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EDITION 22 June 2015

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SBC to launch new ePaper

BY NABELAH FREDERICKS

LIKE many small businesses in South Africa, the Small Business Connect newspaper is facing challenges that require significant adjustment so that it can stick to its mission of offering ownermanagers and entrepreneurs useful information that helps to grow their businesses.

The newspaper, an initiative of the the Department of Trade and Industry (DTI) and published by SA Business Owner & Co, was launched in September 2013.

However, after nearly two years of publishing a monthly newspaper and hosting informative website, publishers are now exploring new ways of reaching those readers who might not have access to the hard copy. Based on feedback from readers, the publication will now include alternatives to the newspaper so as to have a wider reach.

Managing director of the publishers, Gcobani Ndabeni says that they are refining a new business model that will allow for a digital version of the printed newspaper to be published, along with other web-based platforms geared towards engagement and sharing of learning by the small business community.

"We are looking at ways to make use of more cost-effective platforms such as an ePaper and online events, complemented by the website and social media," says Ndabeni.

"We understand that as entrepreneurs, we should be prepared to take on new challenges when the environment change... you need to adapt so that you can keep going."

Small Business Funding sparks business growth



Young entrepreneur Anda Melane, who runs Philippi-based Andaz Auto Mechanics, received a big boost to his business through funding of R47 000 from the National Youth Development Agency.

Publisher Christoff Oosthuysen is also upbeat about the future. "Yes, we are facing new challenges. are now looking to optimally use CIPC," says Oosthuysen. cost-effective platforms where entrepreneurs more can be reached.'

"Last year we launched the Connect SBC Online Radio show, which

has seen us hosting guests from institutions such as Seda and The Office of the Tax Ombud, as However, based on feedback we well as a series of shows with the

> These shows allow business owners the opportunity to pose questions and engage in discussion with the guests through an online meeting platform.

"We are fast implementing what we are learning about the power offered through new online platforms beyond the use of social media and a website, while also falling back on the triedand-tested possibilities offered through email products such as an ePaper," says Oosthuysen.

"We are not neglecting the

newspaper," says Ndabeni.

"While the newspaper is funded by the department, we are hopeful that in the near future we'll be able to secure the needed partnerships for online offerings, perhaps combining private and public sector contributions, so that we can keep serving the need of entrepreneurs."



the **dti**

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THESE GUYS MAY HAVE JUST FOUND THE ANSWER TO COLD **SHOWER** BLUES...

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Codes favour small biz

BY DANIEL BUGAN

WHILE confusion still surrounds implementation of the amended Black Economic Empowerment (BEE) codes of good practice and the qualifying small enterprise codes that came into effect last month, business owners with an annual turnover of less than R10 million remain mostly unaffected.

Under the new businesses with an annual turnover of less than R10 million a year (up from R5 million a year under the previous codes) are classified as exempted micro enterprises (EMEs) and as such are exempted from having to undergo a BEE rating. Firms classified as EMEs will also gain an automatic BEE level 4 status, even if they have less than 51% black ownership.

EMEs and qualifying small enterprises QSEs (companies with annual turnovers of between R10 million and R50 million), that are 51% or more black-owned will automatically receive a level 2 BEE status and need not comply with the rest of the scorecard.

Saul Symanowitz, consultant and divisional manager for Sage Pastel, says the new codes provides enhanced recognition for black ownership, while the exemption for EMEs allow these firms to focus more on building their businesses instead of being side tracked by red tape.

"Small businesses (EMEs and QSEs) now no longer need to go to a third party such as a verification agency or an auditor to get a verification certificate, which will save them up to R1 000 in fees," he says. EMEs and QSEs will also benefit under the enterprise and supplier development element of the new codes, he says, as the new codes require a corporate to spend 40% (previously 9%) of its procurement budget with blackowned businesses.

"This is a massive boost for small businesses and they should position themselves to take advantage of this opportunity by selling themselves in their marketing and sales pitches," he adds. However, Keith Levenstein, director of consultancy EconoBEE, says though the codes have been gazetted, confusion remains over many issues and how to interpret them. Referring to the final QSE codes that came into effect in May, he says: "To say QSEs have not had a lot of time to prepare is an understatement. The QSE codes state that if your financial year is prior to 30 April then you must use the old codes even if your company was verified after 1 May. However, if a company's financial year end is after 1 May then it must use the new QSE codes just released which means the company had no idea what the new codes were going to say



Small business owners with a turnover of less than R10m stand to benefit from the amended BEE codes.

and could not prepare. This will seriously disadvantage them and lead to lower scores."

Levenstein says the BEE verification manual, which is intended to provide guidance to verification agencies and auditors has also not been published. "Furthermore, the sector-specific codes have not been issued. This is a huge problem because the sector codes first needs to be

gazetted as a draft before it can be issued. It results in uncertainty for those sectors," he says. The spokesperson for the department Sidwell Medupe says industry associations have requested more time from the minister in order to finalise the alignment processes. He added that the minister is currently considering their request. However, he could not say when the verification manual

would be published.

Meanwhile Elias Links, a member of the newly-launched presidential advisory council on BEE, says the council will focus on a number of priority areas. These include the economic revitalisation of townships, urban renewal interventions and the inclusion of BEE in the implementation of the National Development Plan.

Launch of incubator establishment guide

BY STAFF WRITER

LACK of understanding the business incubation concept is one of the main reasons that applicants fail to meet the criteria of the Department of Trade and Industry's Incubator Support Programme (ISP).

These were the words of Trade and Industry Minister Rob Davies last month at the launch of the South Africa Business Incubator Establishment Handbook

The handbook is a the result. of a partnership between the department and the United Nations Development Programme Minister Rob Davies (UNDP) and was launched in a bid to assist applicants to create business incubators in their communities. It aims to provide applicants with an overview of what needs to be understood when applying for the Incubator Support Programme (ISP).

Since inception 225 applications have been received of which 134 were non-eligible and 32 were rejected by the adjudication committee, the minister said.

""Many of the applications



received were not in alignment with the incubation programme. discovery was applicants did not understand what incubation was about and many were rejected because the applicant did not understand the criteria needed to qualify for the ISP." said Davies.

He added that other reasons for not meeting the programme's criteria were failure to team up with an industry partner and applications not being aligned

with the programme.

In addition to this, 14 of the 48 approved applications worth R222 million have been cancelled.

Chief director for innovation and technology for the special economic zones and economic transformation the department Nonkululeko Shinga said that the handbook is a resource for anyone interested in eatblishing an incubator.

"It's a flexible guide and not an instruction manual. It is divided into four sections that try to address critical questions necessary to understanding executing appropriate incubation," said Shinga.

The handbook is structured around four key questions which are what are incubators, how to choose the right incubation strategy, how to execute an incubation strategy and what support is available in South Africa and how can this be utilised.

• For more information on the **Incubation Support Programme** and to download the handbook, go to www.thedti.gov.za.

EDITORIAL: From hype to high impact

I WAS fortunate to attend the Forging Enterprise Conference last month, where our community of enterprise practitioners development came together to reflect on the 20 years since our first policy on small business promotion was introduced.

Compared to 20 years ago, today there is a lot of hype around entrepreneurship. Every week - if not every day there is an event to attend.

Most large corporations have programmes in place, and medium-sized firms are increasing their support to suppliers.

A few TV shows and dozens of radio shows are dedicated to entrepreneurship.

We have over 100 incubators and the Small Enterprise Development Agency has nearly 50 branches, with many more satellite offices. And, more recently, a ministry was created to specifically focus on small business development.

But, as it was noted several times during the conference, we need to translate the hype around entrepreneurship into the "next trajectory" where the "entrepreneurial eco-system" is made more conducive for small businesses to overrun the full spectrum, from necessity entrepreneurs to high-growth small firms.

Luckily for us, we can learn from new thinking in other parts of the world.

If we want to increase our impact, we have no other choice but to make adjustments in the way that we are doing things so that the progress of the past 20 years in putting entrepreneurship on the map is turned into impactful interventions that create profitable small businesses with many new jobs.

Christoff Oosthuysen Publisher

PS: The first Small Business Pioneer Awards was hosted on the last day of the conference and I was honoured to receive the award in the media category behalf of the nearly 40 people who worked with me on Bignews, a previous newspaper we published that was also aimed at small businesses.

Now that Small Business Connect is forced into "changing gears", I trust that we'll be able to keep offering entrepreneurs with useful information.

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Small biz maiden budget vote

BY NABELAH FREDERICKS

THE Minister for Small Business Development Lindiwe Zulu is on a mission to serve small business owners, but cautions the sector against becoming too dependent on government support.

"It's mind-boggling the demand that is being placed on government. Loans, incentives, guidance... people grew up in an environment where there was no inheritance of anything," said Zulu. Speaking to Small Business Connect shortly after delivering her maiden budget vote speech in Parliament last month Zulu said as a result many business owners who lack the necessary collateral to access bank finance have turned to the government for funding.

It is for this reason that the department wants to overhaul the process in government for business owners to access funding.

The Small Enterprise Finance Agency (Sefa) has approved R2 billion in loans to small businesses since its inception in 2012.

"Going forward we will assess the impact of this expenditure with a view to increasing additional financial support," says Zulu.

Despite criticism from some that she has yet to introduce new policies and programmes, Zulu who was appointed as minister in May last year is adamant that she will not rush things. She added that the department is currently reviewing programmes that it inherited from the departments of trade and industry as well as economic development. The department also wants to expedite the government's National Informal Business Upliftment which Strategy provide aims to informal traders with business support and access to infrastructure. Already 000 informal 1 traders are receiving business support through a pilot project.



Minister of Small Business Development Lindiwe Zulu last month delivered her maiden budget vote speech in Parliament.

In addition, R50 million has been allocated for the rollout of the Shared Economic Infrastructure Facility to support informal businesses, which will help municipalities to fund the setting up of business premises for businesses in townships.

The department is also setting up new programmes such as business support that would cater solely for people with disabilities.

Zulu noted in her budget vote speech that South Africa lagged behind its Brics peers when it came to entrepreneurship. However despite this she told Small Business Connect that the most inspiring thing she had witnessed since being appointed was the changing mindset of black South Africans towards entrepreneurship.

"People are realising that they can start their own businesses.

More and more people are using the word 'entrepreneurship'."

To complement this realisation, entrepreneurship will also be nurtured at school level. "We are sitting with various departments to create transversal

"I never studied it (business), but I lived it. My grandmother was a business person"

agreements and this includes the Department of Education."

Added to this the department is already in the process of launching 20 Centres for Entrepreneurship within Technical and Vocational Education and Training colleges and is working with the Department of Higher Education and Training.

Looking back at her first year as minister, Zulu said the transition had not been too difficult since she was raised by a small business owner and both her daughters run their own businesses.

"I never studied it, but I lived it. My grandmother was a business person. She used to sew things and sell (them) and one of my daughters is a fashion designer and the other a hairdresser so when I was appointed I understood what struggles business owners go through. I know what it's like for them if they don't get paid on time or (get) paid little for a lot of work that has been done," says Zulu.

It's why she welcomes the creation of a special unit by

the Minister in the Presidency responsible for Planning, Monitoring and Evaluation that will monitor the implementation of the 30-day payment of small businesses by government.

To boost opportunities for small firms, the government will set aside 30% of state procurement for small enterprises.

Her department aims to have practice notes for the implementation of the set-aside ready by September. In addition the department has made available R30 million each over the current financial year to help finance equipment for women and youth-owned businesses.

Carl Lotter, president of the South African Small and Medium Enterprises Federation (Sasmef), said that Zulu gave a good budget vote and welcomed the migration of Sefa and the Small Enterprise Development Agency (Seda) to the Department of Small Business Development which was something the organisation had lobbied for.

"Sasmef's main wish is that she will take custodian of the SME Act (National Small Business Act) and shape it via the legislative and consultative process to be more effective," he said.

Acting chief executive for the South African Chamber of Commerce Peggy Drotsky says it is very difficult for the department to cover every single aspect of the industry with the budget.

"We believe that this department should have a bigger budget, but we've also been working with the department together with the private sector to see what needs to be done," says Drotsy. She adds that hopefully by next year there would be someting more concrete to see as the department is only one-years old.

R3.5bn over the next three years

DETAIL OF ALLOCATIONS TO PROGRAMMES AND AGENCIES

Transfer Payments	2015/2016	2016/2017	2017/2018
SEDA	478 183	481 495	583 197
SAWEN	16 726	19 125	20 081
Isivande	8 751	9 222	9 689
SEDA Technology Programme	13 2181	139 987	146 146
Cooperatives	75 000	75 000	78 750
Black Business Supplier Developemnt	225 000	225 000	236 250
TOTAL	935 841	949 029	1 074 113

More ED support from banks

BY STEPHEN TIMM

BANKS are expanding efforts to develop support for black suppliers by lending more to these business owners, in a bid to meet commitments in the new Black Economic Empowerment Codes of Good Practice.

The new codes came into effect last month.

Wendy Orr, head of group inclusion at Standard Bank Group, said the bank has spent the last three years identifying new black-owned suppliers with the help of existing multinational suppliers, incubators as well as with internal enterprise development initiatives.

The bank has also held numerous supplier summits and held open registration drives to try and introduce new entrants into the bank's supply chain.

Orr said the bank's enterprise development unit, situated in its personal and business banking divisions, is involved in identifying small black-owned suppliers who have the potential, with the bank's support, of entering the bank's procurement chain.

The bank last year sourced R3.2 billion or 19% of its procurement from small businesses and R4.5 billion or 27% in goods and services from black-owned firms.

This is up from 16% and 14% respectively, in 2013.

The current Financial Sector Code which runs until 2017 sets a target of 12% for buying from black-owned businesses and 15% from small businesses (defined as qualifying small enterprises and exempted micro-enterprises under the BEE codes).

"A measure of our success has been that some suppliers have grown exponentially to the point where they have become attractive as targets for acquisition by non-black owned businesses, which then impacts our score," said Orr, adding that this has happened in a number of sectors including guarding services, cash-in-transit services, consulting services, recruitment, cleaning services.

The bank's year-long supplier development programme is aimed at potential black-owned and black women-owned suppliers in the tender process.

A business development service provider, appointed by the bank, assists these businesses to improve their infrastructure used, financial management and capacity building. A total of 30 black-owned suppliers are currently enrolled in the programme, including firms in marketing, credit professional services and physical security services

In addition, Standard Bank lent out R3.7 billion to black-owned small businesses in 2014 (up from R3.5 billion in 2013), according to



Banks are expected to procure more from small suppliers to comply with the amended Black Economic Empowerment codes that came into law in May.

its 2014 BEE report.

In April the bank launched two incubators in Johannesburg to develop entrepreneurs.

While an incubator Rosebank, Johannesburg will provide a co-working space for with entrepreneurs training enterprise development, housed a technical incubator Resolution Circle Towers. will in collaboration with the of Johannesburg University provide entrepreneurs with access to technical support and rapid prototyping.

The bank's incubator head Jayshree Naidoo expects up to 350 innovators to pass through the incubators each year.

Meanwhile FNB in September last year launched the FNB Vumela Fund in alliance with Edge Growth. The fund is a R200 million supplier development programme to assist corporates to mentor black small businesses.

Head of Enterprise Development at FNB, Heather Lowe, said the bank will subsidise the cost that corporates usually incur to start a supplier development programme and will work with them throughout the process.

About R160 million will be directly invested into small and medium businesses, while the remaining R40 million will be directed to post investment growth support as well as the design of a sustainable supplier development programme.

First Rand, of which FNB is part of (along with RMB, Ashburton and Wesbank), spent 17% of its procurement or R2.1 billion buying from black-owned businesses and over 18% or over R2.2 billion procuring from small businesses in 2014,

according to its 2014 annual integrated report.

In its 2014 Report to Society, FNB reports that it had integrated 283 black-owned suppliers into its supply chain by the end of 2013. Nedbank's 2014 Transformation Report reveals that the bank spent over R1.1 billion, or over 11% of its procurement with black-owned businesses, as at December 2014.

In addition Nedbank's new loans and disbursements to blackowned small businesses totalled R1.7 billion. Kershini Govender, Ned-bank's divisional executive for transformation, strategy and alignment, said the bank aimed to grow this spend further in the short term. Absa, meanwhile in 2013 (the latest available figures), sourced R1.7 billion or 16% of its goods and services from blackowned firms and R2.3 billion or 21% from small businesses, according to Barclays Africa's BEE report.

In addition the bank extended loans totalling R364 million to black-owned small businesses in 2013. Financial services is one of eight sectors that have sector codes and that must align these with the new BEE codes.

Last month the Department of Trade and Industry set the date as October by when sector codes must be aligned with the new codes.

Under the Financial Sector Code, which runs from 2012 to 2017, banks must lend out R48 billion in targeted investments, which not only includes financing black-owned SMEs, but also financing black farmers, affordable housing and transformational infrastructure.

Social entrepreneurs to benefit from R32m

BY NABELAH FREDERICKS

SOCIAL entrepreneurs can now apply for finance ranging between R45 000 to R500 000 to become LifeCo - Unltd Enterprizers after the launch of a R32-million fund last month.

The fund, a partnership between the Industrial Development Corporation and Standard Bank, is managed by social enterprise LifeCo-Unltd.

The organisation was started in 2011 by chief executive and former eNews reader Pat Pillai.

He says the aim of the fund is to identify high-impact entrepreneurs with a social mission. "We don't want organisations with a corporate social investment department to apply. We are looking for social entrepreneurs," says Pillai.

He adds that there are three categories that will be looked at. Namely, the very early stage entrepreneurship, development of prototypes and expansion of



Pat Pillai

businesses.

"We are looking at funiding about 100 to 150 applicants depending on the quality of applications," says Pillai.

Already, 100 applications have been received for funding in response to the publicity the launch on the fund had generated.

"We are expecting more applications to come through via our network of about 60 institutions made up of ogranisations, schools and universities," says Pillai.

Applicants will be required to submit information on their business idea, costs for buying equipment and setting up the business as well as references who support their business idea.

The second stage of the application process will kick off later this month and will see the LifeCo-Unltd team process and shortlist applications.

Shortlisted applicants will then be notified and will be required to submit additional information and documentation.

By mid-July shortlisted applicants will have to pitch their ideas to a panel of judges made up of LifeCo-Unltd directors and its partner organisations.

Prior to this pitching session, shortlisted candidates will receive coaching and training to prepare. A final selection will be made by 31 July 2015.

• For more information, go to **www.lcu-sa.com**.

Help on the way for township entrepreneurs

BY STEPHEN TIMM

THE government and privatesector are involved in a renewed bid to develop and foster township entrepreneurs, but to do so more help is needed to improve safety, transport links, electricity supply and access to business premises and finance, says a World Bank report.

In March, business incubator the Riversands Incubation Hub opened its doors to its first five businesses.

It aims to house at least 122 businesses, the hub's chief executive Jenny Retief said earlier this year. The incubator is the latest in a number of organisations that are offering support to township entrepreneurs.

A survey by the World Bank last year reveals the kinds of support that township bases are badly in need of. The township has an unemployment rate of at least 30% and only 10% of its 2 509 businesses are registered for tax. Foreign-born traders make up just 19% of the township's population, but own and run almost half of Diepsloot's businesses. The report's authors interviewed 450 business owners, who said they faced the fear of crime, lack of access to Eskom's power grid, a shortage of space and serviced business sites, high transport costs, and lack of access to formal finance.

also conwere cerned about excessive licensing requirements and other regulatory burdens.

The latest survey of employers and self-employed, released in August last year by Statistics SA backs up concerns around a shortage of business premises and electricity and access to finance.

The survey reveals that as many as a quarter of informal businesses are run from the owner's own dwelling in a separate space, with a further 21% are also run from the owner's dwelling but in the family space. In addition 28% of those running informal businesses had no electricity at their business.

Access to bank finance, however, appears to be getting easier - with over 16% using a bank loan to start their business in 2013, over just 4% in 2001.

Despite this, as many as 79% of people running informal businesses still do not have a bank account for their business.

And over 90% had no credit facilities, no asset finance or mortgage loans for their business operations. The Statistics SA survey also revealed that the informal sector's contribution to the cuontry's gross domestic product (GDP) has remained at about 5% from 2001 to 2013. Its contribution to employment has declined by one percentage point, to about 16%, over the same

This, while the number of individuals running businesses in the informal sector has halved from over 2.2 million in 2001 to over 1.1 million in 2009, before recovering to just over 1.5 million in 2013. The majority of informalsector firms are now run by men (55%), while in 2001 women far outnumbered men (who then accounted for just 39% of owners). In 2013, as many as 52% of informal firms had a turnover of R1 500 or below in the month prior to the survey and only 15%

Koketso G Jauza

assist him in putting together a strategy to get him where he wants to be. "It felt pretty incredible when I was informed I had won. I realised that It was not by luck but I was favoured for making an effort to move from my comfort zone and realise the time to start working hard and to shine is now," says Jauza.



Township businesses can expect added support from the government.

had sales above R6 000.

A growing economy helps business ownership. The survey also reveals that when the economy was cooking the percentage of those that owned two businesses doubled - to 3.4% in 2005, before falling to 0.6% in 2009 and then recovering to 1.7% in 2013. It means that those that aim to support township entrepreneurs will have to help plug these gaps. But it won't be easy. The World Bank says South Africa's townships are unlike most urban slums in other emerging economies as they are geographically distant from urban centres.

This is made worse by the near absence of an affordable public transport system, making job seeking and other forms of economic integration prohibitively expensive. skills shortage among township residents adds to the divide. It says as a result, although South Africa townships and informal settlements account for 38% of the country's workingage population, but are home to almost 60% of its unemployed. In 2011, about 3 million people lived in informal settlements and roughly 15 million in townships.



To win 1 of 3 prizes, send an email to academy@SmallBusinessConnect.co.za or visit the website at www.SmallBusinessConnect.co.za/academy

ACADEMY

Meet the first Academy SBC winner

KOKETSO Jauza says winning the training offered by Academy Small Business Connect will help him put his beauty business on the map.

Jauza is the winner of last month's competition run in Small Business Connect, in partnership with the Kubwa Group and iCollege whcih resulted in Academy Small Business Connect. The initiative aims to provide business owners with affordable training.

Based in Pretoria, Jauza is the owner of salon KM Studio and says that the online courses will

Entrepreneur living his dream

BY YOLANDE STANDER

THIRTY years ago a seven-year old boy told his father, while cashing up with his father on a Saturday afternoon, that he would become an entrepreneur.

That boy was South African billionaire and business mogul Quinton van der Burgh. He is the chief executive of several national and international companies in the telecommunications, mining, property development, hospitality and entertainment industries. He also employs over 1 000 people and is one of the country's wealthiest businessmen.

Van der Burgh says that he was fortunate to have realised what he wanted to be at such a young age.

After school he worked as a salesman at a car dealership, but when he noticed the cellphone market taking off, he decided to get on board and start his own business.

"From 1994 I owned and managed several Autopage Cellular stores across the country and roughly 10 years later I had the opportunity to move to London as the managing director of a telecommunications company.," says Van Der Burgh.

Six months later, he was part of the team that successfully merged two telecoms companies and formed Voda-Telle – a wholesale distributer of mobile phones. This



Quinton van der Burgh is living his childhood dream of becoming an entrepreneur and is also assisting in making other entrepreneurs' dreams come true.

business soon became a company he eventually owned and managed for five years and then expanded trade in over 12 countries.

Thanks to the success of Voda-Telle, Van der Burgh was able to start several other businesses before heading back to South Africa to head investment company Burgh Group Holdings. He was appointed to the board in 2004 and is currently a majority shareholder. Burgh Group Holdings owns several operational

mines in South Africa and its core business investments include coal mining, yellow mining equipment and marketing.

He is also the chief executive of Quinton van der Burgh Investments, an investment holding company with shares in several businesses in various sectors including telecommunications, fashion, jewellery and humanitarian organisations.

In 2004, a passion for the entertainment industry led to Van der Burgh starting Q-Up Entertainment – a holding company for Van der Burgh's television programming which includes several feature films and shows across various genres.

"Making it this far was not easy. It was extremely difficult to be taken seriously as a young man in the business world. Another challenge was cash-flow. I started from scratch without the financial backing from anyone My big break only came in the United Kingdom when I was awarded a large contract which enabled me to supplement my cash flow instead of relying or trading on other people's money. I decided to save what I could and by doing so I was able to build up enough finances to start investing in the opportunities that interested me."

With success has come some tough lessons. Van der Bugh says he has had to learn the hard way that a business is only as strong as its weakest link.

"I have been in unfortunate situations where I have had to turn around bad investments due to negligent individuals, the type that can bury your brand in a second even though you have something great. You can have a great brand and a great business and certain people can bring that down quicker than you realise, so you need to know your people, know your organisation and pay attention at all times."

Inventor has light bulb moment

BY YOLANDE STANDER

AS with so many other things, entrepreneurs usually provide the answers to life's troubles. And the story of 23-year-old innovator Harald Oswin and his light-bulb moment is no different.

As the country faces ongoing load shedding Oswin believes he may have come up with a way to lower the strain on the country's energy grid during peak hours. He and his team have made energy sector roleplayers sit up and take notice after creating a device that switches homeowners' geysers on and off at pre-programmed times.

Oswin is the chief executive of FNS Energy, the company behind the gadget dubbed the Geyserflicker. Within the next two to three weeks it will enter the manufacturing phase. It should be available for sale in September. Oswin says that the idea for the device was sparked during an internship in Cape Town in 2012 when he was sharing a flat with several students.

"My flatmates were very concerned about conserving energy and shifting electricity usage out of peak demand



Harald Oswin

periods. They therefore switched the geyser off as much as they could and then switched it back on before they needed a warm shower," recalls Oswin.

As it takes up to two hours to reheat the water, this meant he had to wake up during the early hours of the morning to ensure he had hot water by 6am – by when he needed to get ready for work.

"I realised that this was not an efficient way of doing things and on further investigation I realised that it was not just us, it was a hassle that my neighbours, my colleagues and my community faced."

And so the idea for the device was born. "In 2013 we established the company which would develop the product and today the end is in sight."

The result is a low cost and small device that clips onto a geyser's distribution board.

"What it basically does is switches the geyser off at preferred times and then back on again when desired. It can also be programmed so that the municipality can access the switch if there is a need for load shifting." company Oswin's provides a template to go with the device to ensure the geyser does not lose significant heat. "Geysers do great at conserving heat, so switching it off for short periods does not lead to a drop in temperature," he stressed.

He adds that there is also no need for third party installations as homeowners can do it themselves. "This cuts costs by about 50% which means we can sell the devices for about R100 to R200 each." Oswin, who has five semesters in applied mathematics at Harvard University in the US under his belt, returned to South

Africa on a sabbatical in February. "I dedicated this time to develop and ultimately manufacture the product with my team."

The young innovator, who grew up in Swaziland, says he is passionate about innovation and keen to play a role in solving the country's energy crisis.

"That is why I've surrounded myself with several bright young South African minds through FNS and Geyserflicker and this is just the beginning. We have many plans for the future including rooftop solar energy, energy consulting and ripple control."

Oswin and his team's hard work has not gone unnoticed and have received several awards including Most Green Innovation bv the North Professionals and American Entrepreneurs Council's innovation challenge in 2013. He also won the Allan Gray Orbis Foundation Jamboree Entrepreneurship competition in 2012 and the Fastest Moving Green Entrepreneur award by the Innovation Hub in December last year. His advice to other young inventors is to surround themselves with fellow inventors who have travelled the road before.

Web helps worm farmer cash in on sales

A LOCAL worm farmer says her only means of staying connected to the world – apart from word-of-mouth – is via the web.

Esther Marina Bourke-Wright says she previously used the Yellow Pages to advertise her products and services.

But, since starting her worm farm business nine years ago, Bourke-Wright had to find other means of advertising.

"But that was then, and nobody looks in the Yellow Pages anymore. These days, if you are looking for a particular service, you Google it. Everybody Googles everything. That's why it is important to have a good website. For me, my Eco Worm Farms site is my only means of connection to the outside world, apart from word of mouth. It sells the product."

And, at 67-years old, she is living proof that small business success is not about how old (or young) you are, or about the type of business that you launch. She attributes the success of Eco Worm farms to "knowledge, after sales service, and a good website."

"I started Eco Worm Farms

nine years ago and it is still run from my home. What started out as a hobby is now a self-sustaining business that is still growing by the day," says Bourke-Wright, who employs two fulltime staff to help her.

A self-confessed "encyclopaedia of worms", Bourke-Wright's business sells compost worms which live off kitchen waste and in turn produce environmentally-friendly vermicompost (worm compost) and vermitea (liquid fertiliser) which will not burn plants. In addition, she also sells a variety of worm "farms" ranging in size from starter kits to those the size of a pool table. Her clients include game reserves, shopping centres and hotels, among others.

"I eat, sleep and dream worms," says 67-year oldBourke-Wright from Cape Town.

Quite an unusual confession – unless you actually own a small business farming with worms, and love doing it.

Bourke-Wright has always had green fingers which lead to her obtaining a diploma in horticulture. She now has 35 years of horticulture and landscaping experience behind her and it is this wealth of know-how that she has brought into her business.

"Through my knowledge and previous experience, I saw that there was a need for worm farms. I know and understand my product inside out. I continue to learn to this day and I enjoy passing on what I have learned."

To Bourke-Wright, personal after-sales service is of the utmost importance. "Following up after selling a product and making sure that I am available to talk to my customers is just as important as making a sale," she says.

The third factor that Bourke-Wright deems as integral to her success is having an effective website.

"I'm not very computer literate, so I contacted Webafrica (a one-stop webshop) to set up my site, which includes a monthly analytics report so that I can keep track of the demographics of my visitors, as well as which pages are the most popular. I also regularly optimize my site in line with this feedback."



Esther Marina Bourke-Wright holding some of her worms at her farm.



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Helping clients to bid for work

BY PAUL CRANKSHAW

THE poor reputation of many "tenderpreneurs" has given tendering a bad name in recent years, as it is so often associated with corruption and nepotism.

However, it is still the case that most big businesses and government agencies ask for tenders – also called bids or proposals – when they need services or supplies. It remains one of the most effective ways of finding what is required, and at the most reasonable price.

When it's done properly, this process sorts out those competent firms from the "chancers" and allows the best person to get the work. Bidding is such an important source of work for many companies (printers, for example), that experts are employed fulltime just to prepare quotations and proposals in line with what a tender has requested.

It is not surprising, though, that not many small businesses can hire fulltime professionals to do this. The owner usually has to do it himself, and writing proposals is seldom what they are good at.

This opens the door for a "bid writer" or "tender writer" who can help a business to craft a strong response to a "request for tender" or RFT.

To do this as a business, you need to have excellent writing and communication skills. Your writing skills need to be flexible too, so that you can adapt your style to match the needs of the person or organisation who will consider your submission and make a decision. Each proposal will include a summary of your client's expertise and why they should be considered for the bid opportunity. Your skill will be to work closely with your client to understand exactly what the tender requires, and then to put the best possible case forward for how the job will be done and why your client's company is a good choice of service provider.

You may also need to prepare detailed reports with statistics, graphs, financial information, appendices and footnotes. So you'll have to be a whizz with MS Word and Excel.

Clear thinking is vital, as these proposals must be structured so they are easy to understand and convey a strong message.

- Bids and tenders must usually contain:
- A written quotation, which includes an outline of the project and its deliverables.
- Terms and conditions, which outline the duties and responsibilities of the bidder and the procurer.
- A letter of agreement for the contracting parties to sign, which shows the quotation for work, start dates and deadlines.
- Details and qualifications of

those people involved in the bid.

 A detailed explanation of how the proposed work will be carried out.

You need to be able to work with a client in a way that brings out their knowledge and experience, without dominating the conversation or imposing your ideas. This will allow you to raise all the important aspects of the tender, and understand your clients' ability to deliver what the tender requires. The client must never forget that it is their proposal that is being submitted, not yours.

CUSTOMERS

Your customers will usually be small businesses or organisations without the skills to prepare their own tender submissions. You may find that you start to specialise in certain kinds of work, such as government tenders or applications for development funding. Depending on who your target group is, you will need to become familiar with the particular application procedures of those organisations you are applying to. All big organisations - government, private sector and donors - usually have their own

procedures that must be followed "to the letter".

PROMOTION

You can promote yourself by networking through local business associations in your area – this will help you meet other small businesses that may need your services. Print business cards and brochures with your contact details and a brief description of what services you offer.

 Paul Crankshaw is the managing director of Cobweb Information.
 See www.cobwebinfo.co.za.



Paul Crankshaw



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Hope with franchise funding

BY DANIEL BUGAN

WITH the National Association of Automobile Manufacturers of South Africa having recently revealed that car sales reached an all-time high of 42 915 for cars sold during September last year, things are on the up for the automotive sector.

Now thanks to a partnership between international onsite cosmetic repair franchise business Renew My Car and The Hope Factory, black entrepreneurs based in Johannesburg and Port Elizabeth have an opportunity to cash in on the boom, with each receiving a startup franchise kit worth R50 000. So far the organisation has sponsored 11 of the Renew My Car franchisees with franchise kits, which comprise technical training in scratch repair, brush touching, headlight lens restoration, valet and shampoo technique, aircon disinfectant and spray-on paint protection.

Renew My Car founder Henk van der Walt says the idea for his business came about after the realisation that many motorists are reluctant to take their cars to panel beaters or spray painters to attend to small cosmetic damage.

A qualified spray painter trainer and assessor, Van der Walt, started the business with his wife Vicky after immigrating to Australia in 1996. franchise, which was launched in 2013 in South Africa, provides services such as scratch repairs, stone chip repairs, valets, paint protection and restoration of headlights at the car owner's home or work location. There are currently 25 franchisees in the country. Bringing the franchise to South Africa was an obvious choice for Van der Walt.

"The Australian economy is the envy of the world. In Australia, almost 50% of companies employ 19 people or less. The unemployment rate is below 5%," says Van der Walt.

He says the franchise is a more attractive and profitable alternative than the traditional brick-and-mortar auto repair option.

"Owning a Renew My Car franchise does not burden the franchisee with all the overhead costs such as rent, rates and building maintenance, taxes. landscaping and security," he says. While franchisees guarantee to offer motorists repairs of the same durability and standard as those offered by conventional panel beaters, clients won't have to wait lengthy periods while the car is being repaired. The cost of a Renew My Car franchise is R75 000 and there is no franchise fee. Van der Walt says franchisees will only have to pay for the marketing and technical



Mdu Car Care, a Renew My Car franchise under The Hope Factory's programme working on one of the South African Institute of Chartered Accountant's pool cars.

and administrative support supplied by the Renew My Car support office in Alberton North. In addition franchisees will receive access to new technology products from 3M and Plascon Paints that have undergone stringent testing in in the Middle

East, Australia and South Africa. Thulani Hlatshwayo, a mentor specialising in franchising at The Hope Factory, says the organisation has taken on itself to sponsor startup franchise kits for franchisees and will also assist franchisees to source customers,

negotiate contracts and register the business.

She says The Hope Factory will only fund franchisees based in Johannesburg and Port Elizabeth with the kits, as this is where the organisation has offices. To qualify for the R50 000

franchise fee franchisees must have experience running a business and have their own reliable transport.

 For more information on the Renew My Car franchise model contact Van der Walt on 084 393 4447

Easier to get franchise finance

BY STAFF WRITER

YOUR chances of getting finance from a bank may be better if you are looking to buy a franchised outlet, at least at one local bank.

Nedbank's approval rate for finance applications, which are determined by factors such as the viability of the business, the ability to service the loan and the involvement and experience of the entrepreneur, is higher for franchises, says head of new business development for the bank Mark Rose. And, he believes that the franchise sector has shown resilience and growth over the last year. Rose says this is backed up by a report by the Franchising Association of South Africa which reveals that the local franchising industry currently contributes as much as 11% to the country's gross domestic product, with about 30 000 franchised outlets in operation.

"Our approval rate of finance applications for franchises is higher compared to independent businesses as a franchises benefit from the guidance and support



Mark Rose

offered by existing franchisor's brand," explains Rose.

Nedbank offers customised packages for each franchise brand's franchisees, such as new store financing, resale financing, financing of franchisees with more than one store, finance for alternative energy efficient solutions and financing for refurbishing projects. He says a franchisee is required to invest 50% in funding of the total setup costs or purchase price when buying a franchise.

The finance for the purchase of multiple franchise stores will be negotiated based on the debt levels of the first outlet.

Besides funding, Nedbank also offers franchisees products and services such as merchant facilities, electronic banking, free financial planning training, short term insurance and payroll and HR solutions. Rose says funding is dependent on the franchisee providing proof that they will be able to pay off the loan, their necessary experience and credit record and the supporting mechanisms provided by the franchisor, such as infrastructure management and succession planning.

The also takes bank consideration the into of the location business. Meanwhile. Nedbank launched its first small business hub in Sandown, Johannesburg last month. Sandown is the first Nedbank branch to receive the new look and feel "Branch of the Future" design with the hub aimed at providing entrepreneurs with meeting rooms and office space, a wifi connection, desktop access, screen projectors. This would provide them with the space and tools required to conduct business, meet with likeminded people and network.

The hub also has the capacity to host conferences and larger meetings of up to 50 delegates outside of branch opening hours. All of these services are free of charge to both Nedbank non-Nedbank Dave Schwegmann, managing executive of branch network at Nedbank, says the bank is aware of the challenges facing small business and for a number of vears have invested in a comprehensive set of solutions that can enable the growth of small businesses.

"With the small business hub, we are now testing a very practical concept that could increase the productivity and effectiveness of entrepreneurs who ordinarily may not have access to these kinds of facilities."

The bank aims to convert 70% of its branch network by 2017 to the new concept.

Be wary of signing contracts with unscrupulous franchisors

BY GCOBANI NDABENI

OWNING a successful franchise is a dream come true for most, but for some it can turn into a dreadful nightmare.

Franchising offers those with proven business concepts an opportunity to make lots of money. The more people buy into your franchised concept, the more money you stand to make through joining fees, supply of equipment and stock, royalties and marketing fees.

Just like any other lucrative opportunity, franchising also attracts its fair share of unscrupulous people who give the industry a bad name. Despite franchising not being regulated, organisations like the Franchise Association of South Africa (Fasa) bring order and sanity to the industry. However, there remain a substantial number of franchises that are not registered with Fasa, and it's in this space into which shady characters enter. Not all these franchises are suspect, in fact the majority are ethical and law-abiding businesses.

The trick is to avoid franchises that are not registered with a reputable industry organisation. If you can't then your due-diligence must be top class to be able to pick up any problems in a franchise.

On the flipside, this does not mean that your due-diligence must be weak when looking at a Fasa-registered franchise, because they too may have problems.

I remember during the days I worked as a portfolio manager for an investment finance company and I had to withdraw a deal at the eleventh hour. It was a finance application by a new entrepreneur to acquire a Fasa-registered franchise in the healthy eating and wellness sector. I discovered that the franchisor was in the process of being liquidated.

This critical information had been hidden by the franchise representative all along, until I somehow managed to go pass him (or her) and speak to the financial manager of the company as a final check. The applicant had no clue of what was happening and had already paid the franchisor a deposit of R150 000 for the franchise. Now the entrepreneur had to wait just like other creditors of the franchisor for the liquidation process to be completed to see whether he would be able to get all, or just a portion of his money back. The consequences are worse for franchises that are not registered with industry bodies.

The perfect example is converting a profitable branch of a company into a franchise outlet. The branch manager gets funding, signs a 10-year franchise agreement and takes over the

outlet. There is a condition in the funding and franchise agreements that if the outlet does not perform as per the franchisor's standards, it can be taken back. Problems start emerging from "day one" and there is no franchise organisation to report the franchisor to, since it is not a member of any such body.

The only option the franchisee has is to get a lawyer to deal with the problems. Too early to be in this situation! Within a period of not more than two years the outlet is taken back by the franchisor due to non-performance and monies allegedly owed to the franchisor.

The franchisee is now out of

work and on top of this, being sued for loss of income for the remaining period of the franchise agreement – ie eight years, brutal!

A franchise can be a good investment, but not all of them are. There are people out there prepared to make money by hook or by crook.



Gcobani Ndabeni



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Pop in at 150-on-Long

BY STAFF WRITER

NICOLE Chowles believes that moving into a subsidised premises on Cape Town's popular Long Street from next month, as part of the Design and Cape Project's Pop-up Shop project, will help to build her online gift purchasing business's brand.

And, she is not alone in this thinking.

Simone Greyvenstein, the co-founder of the Kin Culture Shop, an online store which sells hand-made products such as ceramic fridge magnets, throws, tablecloths, napkins, tote bags, ties and giftwrapping, says that the prime location will give her access to the street's high foot traffic when she takes up her stay this month.

Greyvenstein - who started the business with Eric Barnard, Agnes Barnard and Martus Greyvenstein - managed to secure retail space at 150 Long Street for R3 000 per month (excluding VAT) after successfully applying to participate in the Pop-up Shop project.

The project gives different business owners the opportunity to each lease the retail space for a month and is coordinated and administered by the Cape Craft and Design Institute (CCDI), a non-profit set up in 2011 by the Western Cape government and the Cape Peninsula University of Technology.

Greyvenstein's online store occupies the Long Street retail space this month and plans to application in April.

cut costs even more by sharing the space with clothing brand Movepretty Kids' illustrating brand Brightowl and tree-nut butter brand Buttanutt.

"Sharing the space with these three brands will significantly reduce our portion of the R3 000 lease payment for the month and increase our chances of making a profit," reckons Greyvenstein.

She says she first heard about the project from a friend and was immediately attracted to the idea.

"At the time I was looking for a pop-up store as a vehicle to market our online store. I emailed the CCDI and they sent me an application form to fill in," she

"Long Street gives us access to a large amount of foot traffic and it's a credible location."

recalls.

application required The Grevvenstein and her business partners to detail how the retail space would boost their learning and long-term business potential: how it would help them to showcase local talent and creativity and how they would market the business and engage with people on the street.

She completed and sent of the



Nicole Chowles is the first tenant at the Pop-up shop in Long Street.

"We are based in the northern suburbs so the opportunity to get the word out (about what we offer) to young people passing by in Long Street, is a huge bonus for a business with a very limited

marketing budget," she says.

Meanwhile Chowles, who runs Tidy & Co, says she applied for the retail space in February after hearing about it from her business

"We put forward a proposal (to the CCDI) of what we would like to do in the space, what we'd like to achieve there and how we would attract foot traffic into the place. We also had to be a small, local and creative business," she says.

She believes that the fact that her company stocks a lot of small, local designers' products gave her proposal the edge over other applicants, as the project aims to boost the local creative community.

"Our main goal is purely brand awareness. It can be very difficult to market an online business when the South African market has not vet fully acclimatised to the idea of online shopping," says Chowles.

She also hopes to sell a large amount of stock.

"Long Street gives us access to a large amount of foot traffic, as it is a very trendy and credible location," she says.

She adds that the rental that she will have to pay for the month is worth it as it gives her an opportunity to test her company's products in the market without taking a huge financial risk.

In addition the CCDI is also providing public relations support for the company.

• For more information, go to www.ccdi.org.za.

Long Street's new tenants



Kate Louw is a co-founder of one of the Pop-up store's tenants Paper&Pickles.



Maija Groenewald and husband Errol own N2Ice Cream Lab and are also soon-to-be tenants.



Pop-up store tenant Nikelwa Byumbi is the owner of Feather Hill Studio.



Yulande Roxburg is the owner of Clever Little Monkey and is one of the tenants of the Pop-up store.



Simone Greyvenstein and cofounders of Kin Culture Shop will take up office next month.

Craft owners get home

A LOCAL project has given eight entrepreneurs in the craft and design sector the opportunity to showcase their products and services in a prime location.

The business premises, which are situated at 150 Long Street, were launched in April as part of the Cape Craft and Design Institute's (CCDI) Pop-up Shop

It forms part of the Design and Cape Project which aims to continue Cape Town's legacy as the 2014 World Design Capital. Retail space will be offered on a rotating basis to tenants for a monthly period, until December next year.

CCDI programme manager Lianne du Toit says the aim of the project is to help individuals and businesses working in the creative sector to pilot new product or retail concepts and engage people from the street.

"It's an opportunity to take a risk and see how the market responds. It's an invitation to breathe life into that idea you've only ever entertained in your



Tenants at the Pop-up shop.

mind," says Du Toit, adding that Long Street receives a lot of foot traffic which the tenant can take advantage of.

She says the CCDI has received over 30 applications since the launch of the project.

Eight applicants have been selected to become anchor tenants for a month, for each of the months from May to December

In order to qualify, applicants

had to show how their pop-up

- · Boost the applicant's learning long-term business potential.
- Showcase local talent and creativity.
- Engage with people on the
- Attract foot traffic into the

Preference was given to those that were able to show a clear business vision that supports local industries.

Each tenant is required to pay a rental of R3 000 for the full month, which includes trestle tables, benches, a WiFi modem, an alarm system and hanging bulbs for display.

Tenants also have access to free business training workshops hosted by the CCDI.

Du Toit says business owners will be able to apply for retail space for 2016 towards the end of the year.

• For more information email Lianne du Toit at lianne. dutoit@ccdi.org.za

Book Review

Make good business decisions

CHRISTOFF
OOSTHUYSEN
reviews "The
Essential Finance
Handbook for
Business Owners
- Seven steps
to manage your
business's financial
performance" by
Precious Mvulane,
published by GAD
Consulting (2014).

YOU would not say that this book was written by an accountant — that is if you expect a document about business finance to show you how past transactions are recorded so that you stay compliant with the tax man. No, this book is more of a guide that helps you to use financial information in making better decisions and managing your risks.

In the first few lines of the book Mvulane already mentions the words "decision" and "risk" several times, setting the stage for a thorough discussion on how you should go about in making sure you use financial information as a tool to make success easier. And this is the message throughout — financial systems and reports are there to help you make better decisions... to be pro-active in your decision-making so that you are not caught out for not meeting what is required by the law.

The approach advocated by Mvulane is presented as a simple seven step cycle:

Step 1: Set clear financial goals for what you want to achieve in your business.

Step 2: Select the best business structure for you.

Step 3: Make sure you cover your legal obligations for governance, employment and tax.

Step 4: Get on top of the financial elements of your business.

Step 5: Understand what competencies are needed for the key role players in finance.

Step 6: Set up a financial system and the needed controls appropriate to the risks in your business.

Step 7: Know how to measure and evaluate your business performance.

When you have analysed and evaluated your performance, it is time to revisit your goals again, which leads you through the cycle again... In this way, says Mvulane, you're implementing an approach that is bound to lead to good

business success.

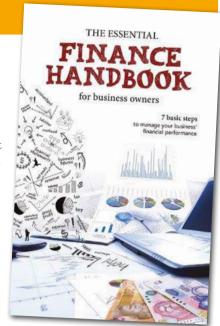
The real practical approach in offering action lists for each of the steps in the chapters of the book, makes reading the book more than just a learning experience. It is more like a guide that helps you in setting up what is needed to integrate financial management into your ongoing business processes. Take, for instance, how the writer breaks financial

goals down into easily measurable and well understood measures such as total sales, money in the bank, number of active prospects, number of new clients, amount of capital raised or number of assets bought. Her advice is: "Make your reporting simple, and break it down to manageable chunks and periods.

You may be tempted to skip through some parts of the book

such as your options when it comes to the legal formation you operate as, but even if you are run well-established business, there are some real gems you may miss.

This is a great book for anyone in South Africa who has found a viable business model and is ready to start, or in the midst of creating a business.



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20 Support efforts by local enterprises to produce quality products and deliver quality services.



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Biz opp with mobile stores

BY DANIEL BUGAN

EIGHT lucky Gauteng candidates have been given the opportunity to own a mobile Neotel store after the network operator launched a programme to develop entrepreneurial skills in South Africa.

Dubbed Neo-on-the-Move, the programme aims to help selected candidates to run their own business by providing them with training to deliver the network provider's products to customers in Gauteng via scooters and auto rickshaws. Neotel launched the programme in April.

Sunil Joshi, managing director and chief executive of Neotel, said the programme is an opportunity for young people who are unemployed to enter into the communications and technology sector and participate in the economy.

"This (enterprise development programme) is in line with our commitment to transformation and part of our efforts to help reduce unemployment and create skills," he said. The programme is aimed at Neotel's small enterprise and retail segment because of the

type of consumer products that can be easily transported in a small vehicle – such as phone devices, wireless broadband routers and dongles.

The eight who were chosen began a training programme on 20 April. The programme will run for 18 to 24 months and offers financial literacy training, business management training, product training and scooter riding and road safety training.

"The road safety and scooter training will be offered by our partners, Scully's Scooters, and we will also be utilising their facilities," explained Joshi.

On completion of the training, the eight will be given start-up stock as well as a scooter, the latter which will remain the property of Neotel.

"With access to an economical vehicle, stock and armed with a deeper understanding of business, the entrepreneurs will have the ability to build a business which they can call their own," said Joshi. The training programme is offered free of charge. However, applicants are selected based on scooter riding competency, a psychological assessment for



Managing director of Neotel Sunil Joshi (centre) with Neo-on-the-Move candidates on either side.

learning ability, written and spoken English, the ability to pass a learners licence, as well as attendance and punctuality.

The initial eight form part of the pilot programme and as such no further applications will be accepted at this stage, said Joshi. "Once we have assessed the initial impact of the pilot programme we will consider expanding the programme to other provinces, but as yet we do not have definite dates for future programmes," he added.

Siyanda Biyela is one of

the eight candidates, who are currently receiving training on the Neo-on-the-Move programme.

He says he was told of the programme by a friend at Scully's Scooters and decided to apply.

"I had just completed my studies in music production and sound engineering and could not find a job. I like phones and know a lot about them so I knew that I would be good at selling (them) and that's why I applied," said Biyela. So far he has received training on Neotel's products and on how to register customers' phone numbers and SIM cards with the network provider as required by the Regulation of Interception of Communication and provision of communicationrelated information Act.

He said he was looking forward torunning his own mobile business. "My future plans are to open an indoor business selling Neotel products and to run an internet café," he added.

Fellow trainee Kulani Mathebula opted to enter the programme because he was stranded without work.

"I think I was chosen (for the programme) because I already have a motorbike licence and because I am a competent and experienced driver," said Mathebula. He said being taught how to approach a customer to sell him a Neotel product, has been the most valuable training he has received so far.

• For more information visit **www.neotel.co.za.**

Buy in bulk and save money

BY STAFF WRITER

BUSINESS owners who buy goods in bulk can save up to 50% off the recommended retail price which will ensure an improved sales margin.

But none-the-less buying in bulk is not without its problems. Gerald Mwandiambira, a certified financial planner, says businesses can benefit from economies of scale when buying in bulk, as the manufacturer, by producing more of a product, is able to lower the variable cost of production and sell items at a lower price.

He says the major advantage of buying in bulk is that it provides the business owner with an opportunity to have a better mark-up when selling the product. "Bulk bought goods can in some instances be bought at discounts of up to 50% of the recommended retail price, depending on the type of product you buy," he says.

Mwandiambira says in buying in bulk a business owner can also:



Gerald Mwandiabira

- Ensure that their business does not run out of popular products.
- Benefit when negotiating buying terms and discounts on future orders from a supplier.
- Plan better when forecasting sales and management accounts.
- Benefit when market prices increase as the business will enjoy higher margins and profits.
- Enable a business to offer

competitive prices.

But he warns that there are certain disadvantages of buying goods in bulk which business owners should take note of. "Buying perishables in bulk may result in spoilage and losses as a result. It is best to buy non-perishables in bulk. When dealing with products that have expiry dates, bulk buying requires good stock management, using our method," he adds.

A business also needs to plan and be clear on why a certain product is being bought in bulk.

Says Mwandiambira: "If the business is trying to cash in on a trend or fad and gets it wrong, losses will swiftly follow. Careful market analysis is needed before ordering in bulk. A business may also benefit from purchasing from manufacturers with some sort of returns policy to try and recoup losses when too many goods are ordered."

He also warns that bulk buying may require better

warehousing and storage and even more insurance on the value of the stock held.

"When buying in bulk, it is important for the business to have a good network of wholesalers and manufacturers to ensure product availability at all times," says Mwandiambira. "This may be important before key buying periods like the festive season when some suppliers may limit quantities ordered."

But Rodney Adonis, owner of catering company, Adostar Trading, says it is not always so easy for a startup like himself to get a discount on goods from wholesalers.

"Wholesalers only give you a discount on retail products if you buy an excessive amount of goods, but for someone with me who only buys up to R3 000 worth of goods a week they do not give discounts," he says. Adonis, who started his business three years ago, says he is forced to buy his goods from retailers.

Will virtual operator succeed?

BY ARTHUR GOLDSTUCK

IT'S a decade since South Africans were introduced to the concept of the mobile virtual network operator, or MVNO, but the country has yet to experience the benefits of the model.

Last month South Africa welcomed a new virtual mobile operator, addressing a growing need in the market. But it's not the same story all over again.

Virgin Mobile, which piggybacks on the Cell C network, buying airtime and data wholesale and repackaging it, launched on a promise of both simplifying the packages and cutting costs. Ten years later, it has gravitated closer towards the positioning of the major operators than to the maverick role it initially envisaged.

Its inability to make a dent in the market – although that was not its primary mission – deterred other potential MVNOs for the next 10 years. Now, finally, new entrants are emerging one by one. Mr Price was first major player to raise its standard last year, with MrP Mobile, offering four devices on contract. And a new MVNO opened its doors or, rather, its website, last month.

Called meGyou mobile, it is described by chief executive Brett Howell as "South Africa's first SIM-only network", and will be a "100% e-commerce, online solution". More significantly, it will offer voice calling rates as low as 39c a minute. Contracts will be month-to-month, and will not include bundled handsets.

Packages range from R50 bundles with calls costing 69c a minute to R500 bundles where calls cost 39c. The only other operator's rate that remotely competes is Telkom's 29c rate for calls within its own network.

Operator meGyou mobile's rate applies across all networks. An unlimited voice-calling bundle, which excludes access to data and SMS access, costs only R300.

Add-on data bundles price data at 25c per Megabyte up to 500MB packages, dropping to 15c per Megabyte for any bigger bundle.

The voice rates in particular raise a key question: how can an MVNO undercut even the operator that is providing it with network access?

"It's a result of a few things that line up nicely for us. Being an MVNO, we don't have infrastructure overheads. We are online only, so we don't have stores. We're not planning massive above-the-line marketing campaigns, which cost a lot of money and have an impact on what the consumer pays," says

Crucially, he says, the flexibility of not having the handset cost built into the tariff allows the virtual operator to offer a lower



Despite being launched in South Africa 10 years ago, the mobile virtual network operators are yet to show success.

voice rate, and allows customers to change their deals on a monthly basis.

It all seems like an obvious approach, but the key to the success of such a model is a customer management and billing system that leverages a conventional operator's network without being hamstrung by its legacy systems.

Enter MVN-X, a company started by the former chief executive of Virgin Mobile SA, Steve Bailey, specifically to address this need. It provides the platform on which MrP Mobile operates, and will also facilitate the operations of meGyou mobile.

MVN-X is a subsidiary of the Ignition Group, which is also the largest investor in meGyou mobile. Clearly, the group's experience of the MVNO market has given it enough confidence to eat its own proverbial dogfood.

Its plans could not have come to fruition at a better time. In the last month, both Vodacom and MTN announced an increase in tariffs for existing contracts, sparking outrage among customers.

It is almost as if Howell had specially requested them to make that move. He does believe, though, that these moves highlight just why there is a need for MVNOs in a market that appears saturated.

appears saturated.

"Consumers are frustrated, they feel there's no way out, and there's lack of choice and flexibility in the market. The increase in tariffs and people feeling trapped in contracts is obviously very favourable to us. We decided on the May 4 launch date more than three months ago, and it's uncanny how market dynamics have lent themselves to the launch."

Howell does not expect it to be the last of the new MVNOs. MVN-X is already working with an entity called Smart Mobile, which is due to land in the next few months, while the market is abuzz with speculation about a major bank preparing to enter the mobile industry as an MVNO.

"MVNOs aren't operators that have to serve the whole market," says Bailey. "They only need to find a niche, a space in the market. This MVNO is about good value and simplicity, not necessarily for the lower end of the market. It's for people who already have a handset, but who don't want pre-paid and who don't want top-up, but they also don't want commitments.

"If you want a shiny new phone and pay over the odds for it, you go to the operators. But the big paradox is, the more you spend on a normal cellphone contract, the more you pay for your phone, because of punitive out-of-bundle rates."

Howell agrees that it's not about affordability alone. "It's a low cost operation that provides high value and people across the market look for value.

• For more by Arthur Goldstuck, go to **www.mygadget.co.za**.

Data at your fingertips

BY PRASHANT BHAGA

MANY entrepreneurs are in a position where they are wondering if their doors will be open tomorrow.

Today I'd like to share a few facts on how you will know if your doors are open tomorrow. Backed by facts, analytics and data, of course. Let me share how you can get your hands on this data.

Are you running your business like a smart company? Do you aim and hope for the best? Or do you know your business and everyone it comes into contact with so well that every move is calculated for success? If you have ever thought that winning over a new client was luck, then this will show you how to make that luck consistent for yourself and your business. Using social data can help companies develop services. In this way, these companies are able to anticipate their customers' needs before they change, instead of after the fact. Whether you are on Facebook, Whatsapp, making a phone call or browsing the



Prashant Bhaga

internet- you are being tracked. "They" know what you're doing, where you're sitting and they know your interests and preferences, sometimes better than you know them yourself.

It's called analytics. I call it predictable luck. Have you ever been on Youtube watching videos and noticed it kept playing things that you liked? Did you think this was luck? It's not. Your age, sex, likes, dislikes, interests, friends, places of interest you frequent

at, topics and series you like to read or watch is all tracked. This takes the luck out of it and you get seemingly personalised customer service every single time as the system tracks you.

If you could do this and know your customers this well, you would be able to tailor every interaction to resonate perfectly with that kind of person. You would attract more customers, purely because they feel like you "get" them.

Google analytics - the background graphs, data and tables that is found behind your website - gives you all this information about every visitor on your website who has searched for and interacted with your business. The background data that no one pays attention to can tell you what device is being used to find you, it can tell you the traffic sources that your clients are coming from and the best pages that are working on your website versus the ones that aren't.

 Prashant Bhaga is the founder of Lilipad Leads. Go to www. lilipadleads.com.

When insubordination applies

BY JAN TRUTER

THE workplace is not a democracy. One of the implied terms of the contract of employment is that of subordination - the employee has to submit to the authority of the employer, provided this is exercised lawfully and reasonably.

A refusal to carry out a lawful and reasonable instruction of the employer amounts to insubordination.

The employer is entitled to dismiss the employee if such a refusal is of a deliberate and serious nature ("gross insubordination"). In terms of the common law, the duty of subordination also entails that the employee has to behave in a respectful manner towards the employer and superiors.

So, does disrespectful behaviour amount insubordination? The general view adopted by the Commission for Conciliation, Mediation and Arbitration (CCMA) and Labour Court thus far has been that insubordination only encapsulates a refusal to carry out the employer's instructions and that disrespectful behaviour should be separately categorised as insolence; generally a less serious transgression. Unfortunately, the concept of insolence is a slippery one - it can become befuddled with conduct that is offensive, disrespectful, impudent, cheeky, rude, insulting and contemptuous.

No wonder employers battle to categorise this type of conduct in disciplinary charges, often getting it wrong in the eyes of presiding officers in the CCMA and Labour Court. Fortunately the Labour Appeal Court has taken a step towards bringing about more clarity.

In the case of Palluci Home Depot (Pty) Ltd vs Herskowitz the Labour Appeal Court (LAC) found that the perception that insubordination is limited to the refusal to adhere to instructions is incorrect. The court stated that insubordination may also be found to be present where disrespectful conduct poses a deliberate (wilful) and serious challenge to, or defiance of the employer's authority, even where there is no indication of the giving of an instruction or defiance of an instruction.

It is, therefore, not essential for an instruction to be given or disobeyed to found a challenge to the employer's authority.

What the court also stated, though, was that dismissal would only be justified in cases of serious and deliberate acts, irrespective of whether they are categorised as acts of insolence or subordination.

According to the court there is a fine line between insubordination and insolence, and insolence may very well become insubordination where there is an outright challenge to



A refusal to carry out a lawful and reasonable instruction of the employer amounts to insubordination, writes Labourwise's Jan Truter.

the employer's authority.

However, an act insubordination does not justify dismissal unless it is serious and wilful. Likewise, insolent or disrespectful conduct towards an employer will only justify dismissal if it is wilful and serious.

Thus, unless the insolence or insubordination is of a particularly gross nature, an employer must issue a prior warning before having recourse to the final act of dismissal. In the Pallucci Home Depot case the court concluded that, while the employee's behaviour had been

manifestly insolent, it did not constitute a serious, persistent and deliberate challenge to the employer's authority. What played an important role in the outcome. though, was that the employer had made an illegal deduction from the employee's salary and had acted in a provocative manner when the employee wanted to address the matter.

This illustrates the importance of taking into account the particular circumstances of each

In summary:

• Insolence and insubordination

are different concepts.

- Generally, insolence regarded as less serious than insubordination. • A challenge to the employer's
- authority, such as a refusal to adhere to a lawful and reasonable an instruction. amounts to insubordination.
- Insolence may also be regarded where insubordination it amounts to an outright challenge to the employer's authority.
- Whether an employee has been insolent or insubordinate. dismissal must be reserved for

situations where the conduct is both wilful and serious. This will depend on the facts of each

In conclusion, while the Palucci Home Depot case has provided some clarity on the relationship between insubordination and insolence, the appropriate disciplinary action to take ultimately depends on how wilful and serious the employee's misconduct has been, irrespective of how it is classified.

For more labour-related information, go to **www.** labourwise.co.za

Sales tips to grow your firm

BY VINESH MAHARAJ

REGARDLESS of your business type, size, location or turnover, one thing that can help grow your business with immediate effect, is your company's sales. Yes, sales. - the life blood of your business.

Before accounting, logistics, warehousing and procurement can become a reality, we all need to hear the cash register go Ka! Ching! Another slam-dunk sale concluded.

Sadly far too few business owners learn to master the art of selling. Some see it as a "dirty deed" for "snake oil" salespeople, others claim not to be pushy enough, while more still think it's beneath them to become a salesperson. Let's set the record straight. Sales has nothing to do with being pushy, slick or a being a low-class occupation. In fact, salespeople make the world go round. Sales has to do with increasing



Vinesh Maharaj

the value and quantity of the service or product you provide to the market. To become a serious contender you must increase the number of lives you serve through your product or service. Here are 7 steps to grow your business:

• Grow yourself. You are the foremost asset in your business. Invest in your sales knowledge. Buy and study books on sales. Attend sales courses and seminars. Use your newfound information daily in growing the sales results you desire.

- Grow your people. You are only as good as your people. Invest in world class, results driven sales training. The more your team grows in knowledge and confidence, the more your bottom line will grow. Large corporates spend huge amounts of money on training and development. Start small but start today.
- Set Benchmarks. You can't hit a target you cannot see and you cannot see a target you don't have. Aim for success and stay focused on it. Ensure that all your activities are focused on target attainment.
- daily Manage activities. Measure and manage all your sales related activities such as the number of calls, meetings, quotes and sales. In management we often say: "If you can't measure it, you can't manage it". So measure your progress daily. Stay on course. • Evaluate. Stop to evaluate
 - and your team reach and exceed targets, stop to make a noise and acknowledge their achievement. It should feel like winning a world cup. Make it
 - For more information on sales advice, go to www. vineshmaharaj.com.

• Celebrate success. When you

when required to create sales success. Increase

progress.

Intervene

- Communicate. your levels and frequency of customer communication. Keep customers abreast with specials and promotions, new product introductions and share the benefits and value of doing business with you. Take time to wish customers on birthdays, holidays and on religious occasions. Send personalised cards and thankyou notes, send emails and SMS's. Create a newsletter to influence your customers, for out of sight, is out of mind.
- special. Make it memorable.

How a business can become a social enterprise

WHILE much has been written on the journey of a non-profit organisation to become a social enterprise, too little has been said on how a conventional business can become one.

Over the last eight months, we covered a series of steps on what it takes to become a successful social enterprise. This article shares eight practical suggestions for how your business can become more of a social enterprise.

DEFINE YOUR PURPOSE

Firstly, your business can define its purpose in social terms, as opposed to simply setting financial targets or aiming to capture a certain market share. This will help to focus its efforts to do good. There is also evidence that this will help to motivate staff and create a positive organisational culture. A wellknown example of this is Johnson and Johnson's (J&J) credo which was crafted in 1943 and worth reading. This credo clearly lays out J&J's priorities when it says that "our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services". This 1943 credo still guides the strategy of J&J.

MEASURE SOCIAL IMPACT

Building on this clarity of purpose, your business can then start to measure its intended social (and environmental) impact. This evidence should be published and openly discussed with your stakeholders. For example, the South African Breweries (SAB) has bundled all its sustainable development projects under the global programme of "Ten

Priorities, One Future". These ten priorities guide everything that SAB does, and its 2014 Sustainable Development Report contains a comprehensive analysis of its impact in each of these ten areas.

SELLING

Suggestion three is for your business to revisit its shareholding, and consider "selling" some of it to a non-profit organisation or social enterprise. And if this organisation is a broad-based ownership scheme, then this will also count towards your BEE points. For example, a number of businesses are negotiating with The Clothing Bank to get it on board as a minority shareholder. This is an attractive prospect for these businesses as The Clothing Bank is a registered broad-based ownership scheme with a strong social agenda. A similar deal led to the creation of the SAB Foundation which is a shareholder of SAB Ltd.

TACKLE SOCIAL PROBLEMS

The fourth suggestion is for your business to use a significant proportion of its profits to tackle a social or environment problem. By "significant", we mean much more than the 1% of Net Profit After Tax required by the BEE codes.

Those businesses that don't feel this brave can also consider cause-related marketing campaign. This is when a marketing campaign is linked to a social issue, and a percentage of sales allocated to fixing this issue.

There is another possibility for producers and retailers in the agricultural sector. These selected businesses can get products Fairtrade labelled. This ensures that a significant



Trademark's Josh Cox was able to make a breakthrough in his social enterprise after realise after changing the way he measured the business's outcomes.

percentage of profits gets distributed to the small farmers, cooperatives and surrounding communities which were involved in its production.

SUPPLY CHAIN

The fifth suggestion is for your business to cultivate social enterprises into your supply chain. Too few businesses realise what a powerful force for good their supply chain can be. For example, various retailers such as Pick n Pay and Shoprite use the FoodBank to distribute over 40 000 meals worth of food to charities each day, as well as implement various food security projects.

CERTIFY

Suggestion six is for your business to certify its products, thereby ensuring that they are ethical and constructive to the world. For example, a growing number of restaurants and retailers have been certified by the Sustainable Seafood Initiative and only serve "sustainable fish" that does not threaten endangered fish species or our dwindling fish stocks. Some businesses even go one step further and deliberately develop or sell a social product a product deliberately designed to meet a social need.

INFRASTRUCTURE

The seventh strategy is for

your business to use its existing infrastructure to do good when it is not engaged in normal business activities. For example, MTN has recently zero-rated Wikipedia, thereby making it possible for over 4.5 million learners to access Wikipedia for free on their cell phones. You can just imagine the social impact of this decision.

Coca-cola is another good example, and shows how a company can use its distribution infrastructure to do good.

Coca-cola has designed medicine containers that can fit between stacked crates of cool drinks. These have been used to transport antidiarrheal medicine to tens of thousands of people living in remote communities in Africa.

SUPPORT MINORITY GROUPS

Finally, your business can consider employing a marginalised group, and doing everything you can to help build their confidence, skills and future prospects. For example, Citizen Surveys is a social research company based in Woodstock.

Over the years, it has made a conscious effort to fill empty positions with those in need (single mothers from broken homes and youth-at-risk) in order to help get their lives back on track.

These are just some of things that a business can do to become more of a social enterprise.

Businesses must realize that there are many different ways to have a social impact that don't involve giving to charity.

It is a carefully guarded secret that many CSI departments frequently complain of their lack of real impact. The fundamental flaw in CSI is that it is on the periphery of business; it is not integrated into core business practices in the way that these strategies have proposed. Apply some of these ideas and your business would have started the journey to become a social enterprise and change the world.

• Marcus Coetzee is a strategist specializing in social enterprises.

Quick Tips

Transforming your social enterprise into a business is no small task. Social enterprise specialist Marcus Coetzee's offers these tips:

- Define purpose in social terms
- · Measure social and environmental impact
- Bring a nonprofit or social enterprise on board as a shareholder
- Use profits to tackle a social or environmental problem
- Cultivate social enterprises in supply chain · Certify products as ethical,
- or develop a product that has a social impact. • Employ and support
- members of a marginalized
- Use existing infrastructure to do good



SOCIAL entrepreneurs have a new platform to learn about successful social enterprises. This follows the launch of Talking Social Enterprise, an online "talk network", hosted at 7.30pm on a

Wednesday evening of each month. It aims to stimulate debate amongst social enterprise entrepreneurs and is hosted on the Google Hangouts platform.

• To listen to the show, sign-up by registering via www.TalkingSocialEnterprise.net.



Incubator supports small farmers

With a vision to transform the essential oils industry so that small farmers own the biggest marketshare, the South African Essential Oil Business Incubator (Seobi) has already assisted 127 businesses through its incubation programme. Small Business Connect spoke to chief executive officer

What is the name of your incubator and the meaning behind it?

Ellis Levember to

learn more.

The name of the incubator is South African Essential Oil Business Incubator (Seobi). It was started in April 2006 after receiving initial funding from the Seda Technology Programme (STP), a former Department of Trade & Industry (DTI) agency.

How would you describe your focus?

We aim to create a transformed essential oils industry where rural farmers own the biggest market share.

Where are you based and from which areas do you recruit new incubatees?

We are based in Derdepoort, Pretoria and at Nkandla, KwaZulu-Natal.

We have model farms in Limpopo, Mpumalanga, and Northern Cape. We also recruit clients from all nine provinces.

Which businesses are best suited to join?

Co-operatives, small-scale farmers and commercial farmers.

How does one apply?

Prospective clients can call or send an email. Once the email is received an appointment



Ellis Levember

is set up to have one-on-one meetings to explain the industry and Seobi service offerings. The application for incubation form is then completed.

How long do businesses stay in your programmes?

Five years. Businesses then exit the programme.

What are the two key elements of your support that sets you apart from other incubators?

We have a thorough understanding of the industry and assist these businesses with social capital.

How long have you been going for?

The incubator has been around for six years now.

How many businesses have been incubated with your support?

To date, 127 and 87 are still active.

How many incubatees are simultaneously in your programmes?

87

What are your fees?

We do not charge for services (technical support, business support and monitoring). We have equity of 20 % on oils' sales.

What commitments do incubatees make before they enter your programme?

Incubatees will be responsible for all farming activities and



Patricia Mabunda, Petra Terblanche, Thandi Chavalala, Zodwa Malindisa, Agnes Mabunda and Denise Olivier.

Smooth ownership transfer for business

PETRA Terblanche – a member of Hi Hanyile Essential Oil Products – has been appointed as the site manager to assist the enterprise in its transition from state-owned to being community-owned. Small Business Connect spoke to Terblanche on how she is accomplishing this through the assistance of the South African Essential Oil Business Incubator.

By how much did your turnover and profitability grow after joining?

It's too early to tell how our turnover and profitablity have grown, but it looks promising. Hi Hanyile was started and funded by the Department of Science and Technology and its implementing agent was the Council for Scientific and Industrial Research, but a decision has since been made to transfer ownership to the Mabunda community in Limpopo.

What are the biggest benefits you've received from the programme?

Our business is not only about profitability, but it is about people too. In terms of this measurement, we have seen skills development happening thanks

to Seobi who has assisted us. We currently have 15 people working for us and hope to grow this by a further 12 to 14 employees.

How long have you participated in the incubator programme?

We've been a part of the Seobi programme since last year. We exit at the end of 2016.

What would you suggest be added or changed to make the programme better?

It could offer assistance in turning the raw materials into finished products.

attending the required training for own development.

The enterprise will treat the Seobi marketing and development information with confidentiality and will not divulge it to Seobi Competitors.

The enterprise will be responsible for sourcing funding support

Should the enterprise develop its own independent marketing, the information should be communicated to Seobi before prior arrangements are made.

Enterprise is responsible for the business governance issues and compliance thereof.

And what commitment do you make to them?

- Evaluations of potential emerging farms and assess viability of essential oil production.
- Recommendations of essential oil crops to be planted.
- Assessment of agricultural infrastructure required before essential oil production can be considered.
- Assistance in developing business plans for the farmers and their stake holders or financiers.
- Assistance in obtaining financial support from the public and private sectors both locally and internationally.
- Comprehensive assistance with initial land preparations and plantings.
- Continual, on farm agronomic training of incubates from experienced Seobi agronomic field officers, with the objective

of raising oil yields to commercial farming industry standards.On-site training in the process

of essential oil extraction by

- steam distillation.Access to cost- effective mobile steam distillation equipment for
- smaller scale farmers.
 Access to reliable and competitive international markets via long term supply
- Chemical and sensory analyses of essential oils in order to determine quality and marketability.
- Corrective agronomic measures to bring oil composition into line with required international standards.
- Value adding.

contracts.

- Design and implementations of the appropriate governance, legal and management structures for the business being incubated.
- Community development interventions within the incubated business and the broader community in which it operates.
- Training on Business skills and etiquette
- Liaison with other appropriate Government Departments, public entities and private companies to forge strategic partnerships

What is the best thing you heard someone say about your incubator?

Someone saying that they have confidence that Seobi's development model will change the landscape of the essential oils

industry and enable emerging farmers transit into becoming a viable business.

And the worst?

Seobi should be responsible for funding support.

What was your biggest success thus far?

Getting a contract from Department of Science and Technology to implement viable essential oils enterprises in three provinces, securing the international offtake agreement and having two laboratories and one being in the rural areas in KZN to ensure that there are no delays and blockages in the oil analysis.

And biggest failure?

Failing to secure funding from other avenues.

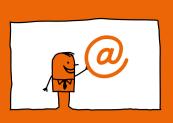
Why are you involved in supporting new businesses?

We believe that small businesses have the potential to meaningfully contribute towards the local economy and of the country, should they get adequate support.

What is your biggest wish for improving the support to entrepreneurs in South Africa right now?

To strengthen business support through partnering with other institutions and securing funding.

• For a comprehensive list of incubators, go to www. SmallBusinessConnect.co.za/





Business Support Service Directory

The Department of Trade and Industry (DTI)

- Implements most of government's business-related policies, including that of small business promotion
- Industrial and export development through for instance incentives and grants
- Development of small businesses through various DTI agencies such as Seda (see below in the directory)
- support to entrepreneurs through incentive schemes and trade
- Grants for black-owned businesses as well as those in manufacturing and exporting
- 0861 843 384
- contactus@thedti.gov.za
- www.thedti.gov.za

North West Development Corporation (NWDC)

- Small businesses of the North West
- Startup funding for new businesses
- General finance for the expansion of existing businesses
- Bridging finance
- advice, mentorship and
- Must be registered as a sole proprietor, close corporation, partnership or company
- Must have valid tax clearance certificate. business profile, business plan and security in the form of a grant, title-deed, insurance policy or investment suretyship
- 018 381 3663 www.nwdc.co.za

The Business Place (TBP)

- Support to entrepreneurs through various national centres
- support Business One-on-one opportunities, relevant business information and resources
- Refer clients to the best suited business development service providers, government resources and financial institutions
- Free internet access for business research advice, micro-MBA practical training, business-to-business networking
- opportunities, workshops Free use of the meeting and training rooms
- 011 833 0340
- network@tbp.co.za
- www.thebusinessplace.co.za

Free State Development Corporation (FDC)

- Official economic development, trade and investment corporation for the Free State Funding, business loans, equity and
- Training, coaching and mentoring
- Partner support services
- with export-readiness development services
- Premises at affordable rates
- Incentives and special discounts for BEE
- 051 400 0800
- lesley@fdc.co.za
- www.fdc.co.za

Small Enterprise Finance Agency (Sefa)

- Government's primary small business funding agency
- Launched due to merger between agencies such as Khula and Samaf
- Direct lending products to small businesses Wholesale lending products aimed at intermediaries who have small businesses
- 086 000 7332
- helpline@sefa.co.za
- www.sefa.org.za

Limpopo Economic **Development Agency** (Leda)

- Finance to small businesses within the Limpopo province
- A range of information sources such as a quarterly newsletter, monthly information sheets and occasional booklets
- Business support and training services
- Non-financial support services
- 015 633 4700
- www.leda.co.za

Royal Bafokeng **Enterprise Holdings** (RBEH)

- Community-based investment company
- Strives to improve economic well-being by investing in businesses that will generate
- teamed up with The Business Place in Phokeng for small business support services to startups, very small, survivalist and micro businesses
- www.bafokengholdings.com

National Empowerment Fund (NEF)

- Funding of black-owned and empowered businesses
- Woman-owned and other targeted business funding
- Investor Education/NEF iMbizo
- Post investment mentorship
- Be older than 18 years, the business must be economically viable and must not be involved in illegal practices, tobacco or
- 011 305 8000
- applications@nefcorp.co.za
- www.nefcorp.co.za

Mpumalanga Economic **Growth Agency** (Mega)

- Supports qualifying businesses and individuals from Mpumalanga, who've been previously disadvantaged
- Funds housing, agricultural de-velopment and business growth From R10 000 to R3 million
- Valid South African identity document, be
- between 18 and 65 years and access to land or production facilities
- 013 752 2440
- www.mega.gov.za

Companies and Intellectual Property Commission (CIPC)

- Provide accessible registration services for businesses intellectual property and practitioners
- Maintain and disclose relevant information regarding business entities, business rescue practitioners, corporate conduct and reputation, intellectual property rights and indigenous cultural expression
- Increases awareness and knowledge of relevant laws
- Help take the necessary steps to visibly, effectively and efficiently monitor and enforce compliance with the laws the CIPC
- 086 100 2472
- info@cipc.co.za
- www.cipc.co.za

Small Enterprise **Development Agency** (Seda)

- development support for **Business** business owners
- Training programmes for startups, cooperatives and franchisees
- Sponsor between 60% and 90% of fees of an approved service provider
- Tender advice, networking and business linkages opportunities
- Technical support
- Export readiness assessment for business
- Be 18 years or older, able to run the business on a full-time basis and have a valid South African Identify Document
- 0860 103 703
- info@seda.org.za
- www.seda.org.za

National Youth Development Agency (NYDA)

- Supports South African youth who are between 14 and 35 years old with support and funding
- Mentorship. skills training entrepreneurial development
- Loan funding
- Health awareness programmes
- Involvement in sport
- Business must be economically viable and cannot be involved in gambling, tobacco, property development or any illegal practices
- Be 35 or younger and hold greater than 50% of the shares in the company and be operationally involved in the business
- 080 052 5252
- www.nyda.gov.za

Funds help biz to grow

BY DANIEL BUGAN

HENNIE Cloete plans to set up 24 manufacturing plants to supply poor communities with renewable fuel, primarily for cooking after receiving over R9 million in funding from the Small Enterprise Finance Agency (Sefa).

In May last year Cloete, the chief executive of Grocat, submitted an application for funding and a business plan to Sefa detailing how he planned to setup black-owned cooperatives to run and own these manufacturing plants.

"I knew Sefa when they were Khula so I was always aware of their offerings. So when I decided to put this business together they were the natural choice." said Cloete.

Nine weeks later he was notified that his application had been successful. Cloete has already set up three cooperatives in Ga-Rankuwa. Kagiso and Witbank that will each run their own respective manufacturing plants.

He plans to launch three more cooperatives in August, with the remaining 18 expected to be up and running across the country by April next year.

Sefa also arranged the Department of Trade and Industry to provide the business with R100 000 for an enterprise development programme.

"What also counted in our favour (getting the loan) was our proposal to use the money to provide the co-operatives with equipment and raw material and to buy the finished products from

We also proposed to put the co-operatives through a three-



Hennie Cloete received R9 million from the Small Enterprise Finance Agency.

year enterprise development programme to boost their business skills," he says. He added that provision was made that cooperative members themselves need not incur any financial costs in setting up their respective cooperatives. The only cost that members would incur is that of leasing a manufacturing site. Cloete opted for setting up cooperatives because it would save Grocat on production costs and would free his business up to focus on selling the product. He says it was too early to tell how much this initiative had contributed to the company's bottom line. While he has assembled the first co-operatives together from current contacts , the business would in future welcome applications from those across the country who are both physically fit to do manual work and who have good mathematical

skills. Established co-operatives would receive preference.

Cloete encouraged other entrepreneurs to approach Sefa for funding, but advised that they do their homework before doing

"I spent a lot of time and money to ensure that I presented them with a good business plan,' he added. Sefa spokesman Innocent Ndima said the agency provided funding totalling R599 million to 43 643 black-owned businesses in the 2013/14 financial year.

To qualify for funding business owners must submit a written proposal or business plan and provide the agency with a valid tax clearance certificate, credit references, relevant security or collateral and cash-

flow projections. • For more information, go to www.sefa.org.za.

Readers of the month



Lehlonoholo Taudi

LEHLOHONOLO Taudi likes to read Small Business Connect because of the motivational stories on entrepreneurs who share their experiences as well as the information listed on the directory page.

Taudi is the owner of Lehlohonolo Taudi Construction and Projects that specialises in building, welding, carpentry and paving.

He adds that thanks to Small Business Connect he has discovered opportunities that are available for small businesses owners as well as agencies that he can go to for help on entrepreneurship development programmes and funding.



Lavinia Louw

LAVINIA Louw enjoys reading Small Business Connect because she says the stories about ordinary South Africans making it in business helps her to relate to their struggles.

Louw owns Guguletu-based Zandile Luzuko - that offers services ranging from/between Construction, consultation, facilitation, business registration, imports and exports - with Brian Vumazonke. She says she first started reading the newspaper after picking up a copy at the Small Enterprise Development Agency two years ago. "We have seen a lot of opportunities and advice that we would have never seen had we not read the newspaper."



Portia Hlengiwe

PORTIA Hlengiwe says she first heard about Small Business Connect in 2013 while visiting the National Youth Development Agency's offices.

Hlengiwe is the owner of communications solutions business Karisani IT and is also the Reader of the Month for June.

"I love the support it gives to small businesses and the information is so relevant and helpful. It also provides all the details of institutions we should visit in terms of funding and mentorship," says Hlengiwe.

She adds that she would love to read more about businesswomen in technology and also more about mentors who can assist.

SMALL BUSINESS CONNECT CHAMPION

SMALL Business Connect helps bring out developmental ideas in the Buffalo City Metropolitan Municipality's small business clients.

This is according to its business development manager Xolelwa Majiza who joined the municipality in May 2014.

Majiza has been chosen as this month's Small Business Connect Champion.

"Reading the newspaper has also made me more committed to helping the small business sector and it inspires our clients to run their businesses in a sustainable manner," says Majiza.

She adds that reading the newspaper really illustrates how small businesses are a verhicle for job creation.

"As a person who is passionate about growing entrepreneurs within the city I get a lot of ideas on programmes that are implemented by other provinces that could also be replicated here in the Buffalo City area," says Majiza.

She says that Small Business Connect has been such a hit with her clients that the copies the office receives are finished within two weeks of it being delivered.

The municipality is based in East London which is home to one



Xolelwa Majiza

of the government's Industrial Development Zones that are aimed at providing platforms for businesses and investors to improve global competitiveness.

Already, nearly half of the 120 large-scale manufacturing enterprises in the Eastern Cape are part of international corporations. The municipalit offers business owners links to the IDZ, Eastern Cape Development Corporation and various other business associations in and around the area.

• For more information, go to **www.buffalocitymetro.gov.za**.



Join the Small Business Connect online show. Go to www.SmallBusinessConnect.co.za/join.



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