
NEF boosts local manufacturing and youth entrepreneurship with Pascal investment

[SOUTH AFRICA] – The National Empowerment Fund (NEF) is pleased to announce its investment in Pascal Interior Designs and Carpentry Services, a black youth-owned company specialising in high-end interior design and custom cabinetry.

Established in 2018 by entrepreneur, Mr Pascal Hlongwane, Pascal Interior Designs and Carpentry Services has captured significant market attention through its bespoke carpentry offerings including kitchens, built-in cupboards, vanity bars, and wine cellars.

Pascal initially outsourced manufacturing but shifted to in-house production due to strong market demand.

Youth empowerment and expansion

“Pascal Interior Designs and Carpentry Services exemplifies the entrepreneurial spirit and innovation that the NEF aims to support,” said Acting Strategic Projects Fund Manager Mr Cornelius Mdluli. “Our investment will not only foster local manufacturing capabilities but also create new jobs, contributing to youth empowerment and economic development.”

Pascal's commitment to youth empowerment is reflected in its workforce which is predominantly composed of young South Africans, averaging 33 years of age. The company currently has a total of 44 permanent employees and the NEF's investment will create an additional 15 jobs, prioritising recruitment from local communities and enhancing skills in furniture manufacturing and design.

Strategic rationale for investment

The investment aligns with the NEF's strategic priorities in fostering local manufacturing capacity. Pascal's expansion plans include in-house stone cutting facilities and a prestigious showroom in Sandton's Kramerville, aimed at bolstering production efficiency and attracting high-end clientele. By addressing current production limitations and enhancing product quality, Pascal aims to penetrate the SADC market while reducing dependency on outsourced services.

Mr Hlongwane said: “We are grateful to the NEF for their support in this pivotal phase of our expansion. This investment will enable us to enhance our production capabilities, expand our market reach and continue delivering exceptional artisanry to our clients. With NEF's backing, we are confident in our ability to achieve significant milestones in the local and international furniture markets.”

The initial investment of R5.3 million into the business by Mr Pascal was in recognition of the favourable market response to their offering and products. This enabled the company to lease factory space and acquire much needed specialised equipment, a move that empowered the company to bring the manufacturing process in-house, ensuring greater control of the quality of product produced. In addition, the investment allowed Pascal to establish a sophisticated showroom at their manufacturing site to showcase its premium product line-up in a captivating manner.

The company has primarily focused on offering its products within the Midrand and surrounding areas. However, the business is actively exploring opportunities to broaden their operational footprint at a local level, aligning with a strategic vision to eventually enter global markets. Current operations have already been adjusted to allow for products to be transported and assembled easily when exporting becomes a realistic option.

Entrepreneurial vision: Pascal Interior Designs and Carpentry Services

As the founder and managing director, Mr Hlongwane brings a wealth of expertise to Pascal Interior Designs and Carpentry Services. With a degree in engineering Metallurgy from the University of Johannesburg and over a decade of senior roles in engineering and mineral processing at prominent gold, coal, and diamond mines, Mr Hlongwane has demonstrated exceptional leadership in complex industrial environments. His entrepreneurial journey began with the establishment of Pascal Investment Holdings in 2018, followed by the launch of Pascal Interior Designs and Carpentry Services, where he currently holds 100% ownership.

Industry overview

In 2021, South Africa solidified its position as the continent's second-largest furniture exporter, trailing only Morocco. However, this achievement is juxtaposed against concerning trends within the industry.

Despite efforts to bolster manufacturing and exports, employment numbers have more than halved from 58,563 in 2002 to 25,098 in the third quarter of 2022.

Manufacturing sales reflect a mixed picture, with a notable 18.2% decline to R1.6 billion in November 2022, though showing a 4.6% growth to R15.8 billion from January to November 2022 compared to the previous year.

Importantly, these figures still fall short of the pre-COVID levels, which were recorded at R17 billion for Jan – Nov 2018. On the trade front, imports surged by 5.9% to R7.5 billion in January - November 2022, while exports grew at a faster rate of 26% to R3.4 billion, driven partly by escalating shipping costs and port delays prompting a shift to local sourcing.

The reduction in furniture manufacturers is also noteworthy, dropping from over 3,500 in 2001 to just over 1,000 in 2021, with most being small-scale enterprises.

“These dynamics underscore the challenges faced by the industry. Over the past decade, more than 10,000 jobs have been lost, and over half of the businesses have closed down. This highlights the critical need for increased support to revitalise the

sector. In line with the Government's Master Plan for the Furniture Industry, which aims to grow small and medium-sized furniture manufacturers into larger and more stable companies, the NEF is managing the furniture industry fund on behalf of the Department of Trade, Industry and Competition (dtic). By providing targeted financial support to qualifying enterprises, the fund can help improve competitiveness through investments in technology, innovation, and skills development. This can enable companies to enhance productivity, reduce production costs, and meet evolving market demands, thus bolstering their long-term sustainability," said Mr Mdluli.

Fostering local entrepreneurship and economic growth

The furniture manufacturing industry in South Africa remains resilient despite challenges, adapting to meet diverse consumer needs and global trends. NEF's partnership with Pascal Interior Designs and Carpentry Services underlines its commitment to fostering local entrepreneurship and enhancing economic growth.

"Most companies in the sector are small, with 61% employing fewer than 10 people. Only a few larger entities employ over 100 staff, primarily concentrated in Gauteng. Black ownership in the sector is growing, with several black-owned companies involved in raw materials, manufacturing, and retail, highlighting the emergence of black industrialists and medium-sized manufacturers with significant growth potential," Mr Mdluli concluded.

The sector spans diverse segments including offices, hotels, homes, schools and businesses, using materials like metal, plastic, rattan and wood.

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For Media Enquiries

Dikatso Mothae on 084 314 6713 / mothaed@necorp.co.za