.7 to Version 20.7. This much debated project will ideally be conducted towards the end of the 1st Quarter of the financial year, simply due to operational requirements. The upgrade requires intensive administration prior to going live, as well as a substantial amount of training. This will be necessitated by the fact that the User Interface, or “look-and-feel”, of the new version is completely different, along with much-improved functionality and enhancements.

Towards the end of the 2nd Quarter it is envisioned that the next phase of Point-of-Sale integration will be complete. This project is the sizable task of integrating data from the sale of food items, directly into EBMS, in order to provide real-time stock control and sales figures, as is the case with the beverage version of the project.

Also as an outcome of the 2014 BPO, it has become conceivable that staff costs be managed from within EBMS, through the use of the Personnel Management Module. Rostering, assigning as well as forecasting and analysing direct staff costs, will be achievable due to an improved understanding of EBMS capabilities vis-à-vis CTICC requirements and processes. Once again, a fair amount of administration and training is necessary before implementation.

The importance of the ability to manage “Big Data” cannot be stressed enough. For an organisation whose life-blood is the ability to understand the needs of its clients, both internal and external, and the ability to make informed management decisions based on good, reliable and trustworthy information, it stands to reason that the objectives mentioned above, be viewed as business imperatives.

To-date, more than 5000 transactions are processed within EBMS on a daily basis. This workload is effectively carried by 70 licensed users. This however is set to increase going forward. The number of users is scheduled to increase, in-line with the expansion effort, and so-to will the amount of data being entered into the system. The management of data quality, and the ability to mine this data through accurate reporting and analyses, to the benefit of departments, clients and the organisation as a whole, becomes crucial.

The “Big Hairy Audacious Goal” has always been touted as ‘Event Based Costing’. Should the initiatives listed above be successfully implemented by the end of 2015-2016, we would have come that much closer to realizing this objective. The ability to accurately and efficiently be able to forecast high grossing events from lesser ones will therefore become commonplace.

TREND ANALYSIS

Meetings Industry Technology Trends
While all of them are relevant from an awareness perspective, we would be remiss if we did not focus on one in particular. The following key trends for 2015 are note able

23 Source: www.corbinball.com
Deep Event Data Management and Customised Content Delivery

Marketing automation (MA) and customer relations management (CRM) have been mature technologies in other sectors for some time. Finally, MA and advanced CRM tools are working their way into events.

Before the event: Attendee management companies are making much progress to customise the participant experience to drive more engagement and a richer experience. Companies such as Certain.com and Genie-Connect.com are linking MA and CRM technologies with registration data to capture and tie attendee profile to provide customised content and match-making for participants. Attendees, based on their profile, will receive customised promotional materials; content based on their interests, and better suggested matches in a networking or appointment schedule. Cvent.com has built integration tools for Salesforce.com. Many attendee management software companies are linking social media channels as part of this process.

Onsite: Onsite has been referred to as the “black hole” of event data management. Tools have been available for several years to manage basic participant information and logistics before and after the event, but not during it. Mobile event guide apps such as those provided by DoubleDutch.com and QuickMobile.com are changing this. It is possible for every touch on a mobile app to be tracked, scored and rated. Social media channels can be monitored and incorporated into the mix. Onsite “likes” and surveys can be scored in real time. Meeting planners and event marketers can know immediately answers to the following questions: Who are the hot speakers, exhibitors, and influencers? What are the hot sessions, topics and content? What is the buzz and what do the participants like or dislike? This immediate feedback is a goldmine of information to make midcourse corrections onsite and to engage participants with gamification and other audience engagement and recognition technologies.

After the event: These onsite mobile data collected are also extremely valuable for designing and marketing future events.

The CTICC needs to consider the viability of providing this type of technology as a paid service offering, which will ultimately, if successful, grow into a stand-alone and sustainable revenue source.

MEASURES/ METRICS AND RETURN ON INVESTMENT

Standard project plans indicating milestones and deliverables will be used to actively measure progress.

Return on Investment will be indicated in case-specific Business Cases that will ultimately accompany each initiative that has an IT implication, in-line with IT Governance guidelines. This will be measured on a project basis.

4.2.5. INFORMATION COMMUNICATION AND TECHNOLOGY OVERVIEW

The core function of the IT department is to ensure that the requirements for the governance of enterprise IT are in place, to ensure enabling structures, principles, processes and practices are in place, so as to effectively maintain the IT and Communications systems and equipment owned by the CTICC.

KEY OBJECTIVES

- To meet the minimum IT Governance requirements as set out by the Department of Public Service and Administration (DPSA), as well as to effectively maintain the equipment and systems that make up the IT and Communications systems at the CTICC.
• To propose replacements that are in line with emerging technology, but do not put the organisation at risk.

• To ensure that CTICC has current and advanced technology infrastructure in place.

• To ensure that the appointed CT Contractor (‘s) are capable to perform maintenance as required and in accordance with an agreed schedule.

• To provide information to key decision makers to make related decisions via real and viable information.

• To procure Top of Market and Best of Breed equipment and systems and not engage with organisations that provides less than five star equipment, services and expertise.

RATIONALE

It is imperative that an enabling Corporate Governance ICT environment is created, which involves the development and implementation of a CGICT and GICT Policy depicting delegations, roles and responsibilities and organisational structure.

The correct installation of IT products must be monitored and recommended upgrades and replacements where required will be instituted to enhance CTICC’s service offerings.

The Corporate Governance of ICT as a subset of Corporate Governance will be embedded in the department and relevant ICT resources, capacity and capability to enable ICT service delivery will be deployed.

Previous experience has indicated that procurement via public mechanisms can be challenging in that the ability of the tenderer is difficult to establish. Previously, appointed tenderers who have had a “Not Questionable” reputation, and been supported at the time of the tender by the respective manufacturer have failed to deliver on that which was required. It is hoped that by appointing the OEM (Original Equipment Manufacturer) we can limit exposure and risk.

It is imperative that we have dedicated and technically knowledgeable people looking after our infrastructure. After engaging with several technical services companies, it has become apparent that the general consensus amongst providers is that the client needs to adapt to the time frames offered by providers and that priority service comes at a steep price. Through development of an internal IT Department, this challenge can be overcome.

It has become the hub of an organisation’s productivity and disruption to IT systems can have a severe impact on an organisations ability to deliver world class service to its clients.

TREND ANALYSIS

Gartner has identified several areas which it believes need to be focused on to prevent organisations from falling behind in the constant technological advances. These however apply only in part to the CTICC as our IT infrastructure is only in part delivered to our clients.

Through effectively engaging with our target markets, we will be able to be more responsive to their needs and adapt our service offerings to suit those needs, thereby adding value.

ICT ACTION PLAN

Insourced IT department

Appoint an IT Manager to lead and guide the organisation’s Information Technology (IT) discipline and strategy. This person will be responsible for ensuring that company IT standards, policies, processes and procedures are maintained, with regards to networks, infrastructure,
IT application systems, processes, technology enhancements, etc., whilst providing advice, guidance and leadership to the organisation to ensure IT best practices are upheld by both internal support staff and vendors.

Further responsibilities include planning the system architecture and operating requirements, recommending improvements and project opportunities and measuring deliverables upon implementation. The IT Manager will also be responsible for controlling departmental costs and resources in order to ensure the Information Technology are capable of supporting key outcomes and broad business objectives.

The required staffing will be appointed in a phased in approach, to meet the company’s IT needs.

Departmental staffing requirement

- 1 x Senior IT technician
- 3 x IT network technician
- 1 x Database administrator
- 1 x Helpdesk administrator
- 1 x Desktop & Telecommunications support technician
- 1 x Network cabling technician

Establishment of a building operations centre

At present the CTICC is in a situation where the 24/7 365 control room operations are outsourced. The existing outsourced staffing focus purely on venue control switching, and do not provide any value added service with respect to assisting with first line ICT fault finding assistance. A central “customer service” helpdesk will be added, to whom all operational requests can be directed, eliminating the need for the existing multiple help desks. The helpdesk operator would also provide a “fail over” service to the operators and vice versa.

To reduce operating costs, enhance operations, and create an environment in which the operator staff has scope for personal development and growth, we will be insourcing the function.

Expand alarming on External doors

The implementation of the external door alarming down Walter Sisulu has proven to provide significant value especially to building security. We will be expanding this system to include all other unmanned external doors, as well as the addition of remote alarming to the control room to facilitate security being alerted to inspect the cause.

Expand DECT reception

The DECT telephone system will be expanded to allow for call continuity between venues and areas. Presently the marshalling yard side of the building has limited coverage due to bleed from the halls and calls are dropped when entering the lifts. To ensure continuity, and alleviate the dropping of telephone calls, we will be expanding the system to encompass the Marshalling Yard and all lifts.

Expand the Evacuation System to include Hall 4B

We will expand the Evacuation PA into Hall 4B. This is becoming a necessity as this venue is being rented out as a standalone facility on an increasing basis. As at 2014, Hall 4A evacuation PA supports Hall 4B.
Encouraging innovation and the use of technology amongst staff.

Introduce the Microsoft E-Learning program. With version upgrades occurring frequently training to uplift staff is becoming vital. We will expand the online training facility offered by Microsoft to VLA license holders to also have an on-site facility which will reduce bandwidth consumption as well as offer localised administration. This will offer training on Office 2010 and 2013 products.

**MEASURES**

- Meet on a regular basis with the respective departmental representative to gather feedback on performance and responsiveness to calls logged as well as system performance and future requirements.

- Ensure that the IT Department engages with the IT related projects and POC’s as proposed by the various departments within the CTICC.

- Ensure acceptable uptime of the various IT systems and ensure that down time is planned and notification is sent out in advance. Aforementioned notifications to be clear and concise as to which systems will be impacted and be responsive to any indications of negative impact due to such downtime, whether planned or otherwise.

- The IT department essentially supports the systems required and requested by the individual departments and as such, ROI needs to be established at the individual department level.

- From a maintenance perspective, constant comparative costing against costs as provided by the preferred supplier is ongoing, as indicated by the MFMA.
## RISKS

The below risks and mitigation measures have been identified.

<table>
<thead>
<tr>
<th>Risk Reference</th>
<th>Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to comply with the statutory ICT Corporate Governance framework requirements as detailed by the DPSA</td>
<td>• Appointment of an IT Manager, with specialist knowledge in ICT Corporate Governance framework who will lead and guide the organisation towards meeting the requirements of compliance as set out by the DPSA.</td>
</tr>
<tr>
<td>Non completion of the Emergency VMWare upgrade which Dimension Data has had challenges with completing</td>
<td>• Develop an ICT Plan in conjunction with strategic management which articulates the business objectives of the department.</td>
</tr>
<tr>
<td>Business Continuity (EBMS)</td>
<td>• Request Deviation to complete this project through OEM Original Equipment Manufacturer and Manufacturer supply chains.</td>
</tr>
<tr>
<td>SABC TV Licensing</td>
<td>• Assist the BI Department with motivation, information and POC into mitigation of system availability via a MS Database cluster.</td>
</tr>
<tr>
<td>Life Preservation Systems</td>
<td>• When public displays are replaced, these should be replaced with “Displays” that are LED bases and do NOT include a receiver. Also ensure that documentation required by the SABC is included as a deliverable in the Scope of the Tender.</td>
</tr>
<tr>
<td></td>
<td>• Ensure that Life Preservation systems are supported and maintained by certified and proficient contractors.</td>
</tr>
</tbody>
</table>
4.3. FINANCE AND SUPPLY CHAIN MANAGEMENT

4.3.1. FINANCE OVERVIEW

The Finance department is a support department to the CTICC. The core focus is to provide a daily finance function to the organisation. The department provides support for the various revenue streams by ensuring that monies are collected from clients and by paying suppliers/subcontractors for purchases as well as for services rendered.

Although the CTICC operates as a commercial entity, it is a Municipal Entity – the City of Cape Town holds the majority of the shares in the company. CTICC therefore has to adhere to the Municipal Finance Management Act (MFMA) and other legislation affecting Municipal Entities and State Owned Companies.

This department plays an integral role in ensuring that the City of Cape Town’s targets in relation to procurement, SDA Corporate Governance and external audits are met.

KEY OBJECTIVES & ACTION PLANS

Monitoring debtors and ensuring that outstanding debts are recovered

To ensure that debtors pay outstanding amounts according to the credit control policy and that outstanding debts are collected according to the debt collection policy. This ensures that sufficient funds are available and that the organisation remains a going concern.

Timeous payment to SMME Suppliers

To timeously pay SMME suppliers 15 days from statement. These suppliers have a turnover of less than R5m per annum and rely heavily on cash flow. In addition, the development of these suppliers contributes to our level 2 BBBEE rating.

Improving the fixed asset management control environment

Enhancing asset verification through improving asset descriptions and verifying all assets. We will conduct an exercise that ties all physical assets back to the fixed asset register.

Monitoring of cash payments made to the CTICC East tenders

CTICC East contracts will require close monitoring and control of payments made according to completion of specific phases during the construction. This will require a new set of reports to assist in ensuring tight cash flow control.

Financial Reporting

Monitoring of actual spend versus budget and reporting monthly, quarterly and annually to Management, Board and Shareholders. The department will ensure that the reports are in aligned with National Treasury requirements.

Cash flow management and optimising interest earned

Ensure that there is enough cash available to finance business operations and that surplus cash is invested according to the investment policy, yielding maximum interest income.

Internal Audits

Ensuring that the approved annual audit plan is adhered to and whereby the organisation benefits from the improved internal controls.
Achieving an unqualified, clean audit report annually

Ensuring sound financial management and adhering to GRAP standards to achieve an annual unqualified, clean audit.

Improving the fixed asset management control environment

Full asset counts will be performed bi-annually. Bi-weekly meetings will be scheduled with the Facilities Manager to verify assets and improve the accuracy of the fixed asset register.

Monitoring of cash payments made to the CTICC East Tenders

Continuous reporting and review of payments relating to the CTICC East will be executed.

RATIONALE

Online payment option

In order to stay competitive in today’s business we need to offer an online payment option to clients. The vast use of Smartphones and the internet necessitates this. The option of using PayPal, one of the world’s most widely used online payment options is being investigated.

Asset Barcoding Project

In order to further improve the accuracy and control of fixed assets and the fixed asset register, we would like to embark on an asset barcoding project. This would involve barcoding assets and tying this back to the fixed asset register.

MEASURES

• Monitoring debtors and ensuring that outstanding debts are recovered: This will be monitored by calculating debtors days on a monthly and annual basis.

• Improving the fixed asset management control environment: Physical assets can be traced back to the fixed asset register. All asset descriptions are standardised and serial numbers and other important information captured for each asset in EBMS and on the fixed asset register.

• Monitoring of cash payments made to the CTICC East Tenders: Zero payment errors.

• Financial Reporting: Ensure that all reports are distributed by the respective deadline dates.

• Cash flow management and optimising interest earned: Ensure that the average monthly interest rate earned on investments is equal to or exceeds the 3 month money market yield.

• Internal Audits: Ensuring that these are completed during the proposed timeframes set by the external auditors.

• Achieving an unqualified, clean audit report annually: the Auditor General releasing an unqualified, clean audit report annually.

• Debtors Days: Sound financial management and maximising interest income.

• Improving the fixed asset management control environment: The book value of fixed assets is currently R208m. Asset verification will improve on the accuracy of this value and enable us to more accurately measure asset turnover or how effectively assets are being
used to generate sales. This ratio is calculated by Revenue / Average total assets. The cost of the expansion will be excluded when calculating this ratio.

- Monitoring of cash payments made to the CTICC East Tenders: Maximising interest income.
- Cash flow management and optimising interest earned: Maximising interest income
- Internal Audits and achieving an unqualified, clean audit report annually: Compliance with legislation and good governance.

4.3.2. SUPPLY CHAIN MANAGEMENT OVERVIEW

The core function of the Supply Chain Management department is to ensure that the correct product / services are procured in order to meet client needs. SCM plays a pivotal role working in tandem with the line departments, to develop correct specifications as required for goods and services and ensuring compliance to supply chain management regulations.

KEY OBJECTIVES

- To maximise Enterprise Development and Empowerment.
- To oversee detailed Demand Management.
- To institute effective cost saving mechanisms to improve profitability.
- To encourage Green Procurement / Sustainable Procurement.
- To enhance the Automated Goods Receiving Process.
- To achieve an unqualified, clean audit annually.

TREND ANALYSIS

Enterprise Development and Empowerment - At the end of 2013/2014 financial year, SMME’s comprised 63% of total suppliers. During 2013, these comprised 30% of total suppliers. The organisation is therefore developing these suppliers which have contributed to the trend of achieving a level 2 BBBEE rating since 2009 (with the exception of the 2011 financial year). BBBEE spend increased from 72.40% in 2012/2013 to 78.44% in 2013/2014. Number of Deviations increased from 285 to 344 in the same period.

Detailed Demand Management - A 12 weeks lieu time is estimated for tenders from inception date until award date.

Achieving an unqualified, clean audit annually - The organisation has achieved an unqualified, clean audit report for the 2013 and 2014 financial years. Our goal is to maintain this trend and achieve this in the 2015 financial year and beyond.

SUPPLY CHAIN MANAGEMENT ACTION PLANS

Enterprise Development and Empowerment

Empowerment of the knowledge base of SMME will increase competition within the market and assist CTICC in maintaining its current BBBEE status level. A procurement booklet will be developed to empower SMMEs.
**Detailed Demand Management**

The objective of Demand Management is to ensure that the resources required to fulfil the needs identified within the strategic plan of the organisation, are delivered at the right time, price and place and that the quantity and quality will satisfy those needs of the user. This analysis must be included as part of the strategic planning process of CTICC and will therefore incorporate future needs. Procurement plans cannot be developed in isolation, since some should form part of CTICC’s other functional strategies. SCM must collaborate with other departments to formalize a procurement plan.

**Institute effective cost saving mechanisms to improve profitability**

Negotiate with tendered suppliers (especially food and beverage suppliers) in order to affect minimum of 1 – 2% cost savings. Given the current economic environment cost saving efforts must be entrenched throughout the organisation.

**Green Procurement / Sustainable Procurement**

A key focus area will be promoting environmental and sustainability practices through advocating responsible procurement processes. Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimizing damage to the environment. It will raise the profile of the centre as a green champion in its industry. Functionality component in tenders to include environmental and sustainability criteria.

Marketing of the Procurement Booklet to showcase the procurement processes of CTICC. Identify which tenders can include environmental and sustainability criteria as part of their evaluation assessment before advertisement thereof.

**Enhance Automated Goods Receiving Process**

Increase in the efficiencies at the Goods Receiving Department by decreasing the possibility of human errors. The implementation of an Automated Goods Receiving Process in 3 years to enhance efficiencies.

**Achieving an unqualified, clean audit annually**

Ensuring compliance with all legislative and statutory requirements.

**MEASURES**

The achievement of the stated deliverables by the agreed upon timeframes. Increase in competition, as well as in staff feedback.

**RISKS**

<table>
<thead>
<tr>
<th>Risk Reference No :</th>
<th>Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not achieving unqualified clean audit.</td>
<td>• Implementation of SCM Compliance Checklist in respect of tenders.</td>
</tr>
</tbody>
</table>
4.4. HUMAN RESOURCES

4.4.1. HUMAN RESOURCES OVERVIEW

The Human Resources department aims to drive and support the workforce through development, recruitment and retention. It is the CTICC’s sincere belief that growing its people contributes to growing the organisation.

To enable CTICC to remain an employer of choice, it is important that we continue to build on our 2014/2015 objectives of attracting and retaining employees of a high caliber. In addition it is essential to provide focused training and development for all employees and, offer affordable employee benefits and competitive remuneration.

The success of the CTICC is built on individual successes of each of its employees and those successes are the result of its ability to attract the most talented people and give them every opportunity to realize their full potential.

Human Capital Development is one of our Company KPIs. Staff training is vital component of this investment, and is seen as central to ensuring continued employee growth and enabling them to be the success enablers of the business.

KEY OBJECTIVES

To ensure that the CTICC is an employer of choice, and nourish the development of our employees in order to create an environment that recognizes hard work and talent our focus will be on:

- Attracting the best calibre employees, by providing competitive market related remuneration and affordable benefits, while aligning recruitment processes to best practice.

- Retaining employees by providing competitive market related remuneration, holistically structured wellness initiatives, and offering development opportunities to our employees. We will also retain employees through the provision of safe and compliant working environment, where our staff is developed to effectively lead their teams.

- Training and development initiatives. Training needs are identified through a skills audit, per department and Individual personal development plans will be drawn up for all employees.

- Provide opportunities for students through a formalized Student Programme (6 Months): Students who are currently doing their tertiary qualifications at a College or University can apply to do the Student Programme at the CTICC. Students will be given a structured plan as to what they will be doing at the organization which will be in line with their current studies. Students will be given this opportunity to gain valuable exposure to the work environment.

- Provide opportunities for graduates through a formalized Graduate Programme (1 Year): Attracting and hiring graduates who have graduated from, College and Universities within the past 24 months and who are unemployed. The programme involves a competitive selection process where criteria will be based on Interviews, Presentations and Assessments and also academic results will be taken into consideration. Upon the successful completion of the graduate programme, the candidate can then apply for a position within the organization if a vacancy exists.
• Communicating and hosting employee wellness campaigns.

• Continuing with our ‘Employee Rewards’ programme through monthly and annual employee rewards, acknowledging exceptional performance (e.g. Star Performer of the Month).

• Ensuring compliance with all applicable legislation. This includes having identified staff skilled in the Minimum Competency Levels Training course, designed by National Treasury, specified in the Government Gazette 29967, of June 2007.

• Developing and updating company policies to ensure that they are aligned with legislation and best practice and to continue communicating these to all staff.

RATIONALE

In order to continue to successfully run an international convention centre, we would need to retain the best staff and ensure ongoing development, in order to remain aligned to international standards, expectations and best practice.

By encouraging staff engagement we will be able to be more responsive to staff needs. Creating an enabling environment for staff will ensure that the business runs smoothly, as research has found that the more engaged employees are, the more happy employees are in their jobs, thus ensuring that they perform optimally at all times.

The Human Resources strategy focuses on the development as well as the retention of employees. With people being our core focus we would like to achieve the following:

• Develop and implement a formalised succession policy and plan.

• Develop a skills transferal programme, to ensure that knowledge and skills are shared.

• Implementation and utilization of the CTICC’s Resource Centre, by all employees.

Another key focus will be to design a retention and engagement strategy by ensuring that benefits are suited for all and introducing secondary benefits where feasible. In addition the department aims to create a safe and compliant work environment, which encourages staff development and skills exchange and builds future leaders.

TREND ANALYSIS24

Human Resources Trends

According to Deloitte Global Consulting, the following top 5 Human Resources trends have been identified:

• Leadership: Continuous need for new and better leaders has accelerated.

• Retention and engagement: Companies should implement a strategy that aims to develop innovative ways to attract, source, recruit, and access talent; which will

24 Source: Global Human Capital Trends 2014;
result in higher levels of retention and engagement in the workforce. If an employee is engaged from the onset, retention is more conceivable.

- **Reskilling:** Upskilling, reorganisation, and transformation of HR and its relationship with business leaders and issues.

- **Talent acquisition and access:** In a skills-constrained environment, a company’s ability to find, attract, and access highly skilled people are critical to success.

- **Workforce capability:** An organisation’s ability to accomplish its work processes through the knowledge, skills, abilities, and competencies of its people.

In order to remain an employer of choice, HR will focus on these five trends over the next year. The aim is to create a cohesive workforce that is passionate about their role in the organisation, thus working towards a common goal.

**HUMAN RESOURCES ACTION PLAN**

**Engaged Employees and their commitment to the organisation**

Increase levels of employee engagement through focusing on holistic employee wellbeing.

Create an environment and brand that allows the CTICC to be an employer of choice alongside its current reputation of success. This will lead to the retention of passionate employees. Initially individuals are drawn to the CTICC due to the brand, experience and image, but the retention is built around the environment that they find themselves working in.

This will be done through:

- **Conducting Team Building Activities:** Team building activities will take place at the start of each year. This will allow teams to start the year with fun, positivity and aims to develop cohesive teams in order to achieve objectives for teams, departments and the broader organization.

- **The CTICC also partakes in the Cape Town Hotel league Soccer and Netball tournaments.**

- **Implementing Wellness Initiatives:** The aim is to conduct an array of wellness activities. These activities will take place once every second month additional to our 3 Internal Wellness days (i.e. Emotional Wellness, Physical Wellness and Financial Wellness Day). These activities will be arranged through HR and the Social Committee and will consist of Hikes, Beach Walks, Picnics, family days etc. The aim of the wellness initiatives is to broaden the levels of interaction amongst staff and to implement wellness into the lives of employees, clearly illustrating work life balance. In addition to this, our staff also participates in the Cape Cycle Argus tour as well as the Two Oceans Marathon.

- **Providing Development Opportunities:** The aim of this is to allow all staff to receive an opportunity to grow and develop by providing opportunities such as bursaries and short term courses that will enhance employees both professionally as well as personally.

- **Use of Suggestion boxes:** The CTICC has various suggestion boxes on site that allow staff to anonymously voice their concerns. This allows us to stay abreast of any concerns that staff have and permit us to engage with the issue and find a win-win solution.
• Follow-up Induction Sessions: For the first three months whilst the employee is on probation, the employee will be invited to a feedback session once a month.

Through this we will be able to engage and find out how they have adapted to the organization and culture and how best we can meet their expectations.

Focused training in relation to personal development plans and skills audits

Develop training schedules incorporating succession planning and personal development plans to encourage staff development.

Skills development plan:
The skills Development Plan encompass each individual’s Personal Development Plan (PDP).

The plan aims to:
- Eradicate the skills gap which is identified in the skills audit and PDP.
- Implement the training that has been identified for employee development.
- Ensure that training and Development opportunities always exist.
- Ensure that we adhere to the Workplace skills plan which is aligned with the Skills Development Act.

Internal and external training

The training will be scheduled in accordance to the Skills Development plan, through both internal and external training providers. Training such as Customer Service and Waitron Training is provided by our internal staff. External Service providers are used for all other identified training requirements.

Mentorship (Buddy System)

New employees will be partnered with a staff member in their department for the first month of employment. The Mentor (Buddy) will provide guidance and support in terms of the culture and work ethic within the department.

Resource centre

The Resource Centre aims to provide all staff with access to computers and books as well as a place to quietly retreat and enjoy time to work constructively. A facilitator is always available at the Centre to provide assistance with drafting CV’s, letters, documents and assist with basic computer training.

Skills Transferal Programme

The aim of this programme is to retain and share skills amongst staff within the organization. Once an employee attends a training session, they will then return to the CTICC and transfer the knowledge and skills that they have gained on this programme with the rest of staff where applicable. This programme will be implemented within the next year.
Focused recruitment, defined by the departmental and organisational strategic objectives and the need prior to recruitment:

Focused recruitment entails, recruitment in alignment with our organisational strategic objectives and goals, minimizing cost associated with incorrect hires. Priority will be placed on budgeted vacancies and positions.

- Meeting with the HOD to find out the specific requirements for the departmental hiring need.
- Drafting the correct advert in accordance with the specific requirements.
- Placing the advert in the appropriate media that will attract the best caliber for the specific department.
- Thorough screening and interviewing process followed by psychometric test and assessments to determine the best suitable candidate for the vacancy as well as to determine the developmental areas applicable to the candidate.

Ongoing leadership training in terms MFMA- minimum competency and leadership development:

In accordance with National Treasury objectives, we will continue to upskill our management staff to ensure competency in line with MFMA requirements.

Promotion of wellness and team cohesiveness through Team building and wellness initiatives

CTICC will remain committed to enhancing the overall wellness initiatives and activities of our staff.

The following activities will take place over the next year:

- Staff Team Building: Team building activities will take place at the start of each year. This will allow teams to start the year with fun, positivity and aims to develop cohesive teams in order to achieve objectives for teams, departments and the broader organization.

- Poor man’s Friday: This allows staff to engage on a social level once a month. The event takes place before pay day, where staff can enjoy drinks and snacks on the house.

- Holistic Wellness day initiatives will take place quarterly (i.e. Emotional Wellness, Physical Wellness and Financial Wellness Day) which aims at holistic wellbeing and employee satisfaction.

- Wellness activities will be arranged through HR and a designated Social Committee that will ensure that the following occurs (Hikes, Beach Walks, Picnics, family days, Valentine’s Day activation, Easter gifts, Karaoke nights, Spring day activation etc.

- Our staff participate in CSR activations namely Youth Day and Mandela Day.

- Our staff participates in the Cape Cycle Argus tour as well as the Two Oceans Marathon.
Market comparison – salary surveys:

- We will participate in the Hotel Salary Survey and benchmarking survey that will take place in October annually.
- We will investigate the Deloitte remuneration salary survey that aims at the broader market other than hospitality market segments.

Ongoing reward system

Employees will continue to be rewarded for exceptional performance, in line with the CTICC’s values and reward and recognition policy. Rewards and incentives programmes such as the star performer awards, KPA scoring, employee bonuses and recognition for work well done will be rolled out.

MEASURES/ METRICS AND RETURN ON INVESTMENT

- Employee feedback forms, exit interviews, teambuilding, training, suggestion boxes, climate surveys and holistic wellness days.
- Statistics and reports pertaining to absenteeism and turnover.
- Amount of staff being trained in terms of job and personal development.
- Number of internal recruits and promotions.
- Decrease in ERF complaints and increase in positive feedback.
- Increase in Productivity.

RISKS

The following risks and mitigation measures have been identified.

<table>
<thead>
<tr>
<th>Risk Reference</th>
<th>Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Personal Development Plans and Succession Plans- employees leaving straight after upskilling.</td>
<td>1. Ensure that Bonding agreements are completed and adhered to. Ensure that skills transferal process is in place.</td>
</tr>
<tr>
<td>2. Retention of employees.</td>
<td>2. Ensure that retention strategy receives employee buy in, in terms of benefits, team building and remuneration.</td>
</tr>
<tr>
<td>3. Benefit and Remuneration measurement.</td>
<td>3. Ensure that job descriptions and KPA’s are in place for all positions and that it is aligned with industry / relevant market comparison.</td>
</tr>
</tbody>
</table>
4.5. CORPORATE GOVERNANCE

4.5.1. CORPORATE GOVERNANCE OVERVIEW

The core focus of the department is to manage the effective administration of Board and Shareholder matters and to ensure that procedures and structures are in place to promote good corporate governance by the Company. The department provides administrative support at various levels of the organisation and plays an oversight role in regard to governance matters. The department also liaises with CIPC, the Company’s Shareholders, Attorneys, BBBEE Rating Agency and certain other stakeholders.

KEY OBJECTIVES

To ensure that the Company has a balanced and representative Board of Directors, which is well informed and equipped to make the right decisions in the best interests of the Company within the constraints of the legal framework within which it operates and to provide support to the organisation as a whole. To ensure that proper record is kept of decisions and that the relevant corporate statutory records are kept up to date.

CIPC - To ensure that the Company’s statutory information and Annual Duty remains up to date.

Board - A key priority to ensure that Board members are aware of their duties and responsibilities as directors in terms of the applicable legislation and that they gain a better understanding of the legislation that applies to the Company and Good Corporate Governance Principles in general.

Shareholders - It is important to maintain the good working relationship with the relevant officials of the City, Province and SunWest.

Organisational/CTICC Employees - Support and necessary information will be provided to enable informed decision making.

Expansion - A key priority is to ensure that the issuing of shares for cash to fund the Company’s expansion is done timeously and correctly.

RATIONALE

CIPC: Compliance with legislation.

Board: It is important that Board Members understand their oversight function and the strategic nature of their role. The Board Members need to be properly informed to understand the business of the Company in order to properly exercise their duties and responsibilities and to give the Company the strategic direction that it needs to be successful. If the Board understands its function, duties and responsibilities, the business of the Company and the environment in which it operates, and if it is well informed, it will be able to make the right decisions timeously.
Shareholders: There needs to be a good working relationship and a mutual understanding of issues between the shareholders and this can only be achieved if there is trust, support and good co-operation between the relevant officials.

Organisational/CTICC Employees: Informed decision making is proper decision making.

TRENDS ANALYSIS25

South Africa

Public Sector - - There is a positive trend in local government audits with an increased number of clean audits, but the Auditor General recently called on government leadership to intensify the drive towards total good governance

Private Sector & General - There is an increased focus on board performance and diversity and board priorities and practices. There has also been an increase in IT and cybersecurity oversight by boards. An increased focus on executive compensation and director communication is also on the rise.

Internationally

The relentless drive to adopt good corporate governance mandates seems to have reached a plateau. Relationships with shareholders and stakeholders are receiving increased focus with the rethinking of the nature of relationships with shareholders and the role that these relationships play in facilitating long-term value creation. The focus is not on expanding shareholder influence in corporate governance matters, but it is instead on the roles and responsibilities of both Companies and shareholders in facilitating thoughtful conversations instead of reflexive, off-the-shelf mandates on corporate governance issues. It is about cultivating long-term relationships that have the potential to curb ‘short-termist’ pressures in the market.

Boards need to embrace a mindset that is proactive, confident and bold. They should reassess their playbook on key priorities, including long-term strategy and risk management with a view to pressure-testing it for vulnerabilities in the current environment.

The new catchphrase is “board refreshment” (=amalgamation of e.g. director independence, gender and other diversity goals). There is a delicate balance between retaining and recruiting competent and qualified directors who are willing to shoulder the escalating workload and time commitment required for board service, while facing pressure from shareholders and corporate governance advocates to embrace the concept of “board refreshment”.

There is also an increased focus on risk management as a result of the financial crisis.

Source (Harvard Law School Forum on Corporate Governance and Financial Regulation)

25 Source (Harvard Law School Forum on Corporate Governance and Financial Regulation)
CORPORATE GOVERNANCE TACTICS

Maintain Shareholder relationships

In order to maintain the good working relationship between the Company Secretary and her counterparts at the City, Province and SunWest International (Pty) Ltd she will continue to timeously provide the necessary and relevant information regarding the Company and its activities and liaise with the CTICC’s shareholders on an ongoing basis.

Provision of Corporate Governance assistance to CTICC employees:

The Company Secretary will aim to timeously provide the necessary support and information to enable employees to make informed decisions and submit complete documentation where necessary.

Enhance CTICC’s BBBEE rating

An important task is ensuring that the necessary information to ensure that the Company gets the best possible BBBEE rating based on the information provided (Level 2 under the current codes) and to determine how the level can be maintained under the expected new codes.

Expansion

The Company Secretary will ensure that the issuing of shares for cash to fund the Company’s expansion is done timeously and correctly.

The Company Secretary will continue to attend legal steering committee meetings on a weekly basis, comment on agreements and general issues when necessary to help ensure that the correct processes are followed throughout.

The Company Secretary will also be the custodian of all relevant lease- and development agreements and all original contracts with the professional team members.

RISKS

<table>
<thead>
<tr>
<th>Risk Reference No:</th>
<th>Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Continuous monitoring of new legislation through Lexis Nexis Current Awareness, industry updates</td>
</tr>
</tbody>
</table>
CTICC’s financial history reflects that despite the challenging global and national economic backdrop, the company has managed to generate an operating profit year on year. As a municipal entity the CTICC is mandated to ensure its self-sustainability, while also contributing to GDP and job creation. The financial plan for 2015/16 reflects that, with the projected hosting of 500 events, the company will be generating a net profit after tax of R13million for the year. The 2015/16 operational plans which are factored into the budgets have taken into account growth in primary and secondary revenue streams, as well as the continuous drive to save on costs. The business needs in respect of capital expenditure for the existing building, which is also funded from CTICC reserves, have been budgeted at R27million for the year. The capital expenditure is for new and existing assets, which will contribute to the CTICC remaining a world class facility.

The 2015/2016 budget process was prepared following a similar approach used in previous years. The budget takes into account the current market conditions, such as inflation of 6.5%, historical trend analysis, as well as the proposed city guidelines.

The 2015/2016 budget reflects positive results indicating a net profit before tax of R18.3million. The budget indicates an increase in total revenues of 6.8% compared to 2014/2015 forecast budget, which is more or less in line with the average revenue trend increase over the past five years. Total indirect costs have been budgeted at an increase of 8.5%. The operating profit before interest and depreciation reflects a 1% growth, compared to 2014/2015 forecast budget.

The 2015/2016 budget includes a 32% (R29million) “blue sky” revenue, as the budget is prepared for the City well in advance of the start date of the 2015/2016 financial year, where there are few bookings in the system on which the budget can be based. The budgeted operating profit before interest and depreciation for 2015/2016 has been budgeted at R25.5million.

Due to the nature of our business and the increase in short term bookings we have always included a portion of “unknown” revenue for the unknown or short term business. As venue rental income is the primary source of revenue the other revenue streams’ budgets are prepared with these same assumptions.

Gross Margins is budgeted to be maintained at an average of 79%. Indirect costs have been budgeted to increase at 6.5%, for most of the categories of indirect costs except for maintenance, electricity, water, refuse, personnel costs and building costs, which have been budgeted to increase in line with City’s guidelines. The budget 2015/2016 reflects a R25.5million profit before interest and depreciation and a R18.3million profit before tax.
The following table shows the 2013/14 actual amounts as well as the current financial year budgeted, projected to the 2015/16 financial year.

### Financial Projections

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual 2013/14</th>
<th>Budget 2014/15</th>
<th>Adjustment Budget 2014/15</th>
<th>Budget 2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>174 901 596</td>
<td>177 785 268</td>
<td>180 735 268</td>
<td>192 989 758</td>
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<tr>
<td>Venue Hire</td>
<td>83 458 591</td>
<td>84 247 232</td>
<td>85 447 232</td>
<td>91 367 356</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>70 088 488</td>
<td>70 957 342</td>
<td>71 957 342</td>
<td>77 208 242</td>
</tr>
<tr>
<td>Parking &amp; Other Income</td>
<td>21 354 517</td>
<td>22 580 694</td>
<td>23 330 694</td>
<td>24 414 160</td>
</tr>
<tr>
<td><strong>Direct Costs</strong></td>
<td>37 260 531</td>
<td>38 733 646</td>
<td>39 183 646</td>
<td>41 271 064</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>23 123 312</td>
<td>22 826 961</td>
<td>23 136 961</td>
<td>24 879 928</td>
</tr>
<tr>
<td>Other Direct Costs</td>
<td>14 137 219</td>
<td>15 906 685</td>
<td>16 046 685</td>
<td>16 391 136</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>137 641 065</td>
<td>139 051 622</td>
<td>141 551 622</td>
<td>151 718 694</td>
</tr>
<tr>
<td><strong>Indirect Costs</strong></td>
<td>102 196 319</td>
<td>111 509 909</td>
<td>116 227 564</td>
<td>126 143 215</td>
</tr>
<tr>
<td>Personnel &amp; Management</td>
<td>42 163 835</td>
<td>44 613 336</td>
<td>47 661 321</td>
<td>54 301 387</td>
</tr>
<tr>
<td>Building Costs</td>
<td>34 854 840</td>
<td>42 542 114</td>
<td>42 542 114</td>
<td>45 772 626</td>
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<tr>
<td>Marketing &amp; Other Indirect</td>
<td>25 177 644</td>
<td>24 354 459</td>
<td>26 024 129</td>
<td>26 069 202</td>
</tr>
<tr>
<td>Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>35 444 746</td>
<td>27 541 713</td>
<td>25 324 058</td>
<td>25 575 479</td>
</tr>
<tr>
<td>Interest Received</td>
<td>11 239 071</td>
<td>6 476 884</td>
<td>20 529 372</td>
<td>22 567 788</td>
</tr>
<tr>
<td>Depreciation</td>
<td>20 874 566</td>
<td>26 707 293</td>
<td>26 707 293</td>
<td>29 789 593</td>
</tr>
<tr>
<td><strong>Net profit/(loss) before</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>taxation</td>
<td>25 809 251</td>
<td>7 311 304</td>
<td>19 146 137</td>
<td>18 353 674</td>
</tr>
<tr>
<td>Taxation</td>
<td>8 251 657</td>
<td>2 047 165</td>
<td>5 360 918</td>
<td>5 139 029</td>
</tr>
<tr>
<td><strong>Net profit/(loss) after</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>taxation</td>
<td>17 557 594</td>
<td>5 264 139</td>
<td>13 785 219</td>
<td>13 214 645</td>
</tr>
</tbody>
</table>
## Capital Expenditure Budget 2015/16

<table>
<thead>
<tr>
<th>Category and Description</th>
<th>Budget 2014/15</th>
<th>Budget 2015/16</th>
<th>Budget 2016/17</th>
<th>Budget 2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building enhancements</td>
<td>13 300 000</td>
<td>11 995 000</td>
<td>12 714 700</td>
<td>13 477 582</td>
</tr>
<tr>
<td>IT &amp; electronic Infrastructure</td>
<td>9 028 950</td>
<td>10 849 109</td>
<td>11 500 056</td>
<td>12 190 059</td>
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<tr>
<td>Kitchen enhancements</td>
<td>960 000</td>
<td>1 050 000</td>
<td>1 113 000</td>
<td>1 179 780</td>
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<tr>
<td>Catering furniture &amp; equipment</td>
<td>3 390 000</td>
<td>3 450 000</td>
<td>3 657 000</td>
<td>3 876 420</td>
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<tr>
<td><strong>CTICC operational capex budget</strong></td>
<td><strong>26 678 950</strong></td>
<td><strong>27 344 109</strong></td>
<td><strong>28 984 756</strong></td>
<td><strong>30 723 841</strong></td>
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<tr>
<td><strong>CTICC east</strong></td>
<td>165 500 000</td>
<td>467 975 076</td>
<td>141 453 010</td>
<td>5 000 000</td>
</tr>
<tr>
<td><strong>Total capex budget</strong></td>
<td>192 178 950</td>
<td>495 319 185</td>
<td>170 437 766</td>
<td>35 723 841</td>
</tr>
</tbody>
</table>

Operational capital expenditure will be funded from the company’s cash reserves, CTICC East capital expenditure will be funded as agreed upon by its shareholders by way of a share issue.
## 7. ANNEXURES

### FINANCIAL PERFORMANCE

3yr budget 2015 – 2018

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Revenue by source</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent of facilities and equipment</td>
<td>83 458 591</td>
<td>84 247 232</td>
<td>1 200 000</td>
<td>85 447 232</td>
<td>91 367 356</td>
<td>125 480 663</td>
<td>140 066 588</td>
</tr>
<tr>
<td>Interest earned – external investments</td>
<td>11 239 071</td>
<td>6 476 884</td>
<td>14 052 488</td>
<td>20 529 372</td>
<td>22 567 788</td>
<td>9 706 128</td>
<td>4 607 184</td>
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<tr>
<td>Other revenue</td>
<td>91 443 005</td>
<td>93 538 036</td>
<td>1 750 000</td>
<td>95 288 036</td>
<td>101 622 402</td>
<td>122 462 042</td>
<td>137 795 571</td>
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<tr>
<td><strong>Total revenue</strong></td>
<td>186 140 667</td>
<td>184 262 152</td>
<td>17 002 488</td>
<td>201 264 640</td>
<td>215 557 546</td>
<td>257 648 833</td>
<td>282 469 343</td>
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<tr>
<td><strong>Expenditure by type</strong></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td>Employee related costs</td>
<td>41 718 725</td>
<td>44 324 187</td>
<td>2 487 134</td>
<td>85 811 321</td>
<td>46 528 087</td>
<td>79 657 560</td>
<td>81 201 932</td>
</tr>
<tr>
<td>Remuneration of board members</td>
<td>445 110</td>
<td>289 149</td>
<td>560 851</td>
<td>850 000</td>
<td>873 300</td>
<td>925 698</td>
<td>981 239</td>
</tr>
<tr>
<td>Depreciation &amp; asset impairment</td>
<td>20 874 566</td>
<td>26 707 293</td>
<td>-</td>
<td>26 707 293</td>
<td>29 789 593</td>
<td>31 526 869</td>
<td>32 250 319</td>
</tr>
<tr>
<td>Other expenditure</td>
<td>97 293 015</td>
<td>105 630 219</td>
<td>2 119 670</td>
<td>107 749 889</td>
<td>113 121 892</td>
<td>171 995 633</td>
<td>185 064 946</td>
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<tr>
<td><strong>Total expenditure</strong></td>
<td>160 331 416</td>
<td>176 950 848</td>
<td>5 167 655</td>
<td>182 118 503</td>
<td>197 203 872</td>
<td>284 105 760</td>
<td>299 498 436</td>
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<tr>
<td>Surplus/ (deficit) before taxation</td>
<td>25 809 251</td>
<td>7 311 304</td>
<td>11 834 833</td>
<td>19 146 137</td>
<td>18 353 674</td>
<td>(26 456 927)</td>
<td>(17 029 093)</td>
</tr>
<tr>
<td>Taxation</td>
<td>8 251 657</td>
<td>2 047 165</td>
<td>3 313 753</td>
<td>5 360 918</td>
<td>5 139 029</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Surplus/(deficit) after taxation</td>
<td>17 557 594</td>
<td>5 264 139</td>
<td>8 521 080</td>
<td>13 785 219</td>
<td>13 214 645</td>
<td>(26 456 927)</td>
<td>(17 029 093)</td>
</tr>
</tbody>
</table>

** includes operational activity for CTICC East for part of 2016/17 financial year. The projection is subject to change with the appointment of the main contractor and the change in design.
**FINANCIAL POSITION**

3yr budget 2016 – 2018

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td>205 314 219</td>
<td>370 785 876</td>
<td>836 315 468</td>
<td>975 226 366</td>
<td>978 699 888</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>205 314 119</td>
<td>370 785 776</td>
<td>836 315 368</td>
<td>975 226 266</td>
<td>978 699 788</td>
</tr>
<tr>
<td>Investment in subsidiary</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>366 275 193</td>
<td>686 042 897</td>
<td>275 146 331</td>
<td>125 290 319</td>
<td>109 864 400</td>
</tr>
<tr>
<td>Inventories</td>
<td>1 068 413</td>
<td>2 041 206</td>
<td>2 194 975</td>
<td>2 819 612</td>
<td>3 161 081</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>10 207 299</td>
<td>13 811 339</td>
<td>14 747 797</td>
<td>18 947 165</td>
<td>21 233 534</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>354 999 481</td>
<td>670 190 352</td>
<td>258 203 559</td>
<td>103 523 543</td>
<td>85 469 785</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>571 589 412</td>
<td>1 056 828 773</td>
<td>1 111 461 799</td>
<td>1 100 516 685</td>
<td>1 088 564 288</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net assets</strong></td>
<td>507 316 843</td>
<td>1 003 818 062</td>
<td>1 055 241 207</td>
<td>1 028 784 281</td>
<td>1 011 755 188</td>
</tr>
<tr>
<td>Contribution from owners</td>
<td>764 713 201</td>
<td>1 247 429 201</td>
<td>1 285 637 701</td>
<td>1 285 637 701</td>
<td>1 285 637 701</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(257 396 358)</td>
<td>(243 611 139)</td>
<td>(230 396 494)</td>
<td>(256 853 420)</td>
<td>(273 882 513)</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td>2 200 973</td>
<td>2 200 973</td>
<td>2 200 973</td>
<td>2 200 973</td>
<td>2 200 973</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>2 200 973</td>
<td>2 200 973</td>
<td>2 200 973</td>
<td>2 200 973</td>
<td>2 200 973</td>
</tr>
<tr>
<td>Long term loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>62 071 596</td>
<td>50 809 738</td>
<td>54 019 619</td>
<td>69 531 431</td>
<td>74 608 127</td>
</tr>
<tr>
<td>Client deposits</td>
<td>28 308 347</td>
<td>10 844 116</td>
<td>11 579 385</td>
<td>14 876 562</td>
<td>16 671 730</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>30 482 725</td>
<td>31 082 242</td>
<td>33 482 856</td>
<td>50 515 778</td>
<td>53 449 623</td>
</tr>
<tr>
<td>Provisions</td>
<td>3 249 504</td>
<td>3 522 462</td>
<td>3 818 349</td>
<td>4 139 091</td>
<td>4 486 774</td>
</tr>
<tr>
<td>Receiver of revenue</td>
<td>31 020</td>
<td>5 360 918</td>
<td>5 139 029</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total net assets and liabilities</strong></td>
<td>571 589 412</td>
<td>1 056 828 773</td>
<td>1 111 461 799</td>
<td>1 115 716 685</td>
<td>1 103 764 288</td>
</tr>
</tbody>
</table>

** includes operational activity for CTICC East for part of 2016/17 financial year. The projection is subject to change with the appointment of the main contractor and the change in design.
# CASH FLOW STATEMENT

3yr budget 2016 - 2018

<table>
<thead>
<tr>
<th></th>
<th>Actual 2013/14</th>
<th>Budget 2014/15</th>
<th>Budget 2015/16</th>
<th>Budget 2016/17</th>
<th>Budget 2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>42 336 666</td>
<td>24 653 821</td>
<td>45 123 892</td>
<td>15 757 750</td>
<td>17 670 084</td>
</tr>
<tr>
<td>Finance costs</td>
<td>42 676 650</td>
<td>4 155 469</td>
<td>27 917 022</td>
<td>11 190 651</td>
<td>13 062 900</td>
</tr>
<tr>
<td>Finance income</td>
<td>(40 633)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Taxation paid</td>
<td>(11 579 055)</td>
<td>(31 020)</td>
<td>(5 360 918)</td>
<td>(5 139 029)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td>(41 258 813)</td>
<td>(192 178 950)</td>
<td>(495 319 185)</td>
<td>(170 437 766)</td>
<td>(35 723 841)</td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment</td>
<td>(41 258 813)</td>
<td>(192 178 950)</td>
<td>(495 319 185)</td>
<td>(170 437 766)</td>
<td>(35 723 841)</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td>199 073 500</td>
<td>482 716 000</td>
<td>38 208 500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from share issue</td>
<td>199 073 500</td>
<td>482 716 000</td>
<td>38 208 500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase in cash and cash equivalents</td>
<td>200 151 353</td>
<td>315 190 871</td>
<td>(411 986 793)</td>
<td>(154 680 016)</td>
<td>(18 053 757)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the year</td>
<td>154 848 128</td>
<td>354 999 481</td>
<td>670 190 352</td>
<td>258 203 559</td>
<td>103 203 559</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of the year</td>
<td>354 999 481</td>
<td>670 190 352</td>
<td>258 203 559</td>
<td>103 523 543</td>
<td>85 469 785</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>25 809 251</td>
<td>19 146 137</td>
<td>18 353 674</td>
<td>(26 456 927)</td>
<td>(17 029 093)</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>20 874 566</td>
<td>26 707 293</td>
<td>29 789 593</td>
<td>31 526 869</td>
<td>32 250 319</td>
</tr>
<tr>
<td>Interest received</td>
<td>(11 279 704)</td>
<td>(20 529 372)</td>
<td>(22 567 788)</td>
<td>(9 706 128)</td>
<td>(4 607 184)</td>
</tr>
<tr>
<td>Finance cost</td>
<td>40 633</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss on disposal of property, plant and equipment/ (Profit)</td>
<td>499 316</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase in provision for bonuses</td>
<td>560 911</td>
<td>272 958</td>
<td>295 887</td>
<td>320 741</td>
<td>347 684</td>
</tr>
<tr>
<td>Increase in provision for impairment of trade receivables</td>
<td>(505 153)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Increase/ (decrease) in inventories</strong></td>
<td>35 999 820</td>
<td>25 597 016</td>
<td>25 871 366</td>
<td>(4 315 445)</td>
<td>10 961 726</td>
</tr>
<tr>
<td><strong>Increase/ (decrease) in receivables</strong></td>
<td>6 676 830</td>
<td>(21 441 547)</td>
<td>2 045 656</td>
<td>15 506 096</td>
<td>2 101 174</td>
</tr>
<tr>
<td><strong>Increase/ (decrease) in payables</strong></td>
<td>51 643</td>
<td>(972 793)</td>
<td>(153 769)</td>
<td>(624 637)</td>
<td>(341 469)</td>
</tr>
<tr>
<td><strong>Capex additions</strong></td>
<td>2 974 021</td>
<td>(3 604 040)</td>
<td>(936 458)</td>
<td>(4 199 366)</td>
<td>(2 286 370)</td>
</tr>
<tr>
<td><strong>Decrease/ (increase) in payables</strong></td>
<td>3 651 166</td>
<td>(16 864 714)</td>
<td>3 135 883</td>
<td>20 330 099</td>
<td>4 729 013</td>
</tr>
<tr>
<td><strong>Movements in working capital</strong></td>
<td>42 676 650</td>
<td>4 155 469</td>
<td>27 917 022</td>
<td>11 190 651</td>
<td>13 062 900</td>
</tr>
<tr>
<td><strong>Capex additions</strong></td>
<td>20 295 230</td>
<td>26 678 950</td>
<td>27 344 109</td>
<td>28 984 756</td>
<td>30 723 841</td>
</tr>
<tr>
<td><strong>CTICC East</strong></td>
<td>20 963 587</td>
<td>165 500 000</td>
<td>467 975 076</td>
<td>141 453 010</td>
<td>5 000 000</td>
</tr>
</tbody>
</table>

** includes operational activity for CTICC East for part of 2016/17 financial year. The projection is subject to change with the appointment of the main contractor and the change in design.