

## SWT REVIVES AND CHANGES THE FORTUNES OF A STRUGGLING MEDICAL WASTE COMPANY

The National Empowerment Fund's (NEF) investment of R24,8 million to assist the acquisition of a medical waste management company and its equipment, helped black entrepreneurs turn around a business that was headed for closure, and saved 360 jobs.

Leading empowerment funder, the NEF an agency of **the dti** mandated to grow black economic participation in South Africa, made the capital investment into Solid Waste Technology (SWT) after an unsuccessful investment in the waste management company in the year 2000 by another financier led to its subsequent liquidation.

Mr Edgar Adams, chairman and shareholder of Solid Waste Technologies (SWT) a mechanical engineer specialising in boiler making leaped at the opportunity with a strategy to turn the fortunes of the business around.

He offered the liquidators an option to lease the assets to SWT and to enter into an offer to purchase agreement, and with an in principle agreement. SWT began to operate the assets of the company that was undergoing liquidation in 2006. The group is structured under Solid Waste Holdings with the operating entity SWT.

SWT is a medical waste removal and treatment company within the health sector. The company operates two plants in Johannesburg, and Cape Town. The two plants can process in excess of 2500 tons of medical waste per month. They are the only two plants of their kind on the African continent and the largest medical treatment facility in the country.

NEF Divisional Executive for Venture Capital and Corporate Finance Ms Hlengiwe Makhathini says when SWT approached the NEF for funding in 2012; it was already showing positive growth potential having successfully run the business while leasing the equipment.

“As a company SWT has positioned itself well in the market and processes a huge portion of medical waste generated in South Africa by both the public and private sector healthcare facilities, and we are confident that the company has positioned itself for success in the near future.

“With our funding SWT a majority black owned company (**56% black owned**) has managed to secure ownership of the properties that were once owned by the liquidated company, and were able to maintain and upgrade equipment. We hope that more entrepreneurs will be inspired by SWT; that in addition to starting a business; that there are opportunities for business people to buy into an existing

business and turn it around,” says Ms Makhathini.

The SWT Johannesburg and Cape Town plants were commissioned in the year 2000 and utilise the Electro Thermal Deactivated (ETD) system to treat medical waste. The waste is generated at medical facilities or institutes of health such as hospitals, clinics, nursing homes, doctor’s surgeries, dentists, laboratories and consists of:

- General medical waste
- Theatre waste
- Sharps

SWT is in the process of acquiring a third plant in KwaZulu-Natal which it is currently leasing. It also provides services to other geographical areas through a transfer station based in George (Western Cape) and distribution centres in Bloemfontein (Free State), Kimberley (Northern Cape) and Port Elizabeth (Eastern Cape).

Mr Adams says technical expertise and innovation have been part and parcel of how he managed to change SWT from a loss to a profit making company. He says SWT’s success was seeing the potential of operating both the medical waste Removal and Processing levels and therefore attracted the relevant revenue streams. Also, as most institutions are not integrated, SWT garners revenue from processing waste collected by other operators in the market.

He adds: “Once sterilised, the waste is transported to licensed landfill sites for disposal. Generators of medical waste have to enlist the services of service providers to remove, treat and dispose of the waste. As a company we operate under stringent regulatory and environmental laws, or face the risk of losing our operating permits.

“We aim to be the best medical waste treatment and service delivery company in Africa, providing exceptional standards in environmental and integrated waste management services,” says Mr Adams, “having never applied for a loan for any of my business before I highly appreciated the hands on support from the NEF who also went through the tireless effort to understand the business that we are in. Failure to know the business background is a recipe for failure for anyone who is venturing into a business.”

SWT says it has exciting plans in the pipeline for the business to expand operations and give opportunities for women in the business. The company received a BBQ Award in 2013 for Best Established Black Business.

Established by the National Empowerment Fund Act No 105 of 1998, the NEF is a driver and a thought-leader in promoting and facilitating Black economic participation through the provision of financial and non-financial support to Black empowered businesses, as well as by promoting a culture of savings and investment among Black people.

Since 2004 to date the NEF has approved funding to a total of over 500 black businesses amounting to more than R5 billion, and has created over 40 000 jobs At least 21% of the businesses funded are owned and managed by black women.

**ENDS**

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