



**Institute of Risk Management South Africa**  
**(IRMSA)**

**ENTERPRISE RISK MANAGEMENT FOR SMALL  
MEDIUM AND MICRO ENTERPRISES  
(ERM 4 SMME'S)**

**Request for proposal  
(RFP)**

**May 2005**



## **REQUEST FOR PROPOSAL: Phase 1 – ERM 4 SMME's Project**

IRMSA requires independent research on Small Medium and Micro Enterprises (SMME's) to assist in determining whether a project to improve their sustainability utilising Enterprise Risk Management (ERM) principles and processes will be of advantage to South Africa.

The research will be utilised to motivate a number of initiatives for government and major corporations for the benefit of SMME's and therefore all sources of research must be detailed and capable of verification if required.

A formal written report will be required in both hard copy and electronic format, including graphs depicting statistics produced, that can be utilised for a powerpoint slide presentation.

The research should be restricted to the Republic of South Africa.

## TABLE OF CONTENTS

<b>1.</b>	<b>INTRODUCTION AND PROPOSAL BACKGROUND</b>	Pg 4
1.1	Objective of RFP document	
1.2	IRMSA Background	
1.3	Description of Problem and Current Situation	
<b>2.</b>	<b>REQUIREMENTS DESCRIPTION</b>	Pg 6
2.1	Overview of Requirements	
2.1.1	General	
2.1.2	Funding	
2.1.3	Services	
2.1.4	Identify all stakeholders	
2.2	Specific requirements	
2.3	Further Phases	
<b>3.</b>	<b>TERMS AND CONDITIONS OF RESPONSE</b>	Pg 9
3.1	Supplier Briefing and Clarification Session	
3.2	Schedule of Events	
3.3	Confidentiality	
3.4	Cost of Preparation of RFP	
3.5	Additional Information	
<b>4.</b>	<b>EVALUATION METHOD AND PROCESS</b>	Pg 11
4.1	Evaluation Method and Principles	
4.2	Evaluation Criteria	
4.2.1	Supplier qualification	
4.2.2	Sub contractors	
4.2.3	Product	
4.2.4	Cost	
4.2.5	Basic Structure of Response	
4.2.5	Adherence to RFP	
<b>5.</b>	<b>PROPOSAL FORMAT AND INFORMATION REQUIRED FROM SUPPLIERS</b>	Pg 13
5.1	Deadline	
5.2	Structure of Responses	
<b>6</b>	<b>INSTRUCTIONS AND ADMINISTRATIVE INFORMATION</b>	Pg 14
6.1	Addenda	
6.2	RFP Liaison and Enquiries	
6.3	Questions and Additional Information	



## **1. Introduction and Proposal background**

### **1.1 Objective of Document**

The objective of this Request for Proposal is to:

- 1.1.1 Invite selected research consultants (suppliers) with relevant expertise in the SMME market to assist IRMSA by providing accurate research data as detailed further in this document;
- 1.1.2 Provide selected suppliers with sufficient background and a description of the overall requirement; and
- 1.1.3 Identify the supplier that offers the most appropriate combination of services and skills applicable to the specific needs and circumstances of IRMSA. This will also form a base for further negotiations with the selected Service Provider.

### **1.2 IRMSA Background**

#### **Overview**

IRMSA is a non profit Institute which was set up in September 2003 following a merger of two previous associations, The Society of Risk Managers (SRM) and the South African Risk and Insurance Association (SARIMA).. IRMSA has 400 individual members and 65 Corporate members all involved in the Risk Management discipline in various ways.

IRMSA is funded by membership fees, sponsorships, donations and surpluses from events. All surpluses are utilised to promote the discipline of Risk Management on an Enterprise-Wide basis.

Enterprise Risk Management (ERM) is involved with the identification, evaluation, control, monitoring, review, reporting and handling of all the risks and opportunities that an entity may face both from internal and external issues and related to past, current and future events.

The Institute has researched and published a comprehensive framework for the effective implementation of ERM which is based on the King II Report on Corporate Governance.



### **1.3 Description of Problem and Current Situation**

IRMSA believe that there is a need for a formalised framework and guidance to be provided to SMME's in their set up, financing and ongoing management. The role of ERM in this process will be assessed once the research required as part of this RFP is complete.

The overarching objective of commencing this study is to assess whether the utilisation of ERM principles in designing and providing products to SMME's will improve their sustainability, and whether this in turn will lead to the avoidance of wastage by companies providing funding where SMME's fail unnecessarily.

A second objective is to provide a common format for entities requiring start up capital from lenders, based on an ERM approach, and to demonstrate to lenders how the provision of support to SMME's will improve their sustainability.

Initial funding to conduct a feasibility study has been provided by the Eskom Development Foundation. The purpose of phase 1 is to ascertain whether the proposed project has merit and to establish the potential costing and support that would be available from various governmental organisations as well as the Corporate Social Investment (CSI) / Corporate Social Responsibility (CSR) programmes of large corporates.

## 2 Requirements Description

The scope and minimum requirements stated in the following sections reflect the existing view of the extent of the research needs of phase one of the project

### 2.1 Overview of Requirements

Information required is broken down into the following areas:

- General
- Funding
- Services available
- Stakeholders

Information for each section should be provided for the period starting in January 2000 to the most recently obtainable and must be broken down per year, per province.

#### 2.1.1 General

- Number formed
- Legal personality, i.e. whether a sole proprietorship, close corporation or limited ((Pty Ltd) company
- How they have been funded
- Number of failures within one, two and three year period
- Number of failures after three years
- Reasons for the failures
- Reasons for the success of those that have proved to be sustainable beyond three years.
- Locations in which they have been formed
- Locations in which successes have been achieved
- Locations in which failures have occurred
- Education levels of owners
- Language preference of owners and their employees
- Preferred method of learning and interaction of owners and their employees, ranging from Internet based support to one-on-one discussions.
- Summary of legislation relevant to the establishment and reporting of SMMEs

#### 2.1.2 Funding

- How much provided



- Type of funding
- Sources
- Types of businesses (legal personalities) for which the funding been provided
- Type of industry in which the entities are involved
- Amount that has potentially been wasted with the failure of SMME's within a three year period from establishment.
- Potential tax generated from SMME sector
- Geographical areas in which greatest poverty is experienced in South Africa and the number of SMME's in each region

### **2.1.3 Services**

- Services available to SMME's for guidance and support
- By whom the services are provided
- Donations or sponsorships provided by means of corporate CSI/CSR programmes must be included and separately identified
- Success of these services
- Duplication of these services must be clearly identified
- Government interaction that takes place with organisations
- Data currently available in the public domain
- Comment on the extent of and potential need for a co-ordinated approach to the provision of services is required

### **2.1.4 Identify all stakeholders**

It is necessary to identify all stakeholders who may have an interest in the success of the project as a whole.

IRMSA's view is that these include, but are not be limited to:

- IRMSA
- Eskom Development Foundation (Esdef)
- Eskom Holdings Limited, as the promoter of this initiative and other Corporate entities related to the Government's Accelerated and Shared Growth Initiative for South Africa
- Government departments – Deputy President, DPE, DTI – reduce poverty by 2012
- Companies investing in Corporate Social Investment projects (CSI)
- Companies committed to Corporate Social Responsibility (CSR) programmes.
- Banks and other finance institutions



- CSIR
- Companies that can support the process whether by funding, technical or general advice
- Non-governmental organizations (NGO's) tasked with assisting SMME's.

## **2.2 Specific requirements**

Firstly, a commonly accepted definition of SMME's must be confirmed.

Respondents are requested to provide a definition with their source and reasons for it and to comment on it's suitability in terms of this initiative.

Secondly, respondents are required to advise whether there are any particular groupings which stakeholders may use in identifying particular needs of SMME's. For example, banks may group SMME's according to the industry in which the entity is established and provide financing accordingly. A further classification may be those that are established in urban areas vs. those in rural areas or those where the owners or managers have a certain level of education or start-up capital.

## **2.3 Further phases**

Should the outcome of Phase 1 indicate that there is indeed a need for ERM advice and financial assistance further phases will be developed in order to set up the necessary facilities which will be required.



### **3 Terms and Conditions of Response**

#### **3.2 Supplier Briefing and Clarification Session**

A compulsory briefing will be held to assist prospective suppliers and to respond to their questions or issues. Failure to attend this briefing will result in automatic disqualification from the proposal process. No exceptions will be made.

**The briefing will take place at 15h00 on Mon 22<sup>nd</sup> May 2006 at the IRMSA offices situate at**

The Institute of Risk Management South Africa  
Lobedu House,  
3 Simba Road,  
Sunninghill 2157

**Participating Suppliers must notify their wish to attend to Kathleen on 011 235 4133 or by e-mail to [Kathleen@irmsa.org.za](mailto:Kathleen@irmsa.org.za).**

#### **3.3 Schedule of Events**

- 3.2.1 Request for proposal distributed to shortlist by 18 May 2006
- 3.2.2 Suppliers compulsory briefing 22 May 2006
- 3.2.3 RFP responses due by Noon on 30 May 2006
- 3.2.4 Evaluation of RFP and selection of supplier by 5 June 2006
- 3.2.5 Delivery of report by selected supplier 14 July 2006

#### **3.4 Confidentiality**

The information contained in this document and attachments is of a confidential nature and may only be used for the purpose of responding to this RFP. Recipients undertake not to divulge any such information to a third party or external organisation. If a third party or external organisation is required to provide information or sub-contract to a participating consultant, such third party and organisation will be bound by this confidentiality clause. **Information provided to IRMSA, if marked as confidential, will be treated in the utmost confidence.**



### **3.5 Cost of Preparation of RFP**

All costs (including travel and accommodation) incurred in the compilation of a proposal/presentation to IRMSA for this RFP will be for the account of the supplier.

### **3.6 Additional Information**

IRMSA reserves the right to request written clarification or confirmation of any response to this RFP.

## 4 EVALUATION METHOD AND PROCESS

### 4.1 Evaluation Method and Principles

All participants' proposals will be evaluated on an equal footing by a panel composed of IRMSA representatives. The following principles will apply:

- The written proposal will form the basis of the assessment.
- Evaluation will be based on the criteria and information provided in this document.
- The best benefit to IRMSA and no other specific criteria will determine the final selection.
- IRMSA is not compelled to accept any of the proposals and reserves the right to negotiate further with none, one or more suppliers.
- IRMSA is under no obligation to provide reasons for rejecting proposals.
- All participants will be informed of the outcome of the evaluation of proposals.

### 4.2 Evaluation Criteria

The following criteria will be used for selection:

#### 4.2.1 Supplier Qualification

- **Supplier Credibility**
  - Stability and Service Continuity
  - References related to similar research conducted by the supplier
  - Business Focus
  - BEE (Black Economic Empowerment)
- **Supplier Ability**
  - Availability of resources - Local and International
  - Knowledge of Government and private funding structures and processes
  - Details of the competence and experience of the individuals who will conduct research



- Previous similar experience
- Support and maintenance under local conditions
- General Impression
- Commitment to delivery deadline
- Quality Assurance

#### **4.2.2 Sub Contractors**

If Sub Contractors are to be engaged for field research, they must be identified in the response document together with reasons for their selection.

#### **4.2.3 Product**

A formal written report will be required in hard copy and electronically together with graphs on statistics which can be utilised for a MS Powerpoint presentation

#### **4.2.4 Cost**

The full costing for the research and report should be included within the Response. Ancillary travel , accommodation and subsistence costs should be separately detailed. No additional costing will be considered after the contract has been awarded.

#### **4.2.5 Basic structure of the response to this RFP**

Basic structure that should be used for response to the RFP

- Basis of understanding
- Methodology to be employed
- Organisations/individuals to be surveyed
- Ability to meet timeframes
- Supplier Credentials (Credibility & Ability per 4.2.1)
- Other

#### **4.2.6 Adherence to RFP**

- Completeness of information
- Compliance with instructions
- Following appointment, no subcontracts for all or any of the work will be permitted unless disclosed in the initial response and agreed in writing by IRMSA



## **5 PROPOSAL FORMAT AND INFORMATION REQUIRED FROM SUPPLIERS**

### **5.1 Deadline**

In order to be considered, responses to the request for proposal in the format detailed herein and contained in a sealed package must be received no later than **Noon on 30 May 2006**. **Late or delayed responses will not be considered under any circumstances whatsoever.** It is the entire responsibility of the supplier to ensure effective timeous delivery.

**Responses must be delivered to:**

**The General Manager,  
The Institute of Risk Management South Africa  
Lobedu House,  
3 Simba Road,  
Sunninghill 2157**

### **5.2 Structure of Responses**

IRMSA will accept responses to the request in the format requested..

You are requested to submit two copies of the physical document (only companies with direct representation in the RSA), as well as an electronic copy in Microsoft Office or Adobe PDF format on CD or via email. Additional information and attachments deemed to be pertinent to the format might be added to the physical document.



## **6 INSTRUCTIONS AND ADMINISTRATIVE INFORMATION FOR SUBMISSION OF PROPOSAL**

### **6.1 Addenda**

In the event of modifications, clarifications or additions to this RFP becoming necessary, all participants will be notified and receive written addenda to this document.

### **6.2 RFP Liaison and Enquiries**

All inquiries relating to the selection process and the RFP must be directed to:

Name: Robin Atkinson  
Title: General Manager  
Tel: 011 235-4132  
E-mail: robin@irmsa.org.za

### **6.3 Questions and Additional Information Required by Respondents**

Additional questions and requests for information by the participants after the official compulsory briefing session will be referred to the selection panel for a decision on the necessity and content of an answer. These questions will be handled on an ad hoc basis per supplier

Any responses will be provided to all suppliers.