2023

ESD HANDBOOK

South Africa
Means Business

Gordon Institute of Business Science
Entrepreneurship Development Academy

Table of Contents

Gordon Institute of Business Science
Entrepreneurship Development Academy

Editor
Sizwe Zim

Design & Layout
Sello Lakaje
Dino Agrela

Sales Team
James Chademana
Leeroy Lepere
Delwe Molope

Sub Editor
Lauren de Beer

Printing
Business Print

Editorial Advisors
Gordon Institute of Business Science

Publisher
Creative Space Media
8 Sheldon Place, 5 Lone Close, Lonehill
(011) 467 3341
www.creativespacemedia.co.za

Foreword

It is widely recognised that the future of South Africa hinges on the sustainable success of small, medium, and micro enterprises (SMMEs). These businesses have always faced numerous challenges in their quest for success, especially considering our unique economic, social, and political landscape.

Despite persistent low startup rates and high failure rates, particularly in comparison to other developing nations, the need for entrepreneurs to thrive has never been more critical. The year 2023 has witnessed a compounding of these challenges, with economic volatility, crime, power crises, and soaring fuel costs creating additional hurdles for struggling small businesses.

What remains unchanged is our collective responsibility to collaborate, share knowledge, and support the sector. This commitment is essential to maximise the impact of our entrepreneurship development and ESD endeavours, enabling these enterprises to not just survive but thrive.

Amidst a culture of innovation and social change, the GIBS Entrepreneurship Development Academy (EDA) continues to foster a pioneering and inspiring environment for small and growing enterprises, nurturing and rekindling the entrepreneurial spirit. With a particular focus on making business education accessible to startups, micro-enterprises, and small entrepreneurs, we firmly believe that possessing an entrepreneurial mindset and attitude is as crucial as having technical skills.

Since its establishment in 2012, the EDA has successfully delivered over 80 programmes, training more than 2,700 entrepreneurs. These entrepreneurs and their businesses collectively generate over R3.6 billion in revenue, with the majority demonstrating consistent growth in both revenue and job creation.

We are delighted to present the 2023 edition of the ESD Handbook, which delineates the ecosystem dedicated to driving the growth and sustainability of SMMEs in South Africa. This ecosystem comprises investors, employees, customers, suppliers, the public and private sectors, and the broader society.

Once again, what stands out in this year's handbook is the resilience of our SMME sector. In fact, the chosen theme for this year's ESD Handbook is "South Africa means business." Despite the numerous challenges they face, SMMEs in South Africa are earnest about their role in the economy, driven by an inherent determination to succeed. Ongoing efforts, programmes, and initiatives that provide access to funding, offer training and mentorship, and reduce regulatory barriers to entry will continue to empower small businesses, enabling them to thrive and contribute to a healthier and more vibrant economy.

Entrepreneurs and business owners in our country exhibit optimism, motivation, and a penchant for defying the odds. The multitude of established and emerging ESD programmes are strengthening startups and transforming them into long-term success stories. We need more of these programmes, more entrepreneurs with a passion for growth, and more partnerships to realise this vision.

The benefits of a thriving SMME sector are beyond dispute. From generating employment and spurring economic growth to fostering community development, driving innovation, facilitating skills development, and promoting transformation, small and medium-sized businesses form the backbone of South Africa's economy. To work toward the goals outlined in the National Development Plan, which envisions SMMEs creating 90% of all new jobs by 2030, it is imperative to support and encourage both current and future initiatives aimed at the growth and sustainability of small and medium-sized businesses.

"South Africa means business" aptly reflects the resilience and determination of small business owners and entrepreneurs in our country. Together, we celebrate the successes of South Africa's entrepreneurial sector and those who catalyse their growth.

Yours in impact,

Miranda Hosking

Managing Executive: Social Education, GIBS

Gordon Institute of Business Science
Entrepreneurship Development Academy

Editor's Note

Welcome to the 2023 edition of the ESD Handbook, widely recognised as South Africa's authoritative resource showcasing the latest projects, trends, and advancements in small business development.

It is undeniable that entrepreneurship, in order to become a major source of employment and a driver of economic growth, requires deliberate support. Small, Medium, and Micro Enterprises (SMMEs) commonly face challenges such as limited market access, funding constraints, and cash flow management issues. An effective Entrepreneurial and Supplier Development (ESD) programme is meticulously crafted to facilitate and enhance the growth of small businesses. This includes specialised support, networking opportunities, access to capital, and, most notably, the procurement of goods and services from SMMEs by corporate South Africa.

South Africa, as a prominent economy on the African continent spanning various industries, including mining, agriculture, manufacturing, and services, offers ample opportunities for SMMEs. However, for South Africa to genuinely live up to the notion of "business," it requires the right support systems and strategic partnerships.

Under the theme "South Africa Means Business," this year's handbook delves into critical aspects of ESD, encompassing Entrepreneurial Empowerment, Social Entrepreneurship Programmes, the Green Economy, Impact Investing, Preferential Procurement, SME Growth Support, Research, and Training.

This edition of the handbook spotlights outstanding contributors within the realm of social innovation–individuals and entities that wholeheartedly embrace the business of driving ESD programmes and significantly empowering small businesses and entrepreneurs.

There is no denying that the relationship between a corporate entity and an SME in an ESD partnership is symbiotic–it must be mutually beneficial and aligned with each party's business objectives. With the right strategic alliances, ESD serves as a potent vehicle for nurturing enduring small businesses that make substantial contributions to the country's economic development.

Enjoy the read,

Sizwe Zim

Editor

GIBS Entrepreneurship Development Academy:

A Pioneering and Stimulating Environment for Small and Growing Enterprises

With over 12,000 participants, more than 80 programs run, and over 2,700 trained entrepreneurs whose businesses generate over R3.6 billion in revenue, the GIBS Entrepreneurship Development Academy (EDA) stands as a testament to its impactful journey.

Launched in 2012, the GIBS EDA's remarkable achievements over just over a decade are evident.

Over 16,600 people are now in full-time employment as a result of companies that have benefited from its programmes, thus driving the growth and sustainability of Small, Medium, and Micro Enterprises (SMMEs) in South Africa.

Nurturing an Entrepreneurial Mindset and Attitude:

With a national and international presence, the GIBS EDA serves as the epicentre of entrepreneurship education and training, built on the premise that an entrepreneurial mindset and attitude are as crucial as technical skills. This notion gains significant relevance in South Africa, where entrepreneurial activity, despite its potential in economic growth and poverty alleviation, is considered low for a developing nation. The EDA's primary mission is to make business education accessible, particularly to start-up, micro, and small business entrepreneurs, especially those who have historically been underserved or marginalised. In doing so, our purpose is to help small business owners develop sustainable, efficient enterprises capable of employing more people.

We go beyond theoretical teachings, equipping entrepreneurs with immediately applicable real-world skills. Our training is designed for immediate implementation, ensuring tangible results for investors. Subject matter experts, possessing profound entrepreneurship knowledge and hands-on experience, lead these initiatives, further enhancing entrepreneurs' empowerment.

Established, reliable figures in both the business and academic communities serve as mentors, with their guidance, experience, and support being invaluable to our entrepreneurs' success.

Our initiatives are in harmony with the nation's long-term goals, envisioning that 90% of new jobs will come from SMMEs by 2030. By partnering with us, companies and stakeholders actively contribute to South Africa's development.

Shaping the Future of South Africa's SMMEs:

Over the past decade, we have successfully delivered over 80 programs, proudly partnering with esteemed entities such as J.P. Morgan & Chase, Walmart Foundation, Exxaro, Glencore, Debswana, SITA Aero, SAB Foundation, Hewlett Packard, and Corteva Agriscience. Our programmes have seen over 12,000 entrepreneurs graduate and establish businesses spanning diverse industries, including mining, agriculture, manufacturing, retail, information technology, and construction. These businesses are not only positively impacting employment within their communities but are also contributing to our economy's growth.

The power to shape the future of South Africa's SMMEs resides in the hands of academies like ours and partnerships with both private and public organizations. By collaborating with the GIBS EDA, you not only invest in business growth but also promote economic development and sustainability.

Continuously evolving, the GIBS EDA maintains its commitment to nurturing an environment for small and growing enterprises. It strives to reinvigorate the entrepreneurial spirit within a culture of innovation and social change. Together, we can create a thriving ecosystem for SMMEs, drive job creation, and uplift communities.

For more information, please visit www.gibs.co.za/eda or email us at info@gibs.co.za. ■

Collaborative Approaches to Enterprise Development:

Discussing The Importance of Collaboration Between Businesses, Government Entities and Industry Associations in Fostering Enterprise Development.

Prof Bonang Mohale
President, Business Unity South Africa

Highlighting successful case studies of collaborative initiatives that have led to sustainable business growth and economic empowerment.

In the context of small business development in South Africa, the importance of collaboration between businesses, government entities, and industry associations cannot be overstated. Such collaborative efforts play a vital role in fostering enterprise development, driving sustainable business growth and promoting economic empowerment. Successful case studies of collaborative initiatives highlight the significant impact that these partnerships can have on the local business landscape.

One key priority is investment and growth. It is crucial to send an unconditional message that South Africa is open for investment, which requires policy certainty and interventions to improve the ease of doing business. Public-private partnerships (PPPs) can be instrumental in creating sustainable inclusive growth by attracting investments and supporting local enterprises.

Infrastructure development is another critical area that can benefit greatly from collaborative approaches. By identifying and prioritising strategic infrastructure projects, both the public and private sectors can work together to secure funding, create jobs and build the foundation for future market growth.

Network industries, such as ports, rail, road, spectrum, electricity and water, play a vital role in facilitating economic growth. Collaborative efforts to properly manage these industries can enhance their efficiency and effectiveness, ensuring they become enablers rather than inhibitors of growth.

Creating a capable state is essential for effective governance and service delivery. Collaboration between the private sector and relevant government departments can identify skills gaps, develop capacity-building initiatives and facilitate knowledge sharing through secondments, ultimately strengthening implementation capacity.

Addressing the findings of reports such as the Zondo Commission is crucial for restoring trust and upholding the rule of law. Collaborative efforts between the private sector and government can support the implementation of these findings, including providing expertise and resources and setting up dedicated funds to enable effective prosecutions.

> "Collaboration between the private sector and relevant government departments can identify skills gaps and develop capacity-building initiatives."

Law and order, crime and security are critical factors for economic stability and investor confidence. Collaborative initiatives between businesses and law enforcement agencies can help combat corruption, bring perpetrators to justice and support the development of intelligence databases to enhance crime prevention and detection.

To achieve these objectives, substantive bilateral engagements between government and business are necessary. Focused interventions should be identified and prioritised, such as addressing energy challenges to end load shedding, improving transport and logistics corridors, and strengthening law enforcement agencies.

By working together through bodies such as the National Economic Council (NECOM), National Logistics Collaboration Committee (NLCC) and Joint Intelligence Coordinating Committee (JICC), the private sector and government can deliver tangible results within set timeframes, driving economic growth and job creation.

Bonang Mohale, the Chancellor of the University of the Free State and a respected business leader, emphasises the critical role of collaboration in rebuilding societal and business confidence. He highlights the need for calm, stability and a commitment to the rule of law to attract investments and support the recovery of the South African economy.

In conclusion, collaborative approaches to enterprise development are essential for addressing the challenges faced by small businesses in South Africa. By leveraging the expertise, resources, and networks of businesses, government entities, and industry associations, sustainable growth, economic empowerment and societal progress can be achieved. Through effective partnerships and joint initiatives, South Africa can create a conducive environment for entrepreneurship, job creation and inclusive socioeconomic development. ■

Chapter 1

Entrepreneurial Empowerment

In This Chapter

This chapter focuses on nurturing and supporting entrepreneurs by providing them with resources, training, mentorship, and access to networks. It aims to empower individuals to start and grow their businesses successfully.

Analysing The Current Policies and Regulations Surrounding Enterprise and Supplier Development in South Africa and Their Impact on Businesses.

Discussing Any Recent Updates or Proposed Changes

Andile Khumalo
CEO, KhumaloCO

The prospect of being included in the supply chain of major JSE-listed and multinational corporations has given a glimmer of hope to many small and medium-sized entrepreneurs. Many encounter fierce competition from established corporates armed with enormous war chests and often stand no chance in getting a foot in the door of cut-throat industries that have, until now, been ring-fenced by legacy suppliers who have monopolised supply chains for decades.

Preferential Procurement and Enterprise and Supplier Development (ESD) has long been seen as a powerful tool to transform the economy.

The Sanlam Transformation Gauge, one of the foremost surveys that studies black economic empowerment, echoes these disturbing findings by the B-BBEE Commission. The survey also found that ESD is one of the worst performing B-BBEE indices, alongside management control.

The disappointing performance of ESD is cause for concern due to the inherent benefits that the beneficiaries of ESD and the economy can derive if there is a well-thought-out and proper strategy in place.

The rationale is that if you can incentivise corporate South Africa to procure from black-owned businesses, you create access to a market that is often controlled by a few insiders. Many black entrepreneurs had resigned themselves to the notion that the preferred supply chain to these entities is the preserve of an exclusive boys' club - and they were not necessarily wrong.

At the launch of the 2023 Sanlam Transformation Gauge, Litha Kutta, the Co-Chair of the recently launched Enterprise and Supplier Development Community of Practice, referred to this fact when he mentioned that he can often tell the racial and gender profile of the supply chain by simply looking at the racial and gender profile of the people who run a company's procurement department.

ESD Handbook 2023

If you marry that anecdote with the latest numbers from the Commission for Employment Equity, you can see where some of the problems may lie. The commission's report finds that "white people continue to dominate top management positions at 62.9%, followed by 16.9% black people, 11.2% Indians, 6.1% coloured people and 3% foreign nationals". Males still occupy 73.5% of these top-level positions.

So, in short, we are asking mostly white male decision makers to break their habits of buying from the same 'trusted' suppliers they have been using for years, and start casting their net wider by procuring from black businesses that have traditionally lingered outside of their supply chains. How do we get this right? How do we ensure that legislation facilitates this shift in a sustainable way?

> "The rationale is that if you can incentivise corporate South Africa to procure from black-owned businesses, you create access to a market that is often controlled by a few insiders."

According to the B-BBEE Commission, the purpose of ESD is "to promote a conducive environment for creation of sustainable partnerships between corporate South Africa and black entrepreneurs to enable access and transformation of the value chains."

In other words, the aim of ESD was to increase the participation of black-owned SMEs within both the public sector's supply chain and in the wider economy, with a view to scale up and sustain these entrepreneurs.

According to the ESD element of the B-BBEE generic scorecard, the measured entity is required to achieve a 40% sub-minimum on the total points allocated for preferential procurement, supplier development and enterprise development. This means that for a measured entity not to drop a level on its overall B-BBEE status, it will need to score at least 10 points for preferential procurement, four points for supplier development and two points for enterprise development.

Disclose the rands

In the scorecard, the ESD element is reported as one line, showing the target points and the achieved points. I think this should be reconsidered.

I think it would be very helpful to see the actual numbers for preferential procurement expressed in rands spent with businesses that are at least 51% black-owned by a measured entity. This will go a long way in showcasing the actual value of transactions that took place as opposed to simply points scored.

Don't keep the small, small

On another matter, the current generic B-BBEE codes incentivise companies to spend with small black-owned companies. As these companies grow and scale, the incentive reduces, driving companies to replace them with other smaller black suppliers. This may have the unintended consequence of stunting the growth potential of black businesses.

Karabo Mashugane, the CEO of 20/20 Insight – specialists in B-BBEE advisory, supplier development and SME financing-explained it best in a recent article.

"In the amended B-BBEE Codes, small businesses were split into two categories to ensure the codes really had a broad-based reach. SMEs with annual turnover below R10m were categorised as Exempt Micro Enterprises (EMEs), and those between R10m and R50m labelled as Qualifying Small Enterprises (QSEs).

"Unfortunately, those who succeeded were faced with a dilemma. The SMEs which they developed and gave market opportunities that might grow turnover beyond the stipulated categories. If that happened, the corporate would not be able to claim the B-BBEE points they sought in that category. For example, issuing an EME with a contract for R20m per annum increases the EME's turnover above the R10m threshold. When this happens, the corporate can no longer claim BEE points on that procurement spend in the EME category. It thus risks noncompliance despite acting in the true spirit of B-BBEE. The result is that, to maximise B-BBEE compliance, corporates should avoid developing SMEs or issuing them with large contracts even when it is feasible," says Mashugane.

Spend the money and spend it wisely

The B-BBEE Act explicitly set the targeted ESD spend of 3% net profit after tax (NPAT). A recent study by the B-BBEE Commission found that the quantum of resources available for ESD is quite significant, with nearly R26bn allocated to ESD spend. My personal view is that it's probably twice that amount.

In any event, the B-BBEE Commission's study states that only 61% of the funds allocated to ESD were actually implemented, which is a continuing trend over the past five years (2017: 44%; 2018: 60%; 2019: 51%; 2020: 61%). More worryingly, a study conducted by Creative Value Creations found that only 16% of black-owned companies had access to ESD spend. ■

So it seems we not only have an issue with spending the funds, but we also have an issue with spending the funds well. How else would we explain the reported lack of impact that B-BBEE is having on black-owned small business, notwithstanding the billions being spent?

Measure continuous benefits

Columnist Lusapho Njenge captured another regulatory challenge quite eloquently when he wrote: "The ESD element requires significant effort each year to ensure that a measured entity achieves its annual transformation objectives. This is because grants are recognised once-off and loans are recognised on the outstanding loan balance at the end of the period of assessment (typically a 12-month financial year), even though the beneficiary continues to benefit from the support beyond the assessment period.

"If ESD is more strategically implemented, it can foster the sustainability of black-owned enterprises and contribute meaningfully to enhance their skills and innovation capacity."

This is not the case with elements such as ownership and management control, where an organisation continues to benefit from efforts of previous years for as long as the levels of ownership and management control are maintained."

Njenge raises a valid point that definitely needs a look into, if we want to drive the right behaviour.

My overall contention is that we should renew our focus on the efficacy of ESD and measure its outcomes, instead of being blindsided by points scored. By failing to measure the outcomes of ESD, we are missing a golden opportunity of stimulating economic growth and giving black-owned businesses an opportunity to thrive and create much-needed employment opportunities.

By design ESD can have immensely positive multiplier effects on the domestic economy. When corporates procure goods and services from small and medium-sized companies, it has positive ripple social and economic benefits for the local communities as it stimulates the local economy, helps to attract investment and creates much-needed jobs.

Despite the obvious importance of ESD, the B-BBEE Commission's report found that only 62% of companies have ESD strategies. This indicates that companies are simply targeting spend and not impact. You only need a strategy if you want to have a specific output, but if all you need is to spend, why have a strategy? The lack of one informs the attitude most companies have.

The blame for focusing on spend rather than impact lies squarely on the doorstep of policy makers. This is a mistake that needs to be rectified. We need a fundamental change in the generic codes and all sector codes on defining critical success factors for ESD and how it is measured.

If ESD is more strategically implemented, it can foster the sustainability of black-owned enterprises and contribute meaningfully to enhance their skills and innovation capacity, which will bode well for their ability to create decent jobs.

The B-BBEE Commission's research study on ESD carries some recommendations. One of them is that ESD funds should be pooled into a central fund managed by the state in order to revitalise ESD and improve its impact.

This is a terrible idea. Government's track record in managing public finances is not exactly stellar, and successive reports by the Auditor-General attest to this fact. The state does not have the social capital nor the capacity to manage these funds, and moreover, public trust in state institutions in managing money has been eroded.

The country is still reeling from the findings of the Zondo Commission on State Capture, and to borrow the colloquialism, it's too soon to entrust the state with such vast amounts of private capital. In all honesty, vesting these resources under the care of the state would further spook private companies and haemorrhage any vestiges of goodwill left.

ESD is too important to fail

I cannot overemphasise the extent to which getting the policy and regulatory framework right will spur the growth of small and medium-sized businesses and will help stimulate economic growth and job creation.

Throwing money at the problem will not miraculously improve the fortunes of SMEs in South Africa. The policy and regulatory environment adversely impacts on the lifespan and scalability of SMEs and start-ups in South Africa, with some studies showing that more than 75% of businesses fail in the first five years.

We regularly hear how SMMEs are the engine of economic growth and the role they can play in ameliorating unemployment in South Africa. However, the policy and regulatory environment stifles their growth and stunts them from reaching their true potential as major players in the mainstream economy.

"We should renew our focus on the efficacy of ESD and measure it outcome, instead of being blindsided by points scored."

According to the Organisation for Econimic Co-operation and Development (OECD), small businesses in South Africa contribute approximately 40% to GDP. This is dismally short of the 90% contributed by their counterparts in other developing countries, according to the World Bank. The World Bank says SMEs also account for the majority of businesses worldwide and are important contributors to job creation and global economic development. They represent more than 50% of employment worldwide.

What we need more than anything else in South Africa is sustainable economic opportunity for the many unemployed young people who finish school every year. That is either in the form of finding jobs (being an employee) or starting and running businesses (being an employer). ESD is critical for us to achieve both. ■

Showcase

Unlocking a Brighter Future for Budding Entrepreneurs:

Afrika Tikkun Leads the Way

Afrika Tikkun was established with the belief that every young person deserves the opportunity to realise his or her fullest potential. Many of our beneficiaries hail from impoverished and under-resourced backgrounds, where socioeconomic opportunities are rare. Our goal, as Afrika Tikkun, is to create an economically thriving South African society by investing holistically in our youth. We envision a future where every young South African has the opportunity to thrive, where communities are empowered to break free from the cycle of poverty, and where entrepreneurs are the architects of their own success.

As Afrika Tikkun, we strive to develop young people from 2 to 35 years of age, starting with our Bambanani Early Childhood Development (ECD) programme, right through to empowering young job seekers and future leaders through our Cradle-to-Career 360° model.

> "Through our varied solutions, we correctly position the youth of South Africa to transition into the economy and become commanders of their own power."

This model is a comprehensive approach to child and youth development that considers the needs of each young person across different stages of their lives by offering a set of programmes and support services to counter the effect of poverty and inequality for each young person who comes through our doors. In this way, we are actively working to reduce of youth unemployment in a sustainable manner. Through our varied solutions, we correctly position the youth of South Africa to transition into the economy and become commanders of their own power.

Our enterprise development initiatives are designed to nurture and empower aspiring entrepreneurs. We understand that starting a business can be daunting, which is why we offer comprehensive support. From business mentorship and training to access to financing and markets, we provide the tools and resources necessary for entrepreneurs to turn their dreams into reality. We believe that true empowerment begins with economic independence, and that is where our commitment to enterprise and supplier development comes into play. Supplier development is another cornerstone of our mission.

Through our Youth Employment Service (YES), together with the Houghton Hotel, we established the Hospitality programme, which is a testament to our commitment to youth empowerment. A case in point is that of 21-year-old Mukundi Mphohoni, a standout participant in the programme. After completing the YES programme and gaining invaluable insights from placements in the finance and procurement departments, Mukundi founded Sweet Remedies. Her innovative business, established in July 2021, specialises in supplying sweets to hotels (including the Houghton Hotel where her business is based) and for parties, events, gifting and personal enjoyment. Mukundi's journey exemplifies the transformative impact of the YES Hospitality programme on young entrepreneurs. Mukundi shared her success story, saying,

"My business, Sweet Remedies, was established in July 2021 and has been operating for the past two years and counting. The YES programme played a crucial role in refining my business acumen and skills, enabling me to run my business both within and beyond the hotel sector."

We recognise the importance of building strong local economies, and this starts by strengthening the businesses that drive them. We work closely with local suppliers, like Mukundi, helping them enhance their capabilities, expand their reach and meet international standards.

By doing so, we not only create a ripple effect of economic growth but also promote sustainability and resilience within communities.

We firmly believe in economic empowerment through sustainable employability solutions, enterprise development and building community partnerships. Indeed, the future success of our youth and nation is a collective effort and responsibility. Hence let us all do what we can, with what we have, where we are for those who cannot do for themselves.

Visit our website or contact us today to learn more about Afrika Tikkun. Together, we can shape a better future for all. ■

Entrepreneurial Empowerment

Empowering Resilient Leadership:

The Transformative Impact of Enterprise and Supplier Development

Barbara Copelovici
Corporate Affairs Director, AB InBev

In the intricate tapestry of business, resilience is the thread that weaves through success stories. It's the trait that enables entrepreneurs and leaders to weather storms, navigate uncharted waters, and emerge stronger from challenges. In South Africa, where the entrepreneurial spirit burns brightly, the concept of resilience has taken on renewed importance. At the heart of nurturing this resilience lies a powerful approach – Enterprise and Supplier Development (ESD).

ESD: More than financial support

Enterprise and Supplier Development is not confined to financial aid. It is a comprehensive strategy that nurtures small businesses into robust enterprises. By providing a supportive ecosystem of mentorship, capacity building, and market access, ESD empowers entrepreneurs to cultivate the leadership qualities needed to flourish in an ever-evolving landscape.

Cultivating resilience through experience

Resilience is not built in isolation; it's forged through experience. ESD exposes entrepreneurs to real-world challenges and equips them with the tools to overcome them. This hands-on approach translates into leaders who are adept at managing setbacks, learning from failures, and adapting to change. The result is a generation of entrepreneurs who are not just survivors, but conquerors.

Skills transfer: Fostering sustainable leadership

One of ESD's most transformative aspects is skills transfer. By imparting knowledge and expertise, ESD fosters self-sufficiency among entrepreneurs. This self-sufficiency evolves into sustainable leadership, where entrepreneurs become torchbearers in their industries. As they master the art of balancing risk and innovation, these leaders shape industries and drive economic growth.

Market access: A bridge to success

Market access is a crucial stepping stone for SMEs. ESD facilitates this access, propelling entrepreneurs into the spotlight and connecting them with larger markets. This exposure is not only about transactions; it's about building relationships, forging partnerships and becoming part of a larger business ecosystem. In the process, entrepreneurs become adept at manoeuvering through the complexities of the market.

Collaboration: A collective path to resilience

ESD thrives on collaboration. It's a synergy of efforts between government bodies, corporations and entrepreneurs. This collaborative approach is a testament to the power of collective progress. Challenges are tackled collectively, solutions are co-created and resilience becomes a shared attribute. In this united front, leaders are not solitary figures; they are part of a network that propels everyone forward.

"South Africa's future is intricately woven with the aspirations of its entrepreneurs. ESD provides the loom on which these aspirations are woven into reality."

Personal transformation: The heartbeat of ESD's impact

Beyond profit margins and market share, ESD brings about personal transformation. Entrepreneurs who undergo the ESD journey emerge as leaders with fortified spirits. They embody resilience, innovation and adaptability – qualities that extend beyond their businesses. As they lead, they inspire others, becoming beacons of change in their communities.

Building resilient entrepreneurs: The road ahead

In a world marked by uncertainty, ESD illuminates a path forward. It's not just about building businesses; it's about nurturing leaders who stand tall in the face of challenges. By fostering resilience, encouraging collaboration and emphasising skills transfer, ESD becomes a force that transforms adversity into opportunity.

South Africa's future is intricately woven with the aspirations of its entrepreneurs. ESD provides the loom on which these aspirations are woven into reality. As small businesses evolve into powerful enterprises, and entrepreneurs mature into visionary leaders, the transformative impact of ESD becomes a testament to the nation's potential.

In every challenge surmounted, every setback overcome, and every success achieved, the indomitable spirit of resilience shines. ESD ignites this spirit, empowering a new breed of leaders who will not just adapt to change, but thrive amidst it. As South Africa journeys towards a brighter future, ESD stands as a guiding light, forging a legacy of resilience, leadership and prosperity. ■

Our Heroes, Our Hope

By Nozizwe Vundla, Head of the Sanlam Foundation

"The true unsung heroes of South Africa's economy are our entrepreneurs."

Small and medium enterprises comprise about **90%** of all formal business in our country, contributing **34%** of our GDP, according to the International Finance Corporation (IFC). However, we're not giving the small business sector enough of what it needs to thrive. The IFC reported that South Africa's rate of early-stage entrepreneurship is three times lower than it should be, with SME sector growth of just 14% in nine years.

Businesses are being held back by myriad factors, but primarily lack of funding and skills development. Sanlam is committed to using our Enterprise and Supplier Development (ESD) initiatives to champion SMEs through new, impact-oriented programmes in partnership with Black Umbrellas and Zevoli Growth Partners, while we continue our long-standing Sanlam ESD Programme with ASISA.

Why SMEs

As a purpose-led group, Sanlam is dedicated to empowering all Africans to be financially confident, secure and prosperous. As part of this, we are passionate about giving entrepreneurs the tools and support they need to succeed.

Small businesses hire up to 60% of the country's workforce.

Empowering entrepreneurs means changing multiple people's stories – and shifting our nation's narrative.

It's also a critical part of South Africa's National Development Plan (NDP), which aims to amplify SMEs' economic contribution.

Our entrepreneurs are our problem-solvers and community builders. They carry the energy and heart that'll move us forward. Entrepreneurship is the biggest opportunity for South Africa to capture all the potential of our demographic dividend, our greatest untapped asset. It's one of the best avenues to amplify socio-economic inclusion and give more people purpose, independence and dignity. We need to get it right. That's what our ESD programmes are all about; creating ripples of economic sustainability for generations to come.

Our purpose-driven programmes

This funding cycle, we continue our work with the Association for Savings and Investment South Africa (ASISA).

ASISA and Sanlam Group ESD Programme:

This programme aims to transform our distribution network and contribute to job creation through the development of sustainable businesses that can grow and contribute to South Africa's economy. We do this by investing in our supply-chain aligned SMEs through three strategic projects that have directly and indirectly created and sustained **3578 jobs** since inception.

Project Accelerate: This is an 18-month intervention assisting 14 SMEs through business development support, with a focus on accessing markets, funding, and relevant skills.

Project Elevate: Focusing on distribution development, this project provides specialist practice management training to 24 black-owned financial planning businesses in Sanlam's BlueStar network, with a focus on instilling practical skills and knowledge.

Project Migrate: Provides specialist business development support to 11 financial planning businesses through an intensive coaching-based approach with targeted mentorship, combined with workshops.

We are proud to add two new programmes to our **ESD portfolio.**

1 Introducing: Black Umbrellas

Black Umbrellas has been supporting black-owned South African SMEs for over a decade. Sanlam has partnered with Black Umbrellas to support **30 black women entrepreneurs** in their entrepreneurial journeys through three intensive programmes:

Masakhe: Unlocking the potential of **15 early-stage beneficiary SMEs,** the objective of the Masakhe programme is to ignite participants' business ideas, paving the way for their full establishment as start-ups.

Siyakhula: Fueling the growth of 9 established SMEs, the Siyakhula programme will empower participants to operationalise and scale their businesses, with a focus on increasing their key financial metrics.

Asindize: With bolstering job creation at the centre of Asindize's purpose, this programme will propel two existing SMEs that are ready to accelerate their growth, to increase their revenue and create greater employment opportunities. Participating businesses must be at least 51% black-owned, with five permanent employees or more.

All three programmes will focus on growth, funding and procurement, financial turnover, and expansion.

2 Introducing: Zevoli Growth Partners

An initiative dedicated to empowering some of South Africa's township-based stokvels, Zevoli Growth Partners helps to formalise these entities, transforming them into viable businesses.

There are about **800 000 stokvels** in the country, collecting around **R50 billion per year,** with estimated membership of **11 million South Africans.**

They have a critical role to play in changing the nation's shocking savings rate, which currently sits at **16%** of GDP, whereas other countries average about **45%.**

Sanlam and Zevoli will assist participating stokvels through business mentorship, financial literacy, and systems and operational support, in order to position them for their next level of growth. Supporting stokvels means indirectly supporting many of South Africa's most vulnerable individuals. Their success is vital to the country's growth. Sanlam and Zevoli will help them grow their employees, membership-base and monthly collections from members.

SMEs: South Africa's hope

Sanlam recognises that supporting South Africa's SME owners is one of the best ways of fostering greater financial inclusion and a life of confidence for all. Our entrepreneurs are key to solving the nation's shared challenges. We owe it to them to help turn their big ideas into big business over the long term. We need to create an environment where they feel supported to succeed. This country's greatest strength is its people. Nowhere else can rival our creativity, ingenuity and steadfast determination to make something from very little. Our people have grit, humour and the indomitable drive to change their fortunes. Sanlam is determined to help them do this.

Sanlam

Live with confidence

ProfitShare Partners Disrupts Market with Innovative SME Funding Model

Andrew Maren
CEO, ProfitShare Partners

It is often mooted that growing South Africa's economy is largely reliant on the success of small businesses. Yet a lack of access to operating capital from banks and limited business experience can be major obstacles to entering the formal economy.

ProfitShare Partners has established an enviable track record in unlocking operating capital to SMEs and guaranteeing delivery using a model that has disrupted the market and allowed potential small and medium suppliers entrance to the supply chain of corporates and public entities.

Armed with a valid purchase order for a bankable transaction and with the operational ability to fulfill a contract, an emerging company can quickly access the capital needed by partnering with ProfitShare Partners to successfully complete and meet contractual obligations.

With a capital injection, and practical help in executing and delivering on the contract while navigating the BBBEE process components, SMEs are now able to deliver on the contract and move up the value chain.

The funder's innovative system includes an online application and a streamlined due diligence process for approval within 48 hours. The entire transaction is set into motion in just seven days and offers peace of mind for corporates, with a guarantee that the SME will deliver to specifications.

An SME is able to access ProfitShare Partners, support on a contract-by-contract basis until it is able to operate independently and can sever ties with ProfitShare at any stage, after having substantively grown its capital base and experience.

To further enhance corporates or public-sector enterprise and supplier development initiatives, ProfitShare Partners has teamed up with SA Guarantee Specialists and developed a new funding mechanism to facilitate initiatives in growing small companies aligned with their business needs.

These emerging suppliers not only add value to companies, but also facilitate their compliance with BBBEE legislation. A veteran of many highly successful start-ups, including high-end debt restructuring ventures, CEO Andrew Maren has now conceived a new brainchild, which is a funding

"These emerging suppliers not only add value to companies, but also facilitate their compliance with BBBEE legislation."

solution for companies to nurture SMEs as part of the supplier and enterprise development initiatives using "inactive" capital on their balance sheets such as rental and municipal deposits.

The synergistic model frees up the disruptive funder's corporate clients to concentrate on their core business, while expert SME developers Edge Growth and ProfitShare Partners help SMEs develop the skills, financial muscle and operational capacity they need to thrive. At the end of the cycle, in three to five years, ProfitShare Partners is even able to repay the initial stake to corporates raised from freeing up deposits held by landlords or municipalities, for example.

These funds are then channelled to the company for enterprise and supplier development initiatives managed by ESD specialists such as ProfitShare Partners and its various alliance partners including Edge Growth and True Impact.

They in turn support the SMEs to grow their capability and capacity to deliver into the company's supply chain. Maren provides proof of concept with a great example of how the model has helped a major state-owned enterprise source engineered components from an emerging company for its use in its plant.

"Through access to ProfitShare Partners' funding and incubation model, the SOE was able to partner with an SME in manufacturing and supplying the component to meet requirements. Over a period of three years, the SME has grown exponentially and now employs more than 18 full-time employees – many of them engineers – and about 30 contract staff. The SME was able to access growth funding without giving away equity.

"This not only benefits SMEs but it takes the financial and operational risk out of the equation for the corporate. South African Guarantee Specialists is underwritten by Old Mutual Group's Mutual and Federal Risk Financing and our partner collaboration model allows for corporates to meet their ESD targets and contribute to the growth of small business in the true spirit of the act and ultimately benefit the economy as a whole.

"ProfitShare Partners is expanding rapidly as the model offers only an upside for ESD partners. The model has global appeal and the funder is looking to expand into Africa and beyond. Enterprise and supplier development, as part of broader socioeconomic development, is a global imperative. We are looking to adapting our model to fit within the legal framework of new markets," says Maren. ■

Entrepreneurial Empowerment

Redefining Impact in Enterprise & Supplier Development:

Breaking Down Silos for Transformation

Luyanda Jafta
CEO, The People's Fund

Aligning incentives and collaboration for real economic change

"The first place we need to start is defining what impact looks like. Too many people play in the enterprise and supplier development space and use strange measures to evaluate what impact looks like. Taking a step back, we first need to look at the entire purpose of the industry. Enterprise and Supplier Development (ESD) exists to rectify historical wrongs and allow previously disadvantaged people the opportunity to participate in a meaningful way in the economy. First, through an equitable distribution of the ownership of the economy and, second by enabling people of colour participation in the workforce at a level somewhat on par with white people.

The next step is to look at a snapshot of where the economy is now. A 2016 Stats SA study found that white South Africans earn five times more than black South Africans. A DTi Survey found that black South Africans only own 3% of the economy. There have been refutes of these by many, but one thing we all agree on is that white South Africans own a disproportionate amount of the economy; with 60% of the black population living in poverty. The last line is arguably the most important for the conversation of collaboration and breaking down the silos.

Government decided that fixing this will not be left to people and organisations to self-correct, so they introduced the ever-evolving economic transformation legislature. Ask any entrepreneur or organisation; compliance is a burden and not a key criterion. Organisations tick boxes with regard to ESD. So, the incentives have been set up wrong.

It would be wrong to paint the entire industry with a single brush; but if the industry's metric was IMPACT, the income inequality across races would not be getting wider. These are the hard facts we have to confront when it comes to ESD. We need to stop sweeping these conversations under the carpet and actually do something about them.

Incentive

No matter how good we like to pretend to be as individuals, all human action is driven by incentive. Even altruistic acts of kindness are driven by the giver's need to feel good. So then how do you align incentives of the industry to be able to effect change? We find each party's win and then align on these and then collaboration happens automatically.

By way of example: The People's Fund is an asset-backed crowdfunding platform. We allow everyday people, stokvels and corporations (collectively known as the crowd) the ability to buy assets that entrepreneurs use in their business. These entrepreneurs then pay the crowd a royalty from each product they sell that was produced or delivered by this asset.

On the top layer, The People's Fund is a crowdfunding platform which means a bunch of strangers agree to collaborate to effect some kind of change or improvement in society, using their money. While this works really well in the developed world, the incentive to part with hard-earned money in South Africa works best when there is a promise of more money. We learnt this the hard way with our early campaigns where we placed 'cool' businesses on the platform and offered people the products at the end of each campaign, a lot like pre-orders. Collectively, these campaigns barely raised more than R100,000.

The most common question from the public was "what is in it for me?". We answered this by developing a model built on incentive. Every campaign we have run on our platform since has raised more than R100 000 each.

With this alignment of incentive (the entrepreneur getting growth capital and the crowd owning future returns from the business' growth) it was easy for a diverse group of people to collaborate in changing the landscape of business in South Africa.

This is where it gets interesting, every single business we have crowdfunded was 100% black owned and 50% of them were 100% black female owned. sixty percent of the crowd (funders) are white and a fair portion of them women.

What this says is that we all want to play in the transformation of the economy and we are willing to collaborate, but we need to get the incentive right.

When I took on the job of writing this article I thought I would talk about how The People's Fund is a collaborative effort itself, having been founded by three companies, namely, Paybook (a digital marketing and development company), Brownsense Group (a movement of more than 150,000 people looking to buy from black businesses) and The Hook Up Dinner (THUD), which we describe as the bounty hunter who goes out and finds the best in entrepreneurial talent across the continent and plugs them into corporate supply chains and other ESD initiatives.

The People's Fund is ideal to demonstrate how collaboration can break down the silos. We have a company that finds the entrepreneurs for the platform; one that markets the campaigns for the platform, and one that gives them an audience of customers. In hindsight; I think there is a greater collaboration happening between the entrepreneurs and the market.

This is in no way exhaustive of what needs to happen to transform the economy, but it is one clearly focused on the basics of entrepreneurship. For some reason; the market agrees. In the short 10 months we have been in existence we have successfully raised more than R1,5m for 11 companies from the crowd. In June 2018, one of our entrepreneurs made a payout to the crowd of R43,800 - the first of eight for R219 000 contributed to this campaign.

The single biggest barrier to collaboration in the industry is a lack of openness. Nobody is open about their results. Nobody wants the rest of the market to know their shortfalls and see where they are effective. It is time to get naked. Undoubtedly, it is very easy to make a lot of money in this industry with a few good PowerPoint presentations but we sit at the door to arguably the most important industry in the country. The social fabric and structure of the things we enjoy in life are predicated on how effective ESD is.

We were recently commissioned to talk to youth entrepreneurs in Rustenburg around opportunities for funding. They almost chewed the DFIs (development finance institutions) alive from their frustration with a lack of access to funding to grow their businesses. The tension in the room was pulpable. These are not protestors asking for basic amenities; these are people looking to create jobs and grow their businesses. The country is at a tipping point and we need to rise to the occasion as an industry. The poor will not only swallow perceived white business but affluent black people, too. We will be labelled as sellouts. The spike in cash-in-transit heists is no coincidence. It directly correlates to a widening income inequality gap and this, in South Africa, has a race.

One of the things we found interesting about the group of people we spoke to in Rustenburg was how many of them make significantly more revenue than most of the entrepreneurs in the cushy Jo'burg and Cape Town offices we interact with. They only seem to struggle with the systemic organisation of their books and articulating their business effectively (sales training). A slightly smaller percentage went into "me too" businesses which means they lack the ability to decipher what are the opportunities and which are not.

In our organisation, although focused on being a funding mechanism for growth businesses, we have had to shoulder this function to ensure that we have entrepreneurs who can deliver on their promise. This slows down the growth trajectory of our initiative so we have found ingenious ways to ensure we can execute on this. THUD primarily does sourcing of entrepreneurs for various corporate programmes such as the likes of SAB and IDC. For the former client, we offer a means for the entrepreneurs to be able to exploit our platform and, for the latter, we look at co-financing opportunities. We then marry the entrepreneurs found by the bounty hunter that is THUD to a development program and get them ready for our platform.

This epitomises how there is room for collaboration in the market to be effective. With the little success we have had in the 11 months of existence without a cent of funding from any corporate, we have found a means to make transformation profitable and it is not simply a box ticking exercise but also effective, as almost all of these companies have had to take on new staff to execute on the growth they have experienced.

To answer the article's question: How do we break down the silos for more impactful collaboration? Ask your programme administrator what their incentive in this industry is. Their incentive will inform how effective they are. Does their incentive align with yours and your objectives? Or are they selling you pretty PowerPoints presentations? ■

Empowering South African Entrepreneurs:
Standard Bank's Commitment to Enterprise Development

Standard Bank's commitment to enterprise development

In the quest for economic growth, improved quality of life, and a transformed economy, South Africa faces a critical challenge: the need to empower its small and medium enterprises (SMEs). These businesses play a pivotal role in achieving broad-based growth and transformation, aligning with the country's 2030 National Development Plan (NDP) and the Broad-Based Black Economic Empowerment Act 53 of 2003. Standard Bank, as a leading African financial institution, has taken upon itself the task of turning enterprise development (ED) policies into practical tools for South African entrepreneurs.

The SME imperative

SMEs are the lifeblood of economies worldwide. In established economies such as the US, emerging giants like China, successful nations like Rwanda, and rapidly growing economies like Ethiopia, small businesses dominate the landscape. In China, for instance, more than 98% of all firms are small businesses with 300 employees or less. These enterprises contribute significantly to GDP, job creation, tax income and exports.

However, South Africa's small business sector has struggled to achieve similar success. A persistent gap separates formal urban enterprises from less formal, historically excluded businesses in townships, informal settlements and rural areas. While legislation has aimed to bridge this divide and reverse the legacy of exclusion, practical implementation has often fallen short.

Standard Bank's vision for enterprise development

Naledzani Mosomane, Head of Enterprise Development at Standard Bank South Africa, acknowledges the pressing need for SMEs to have access to funding, markets and business development support, particularly for previously disadvantaged entrepreneurs. Standard Bank's ED ecosystem serves as the bridge between peripheral township enterprises and the formal economy, addressing the challenges of historical exclusion.

The bank's ED initiatives focus on formalising businesses, establishing payment channels and providing access to technology and advisory services. By doing so, Standard Bank creates links between SMEs, ensuring they can access the skills and services needed for growth.

While Standard Bank supports businesses at various stages, a significant emphasis lies in facilitating the transition of black-owned SMEs into sustainable enterprises. These businesses often face unique obstacles in terms of funding, market access and resources. Standard Bank offers tailored funding solutions and developmental support mechanisms to unlock opportunities for qualifying black-owned businesses with a turnover of less than R50m.

Showcase

Empowering entrepreneurs: Practical initiatives

Standard Bank's ED team runs a variety of needs-based business development programmes, partnering with internal experts and external advisers. Some of these programs include:

Basali Development Programme: A nationwide 12-month business empowerment initiative for female entrepreneurs, supporting 100 women-owned businesses with skills development and thought-leadership masterclasses.

Standard Bank Western Cape Accelerator Programme: A 12-week growth course for 50 businesses in the Western Cape, providing skills development and mentorship.

Standard Bank Enterprise Development Programme: A 12-month business development partnership aimed at supporting 10 businesses in various sectors with skills development and coaching.

In 2022 alone, Standard Bank's ED ecosystem allocated more than R30m to 547 businesses, creating 1,388 jobs, with 220 of these businesses being women-owned. Additionally, the bank collaborates with smallholder farmers to commercialise their operations, further contributing to economic growth.

> "The bank's ED initiatives focus on formaliing businesses, establishing payment channels and providing access to technology and advisory services."

Beyond banking: Holistic support

Standard Bank goes beyond traditional banking by partnering with clients to deploy its end-to-end ED support ecosystem. This approach ensures the bank is actively involved in the success of the businesses it supports.

A thriving small-business sector in South Africa holds the potential to increase employment, broaden the tax base, and enhance national revenue. It reduces the reliance on government welfare grants, aligning with the vision of economic inclusion and transformation.

Standard Bank's commitment to economic transformation

Standard Bank's commitment to economic transformation extends beyond ED. The bank has taken a leading role in implementing the Broad-Based Black Economic Empowerment (BBBEE) policy. It currently stands as a level 1 BBBEE contributor, making it one of the most transformed banks in the country.

Supplier development: Fostering economic inclusion

In addition to its ED initiatives, Standard Bank runs a Supplier Development Programme to increase the participation of black-owned SMEs in its supply chain. This programme supports the economic inclusion of black-owned businesses through business development support, technical assistance, coaching and training.

In the financial year 2022, the Supplier Development Programme achieved significant milestones:

- A total loan book value of R187m, a 22% increase from the previous year.
- Partnerships with 220 suppliers, of which 85% had active contracts with a cumulative spend of approximately R1bn.
- A strong focus on areas such as Engineering/Technology and Operations, Legal/Credit Collections and Standard Insurance Limited.
- Revised early payment terms to immediate payment for qualifying SMEs, applied to payments of about R604m.
- The creation, maintenance and support of about 2,901 jobs.

Driving shared growth

ESD Practitioner, Kholofelo, a representative of Standard Bank, emphasised that preferential procurement and supplier development remain critical to creating shared value. As Africa's largest financial institution, Standard Bank partners with clients and suppliers to support black-owned SMEs in accessing market opportunities, business development services, and funding. The bank continues to promote transformation in its supply chain by growing its procurement from local black SMEs and supporting their development.

In conclusion, Standard Bank's commitment to enterprise development and supplier development aligns with its mission to drive economic transformation, empower SMEs and create a more inclusive and prosperous South Africa. As a trusted partner, Standard Bank aims to help South African entrepreneurs turn their visions into practical, sustainable businesses, contributing to the nation's economic growth and development goals. ■

Chapter 3

Supplier Development

In This Chapter

Fostering strong relationships with suppliers is vital for business sustainability. This pillar focuses on enhancing the capabilities of suppliers to meet quality, efficiency, and sustainability standards set by larger businesses or corporations.

Trust Blu Foundation Partners with Education Africa to Provide Seamless Education with No Interruptions

Trust Blu Foundation is a nonprofit organisation launched in February 2020 that aims to reduce unemployment and inequality of opportunity in South Africa by enabling informal, micro and small enterprises to grow. The foundation leverages Blue Label's technology, expertise and reach to help nonprofit organisations and social enterprises to amplify their impact and facilitate economic inclusion.

One project that has seen enormous impact on the lives of thousands of South African learners is the solar installation by Blue Label Telecoms (BLT) at Masibambane College in Orange Farm, Johannesburg.

In collaboration with long-term beneficiary Education Africa, this initiative has seen students and staff benefit from being taken completely off-grid, ensuring uninterrupted teaching and learning in the midst of national electricity challenges, while also reducing energy costs. This project exemplifies the commitment to making a difference in the lives of learners and promoting education, even in difficult circumstances.

Masibambane College is one of Education Africa's flagship projects. This high-performance school, which was founded by Education Africa and partnered with St John's College, has been providing quality education to more than 1,200 pupils since 1997, achieving outstanding academic results. In fact, Masibambane College is one of the highest performing schools from a disadvantaged community in the country, with matriculants achieving a 95% pass rate and amassing 46 distinctions last year.

`"Our partnership with Education Africa and, in particular, the solar installation at Masibambane College through Cigicell, highlights the commitment of Blue Label Telecoms and Trust Blu Foundation to drive social impact and economic empowerment in South Africa," says Antoinette Roberts, Director of Trust Blu Foundation & Blue Label Telecom's Group People Experience and Transformation Executive.

The seamless installation of 120 solar panels sees the school procure 55kW an hour, which has meant a saving of more than R 12,000 a month in electricity charges and no interruption in teaching or learning, or to any of the administrative functions of the school.

For more than 30 years, Education Africa has been assisting disadvantaged South Africans in their quest to

> "Enabling Masibambane College to become independent of South Africa's unstable electricity grid has set the College apart from other state and independent schools nationally."

obtain a quality, relevant education to ensure that they are in a position to become global citizens and a competitive, productive element in the local job market.

James Urdang, CEO and Founder of Education Africa, says that they have worked together with Blue Label Telecoms and Trust Blu Foundation for many years already, and have had an enormous impact given their aligned strategies and passion for educating the youth.

These collaborations have included Boys' and Girls' Clubs of South Africa (BGCSA) – a Blue Label Telecoms initiative in partnership with Education Africa that offers after-school programmes to provide physically and emotionally safe spaces for vulnerable children. These centres also provide music education through the Marimba Hub Programme. benefiting more than 2,000 children in programmes across 37 centres countrywide. To further enable valuable use of these spaces, these centres are also used to teach ECD NQF level 4.

says Urdang. He adds that the Gauteng Education Department now uses the school as a preferred venue for district meetings, given its uninterrupted power supply. The school has also been able to attract groups to hire its facilities for various functions, generating revenue for the school itself.

Driving the use technology is at the core of what Blue Label Telecoms does, and a reason why this collaboration with Education Africa is expected to continue for many years to come.

Since being established in 1992, Education Africa has been instrumental in alleviating poverty through education, making a significant impact on the lives of tens of thousands of South Africans by improving the quality and accessibility of education opportunities, empowering disadvantaged communities, and fostering a brighter future for all.

With its entrepreneurial roots, the Blue Label group has always had a deep commitment to community development and philanthropy. The launch of the foundation enables the organisation to increase their impact even further and to ramp up its efforts to partner with nonprofits and social entrepreneurs to drive large-scale socioeconomic development.

Trust Blu Foundation has several key objectives

1. **Youth Skills Development:** Trust Blu Foundation partners with flagship beneficiaries across South Africa to fund youth skills development programmes, supporting the employability of young people aged between 18-35.
2. **SMME Development:** Given the high unemployment rate, Trust Blu Foundation supports innovative approaches by focusing on SMME development, particularly in townships and rural areas. These initiatives create much-needed jobs and drive digital inclusion.
3. **Sports Development:** Trust Blu Foundation is deeply passionate about sports development in South Africa. It supports various sporting codes and development programmes throughout the country, including cricket, rugby, boxing, soccer and more.
4. **Miscellaneous Funding:** Trust Blu Foundation also considers non-solicited proposals and reviews them on a case-by-case basis. ■

James Urdang
CEO, Education Africa

Implats Empowers Local Communities:

The Path to Economic Growth and Transformation

KhumoLorraine Boikany
Owner, Phenyoentle Projects

How drives economic inclusion

Enterprise and supplier development (ESD) supports national economic growth and transformation imperatives and unlocks significant organisational value. At Implats, our ESD activities are geared towards uplifting local community businesses, supporting entrepreneurs, stimulating local economic development and job creation, and turning our ESD programmes into a strategic and competitive advantage.

Successfully implemented, ESD delivers many long-term benefits. It actively promotes economic growth and wellbeing of local economies and stimulates the development of locally owned small, medium and micro-enterprises (SMMEs). It strengthens industries by creating a broader production base and capacitating value-adding manufacturing capacity and other downstream services. Together, this drives economic growth at both the local and national level.

Our ESD programmes equip community businesses with the necessary skills to grow and create jobs and they seek to promote a conducive environment for creating sustainable partnerships between the Group and SMMEs, to enable access to and the transformation of supply and value chains. We implement targeted local procurement ESD initiatives across all our operations to broaden the socioeconomic benefits of our activities.

These ESD programmes provide important opportunities for host community-based entrepreneurs to develop and become sustainable enterprises that can provide our operations with high-quality goods and services and pursue opportunities beyond the mine gate. During FY2022, R14mn was spent on ESD initiatives in South Africa, with R9.4mn spent at Impala Rustenburg and R4.6mn at Marula.

Preferential procurement boosts economic development in mine-host communities

Our preferential procurement activities are aligned to – and aim to go "beyond compliance" – in terms of the requirements outlined in the Mining Charter and the Broad-Based Black Economic Empowerment (B-BBEE) Act. Implats' commitment to inclusive procurement includes a focus on developing local supply chains. We aim to build these supply chains by supporting small business development and growth in our local communities, focusing on creating economic opportunities for previously excluded groups, and particularly increasing the participation of women- and youth-owned businesses in our procurement chains.

In FY2022, Implats procured goods and services worth R2bn from suppliers in the communities closest to our South African operations, with R1.79bn spent at Impala Rustenburg and R188m at Marula. These community businesses are defined as tier 1, which are the communities on the doorstep of our operations. Tier 1 communities at Impala Rustenburg are Royal Bafokeng Nation Villages, Freedom Park, Seraleng and Meriteng, while tier 1 communities at Marula reside within the four farms on the mine lease area.

All contractual transactions and interactions with our suppliers are conducted in line with our procurement policies and procedures, and our supplier code of conduct serves to strengthen our approach to fair and responsible supply chain management.

> "Successfully implemented, ESD delivers many long-term benefits. It actively promotes economic growth and wellbeing of local economies and stimulates the development of locally owned small, medium and micro-enterprises (SMMEs)."

Sustainable supplier development at marula

Our ESD initiatives provide opportunities for host community-based entrepreneurs to develop their skills and become sustainable enterprises that can provide our operations with high-quality goods and services.

Marula's Business Forum enables local BEE-compliant businesses, especially those that are youth- and women-owned, to access potential business opportunities. The business forum and the operation's ESD programmes at the Business Development Centre have driven encouraging improvements in delivering on the Group's procurement objectives.

Marula's Business Development Centre was launched in 2019 and is located within walking distance from communities. It helps local-to-site (tier 1) SMMEs gain access to procurement opportunities at the mine and elsewhere. The centre offers free internet connectivity for community businesses and assists entrepreneurs to register businesses, obtain free business coaching, generate invoices and prepare tender documents.

More than 400 tier 1 SMMEs are registered at the Business Development Centre and in FY2023, Marula spent R388m on procuring from local community companies.

Empowering community-based entrepreneurs at impala rustenburg

At our Impala Rustenburg operation, a business hub was opened at the mine site during FY2023, aimed at fostering opportunities for host-community businesses. The Economic Inclusion Centre (EIC) is central to all host communities and offers basic business development infrastructure support to assist small businesses with accessing markets. The multifunctional business hub provides SMMEs with services including enterprise and supplier development, assistance with market access and funding facilitation, as well as shared office space, access to boardrooms and offices, computer workstations and printing and scanning facilities. Since it opened in October 2022, the facility has had 742 visits from 371 local business owners.

The EIC also supports the delivery of the Impala-Royal Bafokeng ESD and economic participation partnership projects. Impala Rustenburg has a department to support existing suppliers on an as-needed basis.

The EIC services include:

Enterprise development: Since inception the EIC has hosted short courses, attended by more than 100 local SMMEs, on tendering and pricing, providing small business owners with information to assist them to tender more competitively. Additional short courses will be added in the first half of FY2024. The EIC is also used to host Impala Rustenburg's formal ESD programmes.

Supplier development: At the EIC, Impala's suppliers have access to mentoring and business support to assist them to deliver on their contractual obligations. During the first half of FY2024, Impala Rustenburg's ESD department will develop and implement a supplier development programme, which will include incubating a selected group of black-owned tier 1 companies who hold existing contracts; mentoring and developing tier 1 companies with new contracts; and a demand-driven programme focused on developing SMMEs to be capable of future tender opportunities.

Notable recent achievements at Impala Rustenburg include:

- In FY2023, R8m was spent on ESD initiatives
- From 2016 to 2019, 42 SMMEs were developed through ESD programmes run by Aurik and Raizcorp
- Of the 42 SMMEs, 32 (76% of the total) were approved by the Impala vendor committee to supply goods and services to Impala Rustenburg
- Since 2016, 31 of the approved vendors have done, or continue to do, business with Impala, and have received purchase orders to the value of more than R900m, R218m of which was granted in FY2023.

During FY2023, Impala Rustenburg's ESD programmes and the EIC have impacted 550 SMMEs – of which 170 are women-owned and 151 youth-owned.

Programme	Total SMMEs	Woman-owned SMMEs	Youth-owned SMMEs
Extended six-month mentoring and development programme	26	9	4
Formal 12-month development programme	40	16	16
Short course - tender and pricing	113	54	7
742 EIC visits/engagements to make use of facilities, mentoring, guidance and support	371	91	124
	550	170	151

ESD graduate flourishes

Before she started her business, Lorraine Boikanyo was employed at Impala Rustenburg for 16 years, working both underground and on surface. Lorraine is now the owner of Phenyontle Projects, which has been in business since 2018. Loraine attended the Rustenburg ESD programme, from which she graduated in June 2022. During FY2023, Phenyontle Projects was awarded a contract to supply hospital corporate wear. "This contract is a door opener for me. I would like to thank Impala Rustenburg for this opportunity. It shows how much they support local businesses with skills development and growth."

Creating a better future

The main goal of ESD is to create sustainable businesses for the long term, businesses that grow and create jobs, in turn stimulating economic growth. We believe ESD programmes should be developed strategically, go beyond compliance, and must transfer the skills and wealth that lead to these positive long-term outcomes.

For Implats, enterprise development remains a strategic priority. Our long-term goals are to continue to progress our local procurement and supplier development programmes to help community suppliers improve their skills and services, access business opportunities, grow their business and create thriving, job-creating entities.

Our purpose is to create a better future. The way we do business and create opportunities for our mine-host communities is a key part of fulfilling our purpose. ■

Lighting up the Economy

In a world where our ability to remain productive depends on power, Tapson and Mutondi Sadiki are the father and daughter-team lighting up South Africa. Vital Generator Services is a manufacturer of generators and backup services. In addition to building generator sets to specification, Vital Generator Services monitors their units remotely, ensuring you have power when you need it the most.

Tapson believes in creating jobs and participating in the economic development of South Africa. Job creation can only happen by ensuring that the skill produced by our country can spearhead that growth throughout the continent. Talent transfer is a crevice that can only be sealed by employment and opportunity creation. Mutondi is playing her part by actively representing women and youth. As she chose to venture into electrical engineering, she did not have many role models who looked like her to identify as role models. After qualifying as an engineer in her early career, she would often be given work which would be less than desirable. She quickly understood the restrictive mechanics of the systemic injustice in her industry. She stays in her field to obtain and grant others the opportunity to grow to be versions of themselves. "If you've never made a mistake, you've never tried anything. Yes, mistakes come at a cost, but learning afterwards enables people to become better leaders. This is the only way to change the dynamic of what "technical" professionals look like."

With this said, Vital Generator Services has serviced many commercial clients with generators that vary in size and capacity. They also rent units out to clients who have non-permanent requirements. The onsite monitoring of all sets ensure that they are able to proactively provide preventative maintenance to ensure that the power you need is available when you need it the most. The company is growing into the green energy space. The northern and southern SA operations will partner with clients to ensure that they are equipped with the infrastructure to use renewable energy sources that support a sustainable approach to doing business. Vital Generator Services is available to conduct an assessment of your needs, and to provide a solution that is a combination of generators, inverters, batteries and solar panels.

Vital Generator's journey is not void of challenges. Financial exclusion continues to slow down the growth of many capital-intensive businesses. The combination of late-paying customers and limited terms with suppliers can stifle any business's working capital cycle. The challenge is worth braving because future generations must find a way to maintain productivity. The reward far exceeds the costs. Vital Generator Services has serviced many large corporates and spans the most significant four of nine provinces in South Africa. The company has proven its resilience by sustaining its operations through limited COVID and increasing rates of load shedding, which place a steep rise in demand on the services of the company.

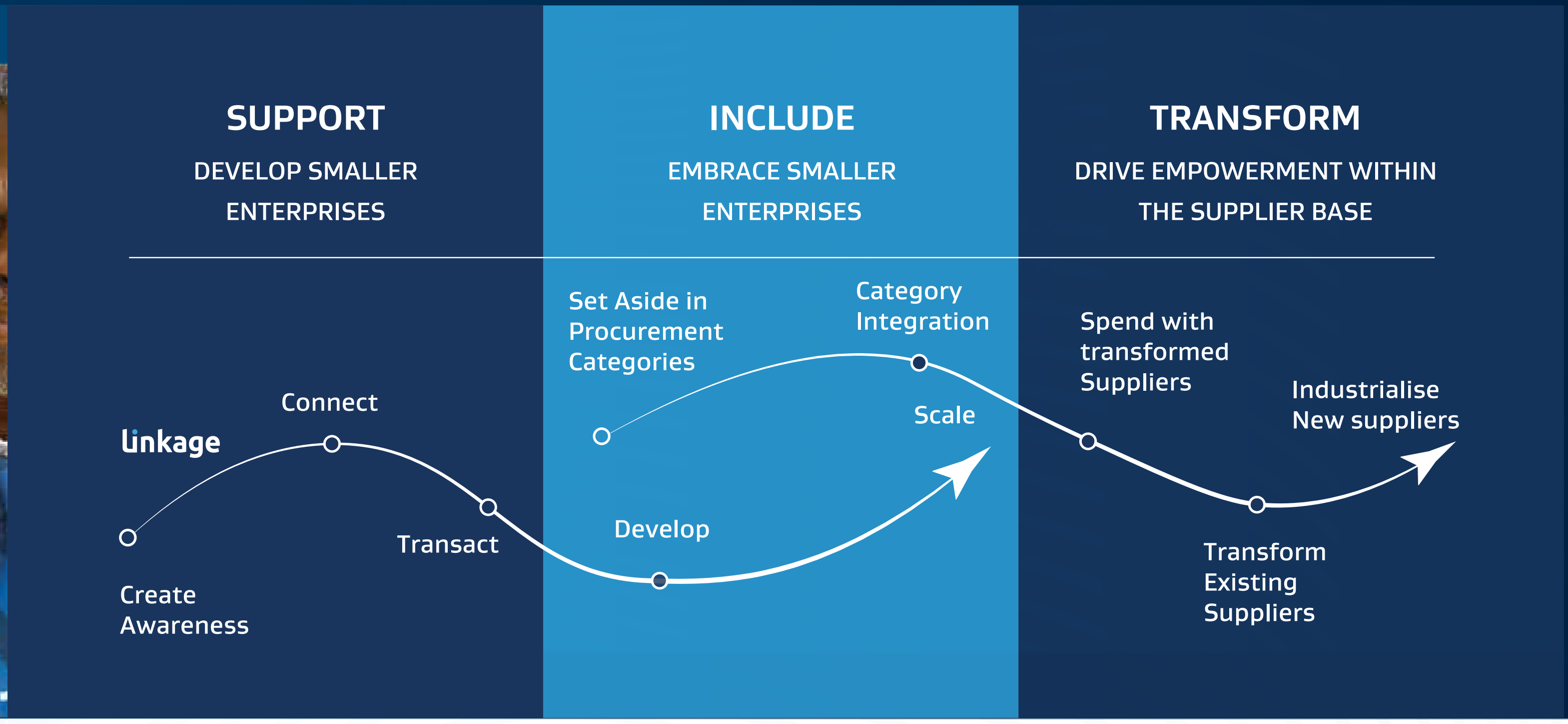
What then shall we say? Not that we have already attained the transformation or inclusivity that our nation so desperately needs, but we press on to empowering one company at a time, creating means for corporates to include SMEs in Supply Chains in a manner that they can participate meaningfully. We will afford SMEs a place to be accountable and change destructive patterns in their own entities, to build SMEs that present as the best versions of themselves. We press on. ■

Company Details

Telephone: 011 861 2584
Email: millicent@vitalgen.co.za
Website: www.vitalgen.co.za

ENTERPRISE AND SUPPLIER DEVELOPMENT

Enabling the businesses of today, for the sustainability of tomorrow.



At Sasol, we acknowledge the socio-economic need to proactively develop, support and contribute to the sustainability of Small, Medium and Micro Enterprises (SMMEs) as well as firms owned by Historically Disadvantaged Persons (HDPs), particularly in the areas where we operate. We leverage our supply chain to advance this transformation imperative, thereby ensuring the integration of SMMEs and HDP-owned firms into the mainstream of our business.

OUR COMMITMENT

Sasol Enterprise and Supplier Development is committed to fostering a pipeline of future-fit qualifying small and medium enterprises by empowering them to scale up as sustainable businesses through investments in innovative, socially relevant, and environmentally responsible development solutions. Our commitment extends beyond Sasol's boundaries, focusing on uplifting viable businesses. As the driving force behind the Sasol Transformation Agenda, we actively manage its implementation for lasting impact and economic sustainability.

OUR INTEGRATED APPROACH TO DEVELOPMENT

Our integrated development approach is centred around an inclusive Economic Transformation imperative. We offer SMEs a wide range of structured development support interventions, encompassing fit-for-purpose market access opportunities, product/service development, business and technical support programs, capability building, business infrastructure, and tailored funding assistance.

We strive to deliver maximum shared value for our organisation and stakeholders, which is built on robust and mutually beneficial relationships. We support smaller businesses with funding and development interventions and enable their meaningful participation in our supply chain through set-aside opportunities and category integration.

Additionally, we drive the localisation and economic transformation of large enterprises in our supplier base to create opportunities for the integration of small businesses in our fenceline communities.

Our objective is to foster local economic growth, innovation, and sustainable job creation through intentional strategic initiatives and target setting, with a focus on empowering Women and Youth-owned businesses and attracting localised manufacturing in the country and relevant regions.

FOSTERING ECONOMIC GROWTH THROUGH A HOLISTIC FUNDING APPROACH

In our efforts to foster economic growth and nurture a thriving small business ecosystem, we have adopted a holistic approach to funding. We offer a suite of tailored funding solutions that not only provide small businesses with access to intervention-based grant funding but also include dedicated post-investment support and mentorship to navigate business challenges and maximise growth and impact for SMEs.

We understand that supporting small businesses goes beyond mere financial injections; it requires empowering them with sound financial management practices and enhanced operational capabilities to unlock their potential to drive sustainable growth. By taking this comprehensive approach, we aim to unleash their potential to create a ripple effect that enables job creation and social upliftment in the communities we serve.

OUR FUNDING INTERVENTIONS AND SUPPORT

GRANT FUNDING

Development support grants play a vital role in fostering growth and empowerment for the small business community. Our grant funding support is specifically designed to assist qualifying businesses across various sectors within our value chain. The aim is to help them overcome financial barriers and seize growth opportunities. Our grant offering is currently focused on supporting entities on our enterprise development programme with consideration to extend the offering to existing suppliers.

EXPANDED FUNDING OFFERING THROUGH THE SASOL SIYAKHA ENTERPRISE AND SUPPLIER DEVELOPMENT TRUST (SIYAKHA TRUST)

The Trust, founded in 2007 serves as a vehicle to assist black-owned suppliers, contractors and entrepreneurs who are Sasol suppliers, with accelerated growth of their enterprises through funding. We have taken steps to broaden our range of funding options to provide market friendly solutions for small businesses. The solutions offered include interest free loans to enhance the capabilities of entities to fulfil their contractual obligations effectively and alleviate the burden of interest repayments, thus fostering growth opportunities.

THE FOLLOWING SOLUTIONS ARE ON OFFER TO SASOL SUPPLIER SMEs

FINANCIAL INCLUSION PROGRAMMES:

The current economic environment characterised by high interest and inflation rates, load-shedding and a market that is recovering from Covid has presented SMEs with operational and financial challenges which directly impedes their ability to generate profits. The majority of small businesses struggle to secure adequate financing once they have received purchase orders as they do not have the necessary financial records. Sasol has introduced various interventions in this financial year to support SMEs as a response.

INTEREST-FREE LOANS
Purchase Order Funding up to R5m and Low Value Loans up to R2m

MEZZANINE DEBT

TAILORED FUNDING SOLUTIONS:

- **RETAIL FUEL STATION FINANCE**
- **FRANCHISE FINANCING**
- **PROPERTY DEVELOPER FINANCING**
- **WOMEN EMPOWERMENT FINANCING**
- **TRANSPORTER DEVELOPMENT FINANCING**
- **TOWNSHIP DEVELOPMENT FINANCING**

EXTENDED BENEFITS INCLUDE:

- **FINANCIAL EXCELLENCE**
- **POST INVESTMENT SUPPORT**
- **TURNAROUND SPECIALIST**

To access any Sasol Enterprise and Supplier Development support services or to find out more about how our funding solutions benefit SMEs, email: info.esd@sasol.com or visit www.sasol.com/suppliers/enterprise-and-supplier-development for more information.

Naicker Toolmakers:

A Place where the Old Ways Meet the New

Kas Naicker
Naiker Toolmakers

By Okhela Ntsamai

An operation that has grown to manufacture components at a rate per second that competes locally and globally has very humble beginnings. Kas and Saris Naicker started working in their double garage in 1994, making a pin still being manufactured today. In 1997, the business expanded to its first workshop, which was 500m2. The operations expanded to a 1000m2 workshop ten years later. In 2015, the business moved to a 2600 m2 workshop and strategically acquired a share of Linde Wiemann SA. The company has the manufacturing capability to build tools, make jigs, create stampings, conduct general machining, execute laser cutting and successfully powder coat items. The family-owned business that has the intelligence, skill and capability to produce quality components.

Kas Naicker is passionate about the skill of toolmaking. He believes that if you employ one toolmaker, you create ten more jobs. He believes in the power of productivity and is passionate about bringing home the art of toolmaking. The business makes use of old-school toolmaking to meet the latest technology. Considering that the average age of a toolmaker is fifty-eight years old, the transfer of skills from the older generation to young toolmakers is integral. What contributes to the dying art is that South Africa is increasingly importing the talent of toolmaking. Kas believes this trend will leave the country forever dependent on its counterparts for value-creating skills. The implication is that we constantly yield reduced economic value for what we produce as a country because we depend on international counterparts to access and participate in manufacturing parts used in motor vehicles that we drive every day. In the automotive industry, many small businesses are tier-two and three suppliers, meaning that they provide goods and services to the direct suppliers of the Original Equipment Manufacturer (OEM). The topic of inclusion in the setting is a loaded one. The transformation will only occur provided that the products produced have met every specification and can meet global quality standards. It is worth mentioning that this BBBEE level one company is IATF 16949 and ISO 9001 certified.

Naicker Toolmakers can make the tool and the component. The skill provides them with the benefit of a reduced barrier to entry. Where many manufacturers need to raise significant capital to demonstrate the capability to produce a component (before even securing a contract), Naicker Toolmakers makes the tool themselves at a reduced cost and can modify components to client specifications. This game-changing strategy has secured and grown the business's market share and been central to customer retention. The company mainly serves the automotive and mining sector and can make anything from a teaspoon to a bracket. The latest asset acquisition sponsored by the BMW ESD Skills Trust is a 500-ton press that improves the company's capacity and efficiency to deliver to its clients.

There is more to come as Preshan, Kas's son, takes the business to the next level. With a passion for quality, he has developed monitoring and evaluation systems that keep the culture of Kaizen central to the company. Directly translated as a good change, every employee and leader in the business is always looking for ways to improve continuously. In this way, Naicker Toolmakers not only brings the old ways to meet the new but also enhances them to yield more excellent value for employees and clients. ■

Company Details

Telephone: 011 421 9658
Email: kas@ntoolmakers.co.za
Website: www.ntoolmakers.co.za

Chapter 4

The Green Economy

In This Chapter

Promoting ethical and sustainable business practices is an essential pillar. It involves integrating environmental, social, and governance (ESG) considerations into business operations and strategies.

ESG for SMEs

Unlocking The Sustainable Value-Add For Your Small Business

Vuyolwethu Dubese
Chief Operting Officer, InnovTel

In today's world of sustainability and business, there are many acronyms that exist to work together to unpack the hidden value that lies beneath the discovery of understanding what they truly mean and their potential impact on business. From the goals of the SDGs (Sustainable Development Goals) to the management strategy that is CSI (Corporate Social Investment), and ultimately what underpins this article, ESG.

But what is ESG, and how can this acronym benefit your (small) business through considered implementation? It's a pursuit not only coveted for medium to large enterprises, but also for smaller businesses, and over the next few paragraphs, we'll unpack its generosity to the sustainability of your small business and the steps you can take to get started and reap its benefits.

An acronym for Environmental, Social and Governance (ESG) is a framework or tool that uses the pillars of the factors of the environment, societal responsibility, and governance to assess the impact of, manage the risk of and unlock true value creation for the business, no matter the size. It may seem a frightening and inconsequential topic of note for small businesses, but some of the value that is derived by implementing such a framework, includes:

- Establishing sustainability in the company operations
- Reducing operating costs and improving financial performance
- Increasing the profile and credibility of the business
- Accessing capital (including DFI, angel and gender-lens investment)
- Engaging with robust talent and facilitating an ingenious recruitment strategy
- Incremental and transformative innovation and competitiveness and,
- Enhancing resilience and regulatory and legal interventions

I'm of the stubborn belief that such unprecedented opportunities are applicable to every trading business engaging in people, profit, and the planet.

In now understanding what ESG is and the value that it can unlock for your small business, regardless of the sector or stage of operation, you may be asking what's next? What will now be the initial steps to take, to uncover its potential impact for my business, and do I have the resources to unlock it?

A materiality assessment is the first proactive step to activating ESG competitiveness for your small business. Once this step is assumed, then a strategy, implementation and reporting are in order. This kind of assessment invites the business to underline the environmental, social and governance factors, engaging stakeholders and other (external) events that are material and could affect in the long-term, the sustainability of your small business. Materiality explores the advisory of where a company can resume to identify and prioritise what could potentially impact their internal and external operations as they prepare to engage, strategize, perform, and report. This ultimately creates an environment of accountability that can be used to incrementally improve and innovate the business's vision and strategy, decision-making, reporting, communication, future trendspotting as well its reputation and crisis management.

Here are some questions and scenarios that you can keep in mind as you embark on this ESG competitiveness journey for your small business, and articulating its strategic materiality objective:

1. Does this align with our strategy, operations, and the resources that the business has available to allocate to carry this assessment, with the expectation of the societal impact, business needs and fluctuating market activities? Where and what are our business's direct and indirect impact and risk in its business operations? This is where you are most evidently going to employ effort and define a set Key Performance Indicators (KPIs) to frame and report the value creation. Ensure that this prioritises the business strategy and its priorities as it would the ESG strategy.
2. A materiality assessment with a breadth and depth of data, invigorates the intensity of the key stakeholders and factors to be engaged with, fostering in richer responses. This can be done through desktop research, surveys, discussions, and focus groups amongst other methods. It ensures that the objective of pursing trusting relationships, the priorities, and expectations of engaged stakeholders (from customer to suppliers) and collaborating with data touch points are assessed. Ensure to investigate who the stakeholders are in relationship with your business and how their business can impede or amplify and accelerate your ESG efforts.

> "The alluring idea is that of redesigning society and the way of doing business to create a blueprint for an equitable future for profit, planet, and people."

3. As mentioned earlier in the article, two important themes that a materiality assessment can be used for it in a business is for decision-making and driving accountability. For internal and external stakeholders, always keep in mind that not only will this tool be one of transparency, but also an opportunity to establish and foster a standardized and holistic reporting undertaking.

As daunting or voluminous as this undertaking of a materiality assessment may be, especially if you don't have an extra set of hands or dollars to spare, there are countless of resources and standards, with further acronyms that will cushion the journey. These standards, like GRI (Global Reporting Initiative) provide detail, context, and criteria as to how an organisation's information and data should be produced and reported. The standards are particular in their focus, whether its region or sector and look at different outcomes, including how business impacts society to extrapolating how ESG impacts business. ESG is an alluring idea of practice and requires you to be practical.

The alluring idea is that of redesigning society and the way of doing business to create a blueprint for an equitable future for profit, planet, and people. However, the planet has different people with different realities, which means different convictions leading to different ideas and practices which each want to profit. ESG is necessary, but it is not sufficient.

Your business, no matter how small is necessary and so is its role to doing good business, and that is more than sufficient for SMEs Podcast. ■

Empowering South African Entrepreneurs:

SAB's Vision for Inclusive Growth

At South African Breweries (SAB), our commitment to creating opportunities for tangible empowerment is ingrained in the way we do business. We are dedicated to leaving a lasting legacy of real empowerment that positively impacts South African communities for generations to come.

Imagine a world where small businesses thrive, creating jobs and driving economic growth. That's the vision we have at SAB.

We believe in the power of enterprise and supplier development to make a real difference in people's lives. Our carefully chosen projects are designed to foster growth and promote the participation of black entrepreneurs and communities.

One key aspect of our Enterprise Development support is Farmer Development. We provide black-owned small-scale farmers with access to finance for their farming inputs, working to help them grow their businesses.

In the 2022 season, we invested R22m into the farmers' inputs through interest-free loans, while also ensuring access to market for their vital grain.

However, our farmers face numerous challenges, including heavy rains in certain areas and drought in others, which diminish their chances for success. We recognise the need for improved access to financing for these farmers to overcome these obstacles.

At SAB, we prioritise women and youth farmers as part of our efforts to drive inclusive growth in our communities. In a country grappling with its highest unemployment rate in history, we are committed to supporting women farmers and retailers to make a meaningful contribution to economic recovery and growth. In addition to financial assistance, we provide skills development through experienced mentors who offer technical support and best farming practices.

Our Supplier Development programme is not just about financial support. It's about providing a holistic approach to business growth. We work closely with small to medium-sized businesses in our supply chain, offering them access to growth capital, markets and crucial business support.

And the results speak for themselves. More than 17 SMMEs have been transformed through our programme. These businesses have experienced a remarkable 17.5% compounded revenue growth. But it's not just about numbers. We're proud to say that through our efforts, a total of 653 jobs have been created, fostering economic empowerment and uplifting communities.

But it's not just about growth and numbers for us. We understand that each business is unique and has its own set of challenges. That's why we tailor our support to cater to each supplier's specific needs. We improve their capabilities and operational efficiency, helping them to become more competitive and sustainable in the market.

Because we believe that when small businesses succeed, entire communities benefit. More jobs are created, incomes rise, and the local economy flourishes. We're dedicated to empowering black-owned businesses and creating a level playing field where everyone has a fair chance at success.

But we can't do it alone. We need partners, like you, who share our vision and passion for making a positive impact. Together, we can drive transformative change, break down barriers and create a future where small businesses thrive.

Together, we can unlock the vast potential of South African entrepreneurs and build a brighter, more inclusive future for all.

South African Breweries: paving the way for a better tomorrow. ■

The Green Economy

The SAB Foundation is deeply committed to monitoring and evaluating its programmes in order to ensure that it remains relevant and where necessary, continuous improvement can be made.

R632 million deployed in grant funding, business development support and interest-free loans.

- 2 979 entrepreneurs supported
- 3 139 rural micro-enterprises
- 96% increase in annual turnover of businesses in the programmes
- 5 535 jobs were sustained across all programmes
- 10 384 new jobs have been created
- 15 314 people collectively employed

AS AT MARCH 2023

The **SAB Foundation** has **invested** over **R563 million** to support **6 422 entities**. Of this, **R339 million** is in grant funding, **R183 million** in business development support, and **R40 million** in interest-free loans – **R9 million** has been repaid to date.

OF THE ENTITIES SUPPORTED:

3 139
fall under rural micro-enterprises

304
fall under social innovation programmes

2 979
fall under entrepreneurship programmes

90%
businesses are operational

OF THE R563 MILLION INVESTED:

R339 million
grant funding

R183 million
business support

0%
interest

R40 million
interest free loans
(R9 million has been repaid to date)

BUSINESS SECTORS SUPPORTED:

Transportation	Haulage and logistics	Housing	Fast moving consumer goods
Financial services	Human rights	Hotels and accommodation	Environment
Community	Education and training	Healthcare	Sustainable agriculture
Education	Restaurants and training	Information technology	Professional services

ENTREPRENEUR DEMOGRAPHICS:

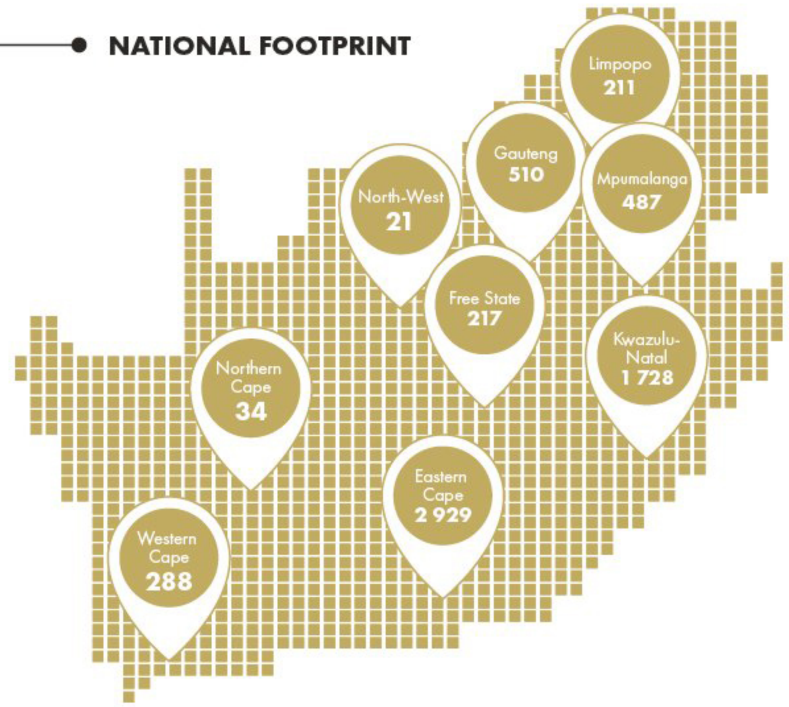
70% women

55% youth

87% persons living in rural areas

6% persons with disabilities

NATIONAL FOOTPRINT



JOB CREATION AND TURNOVER:

Combined annual turnover of entrepreneurs across all programmes increased from **R512 million** at inception to **R1.1 billion**, resulting in a turnover increase of **96%**.

10 384
new jobs created

32%
3 403
permanent jobs

8%
817
seasonal jobs

60%
6 164
micro-enterprises

5 535
jobs sustained

63 676
livelihoods indirectly impacted

15 919
collectively employed

The Green Economy

Creating a Favourable Business Environment for Small Business Participation in IPPS

Victor Kgomoeswana
Author of Africa is Open for Business and Africa Bounces Back

Exploring strategies to create an enabling business environment for local enterprises and suppliers in the IPP sector. Discussing policy frameworks, regulatory measures and support mechanisms that facilitate their participation.

"It is your thinking that needs an upgrade, not your technology or laptop", a friend warned me back in the mid-1990s.

These were the words of a friend, cautioning me against what she considered my exaggerated sense of the importance of information and communication technology (ICT). She chastised me for believing that ICT could solve all my problems. These were the days of Windows 95, and my misguided impression was that a laptop with the latest software would make me efficient. No, she retorted, if your thinking does not change drastically there is no computer that can make you better. This discussion was not about technology, but how people's mindset or paradigms can impede their ability to see a solution that is staring them in the face. The world's best technologies (or opportunities) in the hands of people with the wrong thinking or logic are useless.

This applies to the subject of independent power producers (IPPs) in Africa and other developing economies. The current mindset of many developing economies is that power utilities and other state-owned enterprises are worth clinging to even when they are not financially viable. To avoid venturing into the privatisation debate, it is important to state that ownership – private or public - of any asset is but a means to an end.

An underutilised asset quickly becomes a cost because it still needs to be maintained, insured, stored and transported. The slow pace at which African governments are creating room for IPPs to flourish is the result of this wrong logic. Power utilities are erroneously viewed as cash cows by many governments. State-owned enterprises can be run efficiently and become profitable. An example is Ethiopian Airlines, which was profitable even during the Covid-19 lockdown.

The same governments equally fear private investors, even when state-owned utilities are draining their countries' fiscal resources in the form of high salaries for unproductive workers, replacement of equipment lost due to poor maintenance and pilferage, and so on. This needs to change, pronto, as the opportunity cost is too high.

Electricity is energy. Scientists have defined energy as the ability to do work. Power generation, transmission and distribution, therefore, can be seen as nothing more than a means to enable an economy to perform. Why, then, should that function be stifled by bureaucracy, ineptitude and lack of capital as is the case in many African countries? This will not deal with the reality, in some instances, that some state-owned enterprises can be deliberately stifled and defunded to cripple them in order to make room for privatisation. That is a separate debate. It will also not address the importance of small businesses lobbying governments and other decision makers to create conducive environments, which has its role to play. This article, rather, will restrict itself to the thinking of African governments when it comes to energy access and how to increase the participation of small businesses. Given a choice, should a developing economy opt to create an environment that is conducive to entrepreneurial activity and investment or to own power utilities, airlines or roads?

> "Already there are examples of private investors from South Africa participating in power projects across Africa".

This depends on how dire the shortage of electricity is how equipped the government is to improve its energy availability factor (EAF). It also hinges on how much capital is available to build sufficient power generation, transmission and distribution capacity.

South Africa's current load-shedding crisis is a good example of how poor investment and maintenance over time can lead to more than just power outages. It shows how these omissions can disrupt the entire economy, destroy livelihoods, cripple healthcare, slow down internet connectivity and repel investors; and South Africa is better than most African countries in this regard.

To get an idea of how serious the energy crisis is across Africa, let us look at what the United Nations' Conference on Trade and Development (UNCTAD) said in its March 2023 report.

Entitled "Commodities at a glance: Special issue on access to energy in sub-Saharan Africa", this report states that, although access to energy in sub-Saharan Africa rose in recent years, more than 50% of the region's population still lacks access to electricity. About 28.4% of the region's population had access to electricity in 1996; this grew to 48.2 percent in 2020.

The spillover effects of this low access to energy spread into health, education, poverty reduction efforts and sustainable development initiatives. The report gives an example of how the lack of access to clean cooking fuels and technology led to household air pollution, which caused 700,000 deaths in Africa in 2019.

UNCTAD warns that "without additional efforts, the region's population without access to clean fuels could increase from 923 million people in 2020 to more than 1.1 billion people in 2030". It urges the governments of the countries in sub-Saharan Africa to step up their efforts to expand energy access to avoid falling short of the Sustainable Development Goal (SDG) 7, which requires countries to ensure universal access to affordable, reliable and modern energy services by 2030.

"Daily Investor ran a story in July that Africa's richest man, Johann Rupert, had built a private power plant on his farm, but was unable to sell his surplus of 2MW back to Eskom."

Calling on governments in sub-Saharan Africa to invest in projects to increase access to affordable, reliable and modern energy services by 2030 is a noble rallying cry, but are the governments realistically capable of that? Those that can should by all means do that. There is nothing wrong with a well-run state-owned power utility. But, for most African countries, IPPs are likely to offer a quicker solution.

Even with good policies and strategies, lots of key economies in sub-Saharan Africa are overindebted. With the general government gross debt at 55.5%, according to the International Monetary Fund (IMF), sub-Saharan African countries are unlikely to have enough to invest in energy, especially when they are still scurrying to implement their post-Covid recovery plans.

This leaves IPPs as an appealing alternative. Have IPPs worked anywhere, though?

The World Bank sees IPPs as a major source of new power generation capacity in the US and some European countries, notably the UK and Portugal. In the face of insufficient public resources, urgent need to increase access to affordable energy and the abundance of cleaner energy sources such as wind, solar and geothermal options, sub-Saharan Africa is in a prime position to exploit the IPP route.

Already there are examples of private investors from South Africa participating in power projects across Africa. For example, Harith General Partners has so far concluded $870m financing agreements across the continent. Through Power Africa, Harith committed $70m for wind energy in Kenya and $500m across the African power sector through a new fund.

Another South African entity, Seriti Resources, acquired 100% of Windlab South Africa through its subsidiary Seriti Green in December 2022, following the announcement in August to acquire a majority interest in Windlab's South African and East African businesses, according to the company's website.

Seriti Green "currently has a portfolio consisting of 23 projects at different stages of development, will identify and develop renewable energy projects to be integrated alongside Seriti's existing fleet of coal assets", the website adds.

These are large investments, but IPPs need not depend on huge capital outlays. With the right policy certainty, investors are keen to participate in the IPP arena. What will it take for investors, especially small businesses, to seriously consider IPPs? Is Africa taking full advantage of its abundant clean or green energy capacity? Investors and entrepreneurs, regardless of size, look for certainty a fair chance of earning a good return on their effort and investment. They do not want guarantees, but predictability.

To its credit, South Africa ended a long spell of uncertainty when on 17 January 2023, through its Department of Mineral Resources and Energy (DMRE), increased the generation licence threshold from 1MW to 100MW. President Cyril Ramaphosa created space for his finance minister to announce tax incentives for even the smallest of investments in green energy.

Eskom estimates that "as a general rule of thumb, each MW of a coal power station's capacity can supply around 650 average homes". This means that the January 2023 announcement by the DMRE has opened space for serious players to get into the IPP space. It has never made sense why Eskom, given its capacity constraints, has not focused its infrastructure on supplying industrial consumers of electricity, leaving most domestic users to source their power from those 1MW IPPs.

Besides capacity constraints and insufficient investment, Eskom is battling the culture of nonpayment in parts of South Africa, such as Soweto. By creating a more predictable policy and regulatory framework, the South African government now stands a good chance of attracting small businesses into the game.

My contention is that every rooftop in South Africa should be made of solar panels. Most areas in South Africa are estimated to enjoy an average of more than 2,500 hours. That is a lot of solar energy, going to waste.

There is no logic in powering television sets, cell phones, routers, study lamps, street lights and other light appliances with energy from the national grid. The argument that solar technologies are not affordable needs to be revisited.

Since around 1998, the cost of installed solar panels has gone down significantly. Figures vary from region to region, but since China dominates the manufacturing of these panels, perhaps Africa should push for more concessions from Beijing to build some of that manufacturing on the continent to increase the pace of industrialisation.

Every backlog in the availability, cost or attractiveness of green energy is an opportunity for the governments of Africa to innovate.

Having created an enabling policy framework, as seen in what the South African government did recently, there are more critical areas of intervention to make the environment truly attractive to small businesses. These include:

- Ensuring that there are robust systems and processes to enable IPPs to operate and sell back to the national grid. Once the price has been negotiated with the IPP, the government should stick to its end of the bargain to make other investors want to get involved.
- Pricing that is fair to the IPPs. Daily Investor ran a story in July that Africa's richest man, Johann Rupert, had built a private power plant on his farm, but was unable to sell his surplus of 2MW back to Eskom. The report stated that the power purchase agreement signed in 2016 was not renewed after one year. This could be due to disagreements over pricing or the next issue.
- Dealing decisively with corruption and those soliciting bribes.
- Innovation financing solutions co-developed by commercial banks, development finance institutions, donors and with enough incentives for private investors and collective savings schemes to participate.

These measures, taken in combination with the right tax incentives already mentioned and the right regulatory framework in general will ensure that small businesses are able to participate in IPPs, not without the risk of failure but with the requisite level of assurance that their investment and effort stand a fair chance of success. That is all entrepreneurs and investors ask for. ■

WESTLEIGH
ENVIRONMENTAL SERVICES

GIBS SME Case Study:

Westleigh Environmental Services

Ngwanarachuene Mampane
Founder Westleigh Environmental Services

Aligned with the urgent need to combat climate change, Westleigh Environmental Services is an advocate for a paradigm shift from conventional to innovative and sustainable farming practices. In this Q&A, founder Ngwanarachuene Mampane shares her story and the role that GIBS Entrepreneurship Development Academy has played in her success.

Q1: Tell us about your business.

I established Westleigh Environmental Services CC in 2010. While headquartered in Hatfield, Pretoria, we extend our services across all nine provinces of South Africa and beyond, offering customised on-site farm consultations. The name "Westleigh" is drawn from the Westleigh soil form. We are recognised as independent environmental assessment practitioners by esteemed bodies such as the Environmental Assessment Practitioners Association of South Africa (EAPASA), the South African Council for Natural Scientific Professions (SACNASP) and the International Association for Impact Assessment (IAIAsa).

Our expertise lies in the niche natural resources management sector. Our clientele includes both subsistence and commercial farmers, to whom we provide environmental compliance and monitoring support services exclusively tailored for the agricultural sector. This specialisation sets us apart from conventional environmental firms. Our team comprises qualified specialists registered across various fields, encompassing environmental, agricultural, town planning, and Geographical Information Systems (GIS).

> "While headquartered in Hatfield-Pretoria, we extend our services across all nine provinces of South Africa and beyond."

Our primary focus revolves around upholding and implementing the Conservation of Agricultural Resources Act, 1983 (CARA) (Act No. 43 of 1983), National Environmental Management Act, 1998 (NEMA) (Act No. 107 of 1998), and the National Water Act, 1998 (NWA) (Act No. 36 of 1998) these legislations form the cornerstone of natural resources management in South Africa.

In response to the global challenge of climate change,

we advocate a shift from conventional to innovative and sustainable farming practices. We assist farmers in adopting environmentally friendly Good Agricultural Practices (GAPs), ensuring sustainable, climate-smart and resource-preserving approaches for the benefit of future generations. Our range of services encompasses fundamental natural resources management principles, including water conservation through grey water reuse and rainwater harvesting, soil protection through mulch and erosion prevention, waste recycling and adoption of renewable energy systems such as solar power.

> "Notably, we were honored with the Farm Safety Affiliate award at the South African Agricultural Awards in June 2023."

Additionally, we provide services such as Environmental Impact Assessment (EIA), Water Use Licence Application (WULA), environmental audits, farm planning, as well as soil and water sampling for field and laboratory analysis.

Q2: How did your journey start into entrepreneurship/business ownership?

My journey into entrepreneurship stems from my exposure to practical agriculture since 1991. Enrolling at the Harry Oppenheimer Agricultural High School ignited my passion for agriculture, which I pursued further through tertiary studies and environmental courses. Building on my optimistic and business-oriented mindset, influenced by a family background in business, I transitioned into entrepreneurship after serving in various agricultural departments from 2001 to 2014. These roles equipped me with valuable experience in farm planning, soil surveys, sustainable agriculture, natural resources management and environmental compliance. This practical experience significantly contributed to my professional development and managerial skills, forming a solid foundation for my business venture.

> 'The #SoilSistas program offered an empowering experience, focusing on theoretical and practical sustainable."

Q3: What have been some of your highlights?

Integrity and professionalism are paramount values guiding our company, which has earned us recognition within the commercial agricultural landscape. Notably, we were honored with the Farm Safety Affiliate award at the South African Agricultural Awards in June 2023. This accolade acknowledges our successful implementation of robust farm biosecurity measures in our commercial projects.

Furthermore, I have embarked on a mission to give back to the community and promote knowledge-sharing. My YouTube channel, 'The Modern African Farmer,' serves as a platform for podcasts discussing sustainable agriculture, modern farming practices to combat climate change, success stories from accomplished farmers, and inspiration for aspiring youth in the agricultural industry.

Q4: What are some of the challenges faced by small businesses in your industry?

One of the significant challenges I encountered was deciding between maintaining a stable full-time job and fully committing to my own business. As a mother with financial responsibilities, I had to establish a client base from scratch and earn the trust of a closely-knit agricultural community. Despite these obstacles, my business has thrived over time, and we have managed to establish a reputable name for ourselves as a self-funded company.

Q5: Could you elaborate on your participation in the GIBS programme?

I was honored to be selected among 35 women agripreneurs from a pool of more than 700 in South Africa to join the Corteva Agriscience Women Agripreneur Programme 2022 cohort, named "SoilSistas," in collaboration with the Gordon Institute of Business Science (GIBS).

Q6: How has this programme benefited your business?

The SoilSistas programme offered an empowering experience, focusing on theoretical and practical sustainable agricultural business management, as well as self-empowerment training. The programme connected me with seasoned faculty from GIBS and external industry experts. Furthermore, I was paired with a personal mentor who provided invaluable guidance in both my specific business and the compilation of a comprehensive business development plan (BDP) over the course of the year-long blended programme.

Participating in this programme has equipped me with increased knowledge and skills, enabling me to streamline and enhance various aspects of my business operations, team management and financial strategies. The programme facilitated my personal and professional growth, culminating in the development of operational and financial systems that significantly contributed to my business's substantial growth within the past year.

Q7: What has been your most significant learning experience as an entrepreneur?

The journey of entrepreneurship is an ongoing learning process, presenting new lessons each day. A crucial lesson I've gleaned is the significance of effective self-management and team empowerment. Delegation, combined with empowering my team, has proven to be a winning formula that benefits individuals within the company.

Moreover, within our scientific and professional environmental industry, staying competitive and well-informed about current industry trends is paramount. Continuous self-empowerment, including investment in human resources development through practices such as work-based learning, personal development, participation in seminars, and conferences for continuing professional development (CPD), remains essential to staying ahead in the field. ■

"Delegation, combined with empowering my team, has proven to be a winning formula that benefits both individuals within the company."

Agriculture as a vehicle for ECONOMIC FREEDOM

According to Statistics SA's 2021 report on food security and hunger, out of almost 17,9 million households in South Africa, almost 80% reported inadequate access to food, and 15% and 6% reported inadequate and severe access to food, respectively. The country's unemployment rate was recorded at 32,9% in the first quarter of 2023, one of the highest unemployment rates in the world. During the COVID-19 pandemic, unemployment peaked at 35,3%.

To alleviate these challenges, in 2020, Mondi Zimele established an Agriculture SMME programme as part of a broader initiative that provides technical and business support to emerging farmers in communities where Mondi and SiyaQhubeka Forests (SQF) operate in Zululand, northern KwaZulu-Natal.

Mondi Zimele thus supplies farmers with technical farming support, including seedlings in the early stages of the programme, business support and financial management training. The programme has been implemented in Zululand, but expansion to other close-by communities is planned.

Mondi Zimele's Agricultural SMME Programme has supported 122 farmers, which includes 17 SMMEs constituted by 11 co-operatives and six individual farmers since it was established. Over 1 098 households have benefitted. About 320 permanent and seasonal jobs have been created, and approximately R2 million in revenue has been generated since the programme's launch.

The critical success factor has been the facilitation of formal markets, with exceptional support from local retailers, fresh produce markets, and a vision of formalising supply partnerships with food manufacturers. All the farmers have grown exponentially and are given equal opportunity to supply some of the biggest retailers in South Africa.

Members of Dokodweni Farming and Produce PTY showcasing their produce, which is mainly cabbage, but they rotate various vegetables using legume crops to maintain soil fertility.

Mr Lizwi Dube, CEO of Ezemvelo Fresh Produce Pty, whose farm rotates various vegetables, including cabbage, potatoes, tomatoes, spinach, maize and dried beans.

Bongile Bho of Bongile Bho Trading and Projects said that Mondi Zimele has become like family to her. "My journey wasn't easy. Mondi Zimele helped me with knowledge to be the independent farmer I am today." Bongile began by selling her produce at the local bus stations; now she supplies Spar and Food Lovers Market.

Eva Biyela of Imahlobo Co-operative in Nzalabantu Reserve said that Mondi Zimele has provided them with business, sales, financial and farming support. "They have been instrumental in teaching us the financial and business side of farming; to record everything that coming in and what's spent on business needs like chemicals and seeds, so we know how much profit we make individually."

Mtubatuba-based Lizwi Dube of Ezemvelo Fresh Produce said: "The training sharpened us more than I can express, especially in communicating with retailers and selecting the best produce to send to market. We are supposed to control the market by supplying the best quality in and out of season. Mondi Zimele provides us with the technical know-how."Dokodweni Farming's Sifiso Nkwanyana said that Mondi Zimele helped him install a borehole for his farm, which now supplies fresh produce to Spar and Pick 'n Pay.

The Fakude Family owns and runs the **Mtolo Farming and Produce** in KwaMthethwa. They would like to thank Mondi and Mondi Zimele for extending their possibilities. "Before we started this business, we didn't have any networking programmes or training. Mondi Zimele helped us when we wanted to expand and obtain necessary information and knowledge to help maintain our business and ensure it supplies what customers need.

Emerging Zululand farmers who want to join can send their proposals, with pictures of their current operations, to their local traditional authority, which sits on the Mondi Liaising Forum. After a comprehensive assessment, the chiefs submit them to Mondi's Land Department to determine if they are at the subsistence or semi-commercial phase. If all criteria are met, Mondi Zimele will get on board and support them accordingly.

ABOUT MONDI ZIMELE

Mondi Zimele is the small business development arm of Mondi South Africa that adds value by making business development support and loans available to employment-creating small businesses within the Mondi value chain and surrounding communities.

Its objectives are to develop and drive transformation through Mondi SA, encourage economic development and job creation in Mondi SA's forestry communities, promote sustainable, empowered local contractors in Mondi SA's forestry value chains, and increase the availability of sustainable fibre for Mondi mills from surrounding communities and small growers.

Chapter 5

Diversity and Inclusion

In This Chapter

This chapter aims to create an inclusive business environment by supporting women in entrepreneurship and fostering inclusive supplier relationships.

Driving Sustainable Economic Growth Through Inclusive Entrepreneurial Ecosystem

Judy Dlamini
Chancellor of the University of the Witwatersrand

1. Introduction

South Africa is the most unequal country in the world, with some social identities, especially race and gender, playing a determining factor in access to resources. Almost 30 years post liberation, with various progressive legislation intended to redress imbalances of the past, ten percent of the population still owns more than 80% of the wealth (World Bank, 2022). The change in levels of inequality from 1993, pre-democracy, to 2022 as measured by the Gini coefficient, is insignificant, from 0.67 to 0.63 respectively. South Africa also has one of the highest unemployment rates in the world at 32.9% for the first quarter of 2023, with unemployed youth aged 15t o 24 years at 63.9% and aged 25 to 34 years at 42.1% (StatsSA 2023, World Population Review 2023). Both challenges are associated with social and economic instability, increased depression and other mental health problems, and increased crime rates, especially against the vulnerable social groups (World Population Review 2022).

The United Nation's Sustainable Development Goal 10 calls for the increase of income of the bottom 40% of the population and the reduction of inequalities based on income, gender, age, disability, race, class, ethnicity, religion and opportunity by adopting relevant policies and legislation. It also aims to improve financial markets and institutions, regulation and oversight to ensure financial inclusion. Reducing inequality is a prerequisite for sustainable development and protection of democracy. Investment in entrepreneurship that is scalable and financial inclusion of the bottom 40% will go a long way in addressing inequality and driving double digit economic growth of the country's economy. In the following sections we explore the role of effective entrepreneurial ecosystems and financial inclusion in achieving inclusive economic growth for all.

2. Entrepreneurship and entrepreneurial ecosystems

Entrepreneurship (the creation and/or extraction of economic value) is a national asset that is driven by entrepreneurs, as it increases wealth and creates value for the wellbeing of societies (Wikipedia). However, for entrepreneurship to thrive the appropriate enabling ecosystem should be created and sustained. Wurth et al. (2022) define the entrepreneurial ecosystem (EE) as a set of interdependent actors and factors coordinated in such a way that they enable productive entrepreneurship

within a particular territory. Research shows that there is a link between entrepreneurial ecosystems and economic growth (Acs et al., 2018; Lafuente et al., 2016; Szerb et al., 2019) and there is a positive impact from the interaction between business, universities and government on entrepreneurial development, greater for more developed regions/ecosystems (Erina et al., 2017).

Thai et al., (2023) provide a comprehensive entrepreneurship framework by combining three most frequently used frameworks, namely, the Global Entrepreneurship Monitor (GEM), the Isenberg, (2011), and Stam (2015) frameworks, leading to eight domains or components of the EE.

> "The United Nation's Sustainable Development Goal 10 calls for the increase of income of the bottom 40% of the population."

2.1 Domains of entrepreneurship ecosystems

2.1.1 Policy by government to support and promote new start-ups and SMMEs, through laws and directives, including tax incentives, removing prohibitive bureaucracy and special supportive programmes to new start-ups. For an inclusive economy, laws alone are not enough, as shown by Broad-Based Black Economic Empowerment Act (BBBEE Act, 2003) and related laws and regulations that came post democracy to redress the imbalances created by apartheid laws in South Africa. The success has been limited. Good legislation with poor implementation, and ineffective monitoring and evaluation with no recourse for noncompliance, is part of the challenge. Reducing the cost and the time it takes to start a business is another area that needs attention. Developing public policy that creates and supports an entrepreneurial economy, especially for the currently excluded, requires the removal of barriers to entrepreneurial entry, facilitation of the mobility of resources and mobility of labour through portable pension plans amongst other tools (Block, et.al., 2013). The incumbents, big business, tend to be involved in the formulation of industrial policy which entrenches barriers to entry for new entrants, especially those who were previously excluded from the economy (Nooteboom & Stam. 2008). Working with entrepreneurs from the marginalised groups in the formulation of policy and regular monitoring, and evaluation of the impact of current policies on inclusive economic growth, could mitigate against that. Policy should be driven by the ethos of 'reaching the furthest behind first", solving for the most marginalised first, to eradicate inequality (UNDP, 2022). Leadership has to drive a clear well integrated and transdisciplinary entrepreneurship strategy as opposed to silos that can be costly and less effective.

> "Policy should be driven by the ethos of 'reaching the furthest behind first', solving for the most marginalised first, to eradicate inequality."

2.1.2 Finance: availability of funds to new start-ups and the ease of access for the majority. Different types of funding from different sources, including Development Finance Institutions (DFIs), commercial banks, micro-loans, angel investors, venture capital funding, private equity, public capital markets and debt (Isenberg, 2011). In the first three decades of democracy, it has been easier for new entrants (to the mainstream economy) to get funding for buying a minority stake in established business than funding for starting new businesses (ILO, 2001). Mainly as an enabler for big business' compliance with BBBEE Act of 2003. Funding of start-ups and SMMEs comes mainly from the entrepreneurs' own assets, family and friends and angel investors. Colonisation and apartheid stripped blacks of assets including land, rights to trading (especially Africans), access to quality education and health, condemning generations to indignity, poverty and economic exclusion. This makes it difficult for blacks to use their capital for starting businesses, addressing this gap will play some role in reversing apartheid legacy and grow an inclusive economy.

According to the Better Africa Report (2020) the startup failure rate on the African continent stood at 54.20%. South Africa, at a 54.39% failure rate, is closest to the continent's average. However, when it came to the overall shutdown rate of funded startups (companies that received external financing and ceased operations after a while) during the analysis period South Africa had the highest rate at 41.94% against the continent's average of 20.30%. This might be an indication of lack of support post-funding, however, further investigation is required to come up with evidence-based solutions. The study also investigated failure rates at different stages of the start-ups' funding cycle with the highest casualty of 69.09% occurring after the seed stage of the total funded shutdown start-ups. When the shutdown rate of "seed funded" startups was compared with overall shutdown rate, the figure stood at 17.51%. Other funding stages were the ones receiving grants and non-equity assistance with a shutdown rate of 10.91% of the overall failure rate of start-ups. More work needs to be done in this area to come up with the correct intervention. There is minimum focus and investment on investigating the impact of intersections of environment, gender, age and race on economic inclusion and success (UNDP, 2022).

2.1.3 Societal cultural and social norms. The country's cultural and social norms can either encourage and celebrate entrepreneurial initiatives or only place a premium on mainstream professions and executive positions in big business. Recognising entrepreneurship as an honourable business, with celebration of success stories, helps to create a positive environment for entrepreneurship, especially for new entrants, and assist in the shift from a managerial economy to an entrepreneurial economy. This environment should also drive a culture that embraces equality across all social identities. Interventions that consciously act on understanding how power relations and negative social norms shape institutions and access to and control over resources, can make stronger contributions to achieving equality (UNDP, 2022). All sectors of society have a role to play in changing attitudes and norms, especially traditional leaders, church groups, business and academia. The UNDP Gender Social Norms Index (2023) revealed that close to nine out of 10 men and women hold fundamental biases against women approximately half the population perceives that men make better political leaders, it's not surprising that women hold only 24% of parliamentary seats worldwide. Exclusion of more than half of the world's population in leadership across sectors including government explains the mediocrity in leadership and the perpetuation of inequality. Investment in new evidence and analysis will support countries in dismantling longstanding "exclusionary" social norms.

"South Africa has an institution of higher learning in each province. More institutions should be resources for innovation and building of regional economic hubs, empowering the local youth with relevant skills for the 21st century economy."

2.1.4 Support through a combination of commercial, legal, and physical infrastructure and government entrepreneurship programs. The affordability and accessibility of this support plays an important role in enabling or disabling entrepreneurship. Entrepreneurs in rural and black township areas, have less access than those in urban areas especially the major metropoles. Provision of information to potential entrepreneurs on the economic environment and on what knowledge and skills facilitate entrepreneurship will encourage and empower new entrants (Holcombe, 2021). Digital infrastructure plays an important role in entrepreneurial support and yet globally, men are still 21 percent more likely to be online than women, that figure rises to 52 percent in the least developed countries, which perpetuates the exclusion of women (UNDP, 2022). A national digital strategy that leaves no one behind, solving for the furthest behind first, is critical. Government working with the private sector, academic institutions and Non-Governmental Organisations (NGO) need to develop innovative business development services targeting the informal sector and entrepreneurs from marginalised communities (UNDP, 2022). Collaboration across sectors during the COVID-19 pandemic, where it related to digital access for some of the education institutions, can be extended to incubation centres, with tax incentives for business.

2.1.5 Education system at basic education level and post school, especially the introduction of entrepreneurial ideas, concepts, and practical exposure to starting a business. Entrepreneurship Development in Higher Education (EDHE) programme established in 2016 to support academics and professionals to develop entrepreneurship through teaching, learning and research across all disciplines through five Communities of Practice is a step in the right direction (USAF, 2022). It is hoped that output from the EDHE will inform the creation of the National Policy Framework on Entrepreneurship Development in South African Higher Education. However, more needs to be done, starting with the co-creation of the relevant curriculum from early childhood between entrepreneurs and educators. More input from business, especially entrepreneurs in the coalface will ensure that the curriculum is relevant and achieves the desired outcome of producing job creators and critical thinkers. South Africa has an institution of higher learning in each province. More institutions should be resources for innovation and building of regional economic hubs, empowering the local youth with relevant skills for the 21st century economy. Those with less resources, which tend to serve the black majority, require higher investment and support.

2.1.6 Research and development (R&D) investment in research and development is important to inform evidence-based policies. Each geography has different nuances which means home grown research is important, yet there is dearth of research on the continent, by the continent. Partnerships between research institutions/ tertiary institutions and business will ensure that relevant research is conducted and funded, including producing PhDs that are relevant for the economy. At least 1% of GDP is the recommended investment to have impact on innovation and economic growth. South Africa, in 2022, invested only 0.85% of GDP (against its target of 1.5%), with business accounting for only 31% of that investment as opposed to the recommended 50% or more (Mzekandaba, 2022). The inequality is further perpetuated at provincial level with the top three being Gauteng, Western Cape and KZN which impacts on access for entrepreneurs in the other six provinces.

South Africa's Decadal Plan for Science Technology and Innovation, which was approved in March 2021, seeks to build an inclusive, coherent, and coordinated National System of Innovation (NSI); create an enabling environment for innovation in South Africa; bolster human resource development for Science Technology & Innovation (STI); expand and transform research system; and increase funding for STI. Through the NSI Transformation Framework the Plan seeks to use a broad intersectional lens across multiple demographics to ensure inclusion (NACI, 2022). This is one of many initiatives by government over the past decade. Its success depends on an integrated approach and support by partners and funding an effective and regular monitoring and evaluation arm that captures all the initiatives around the same area.

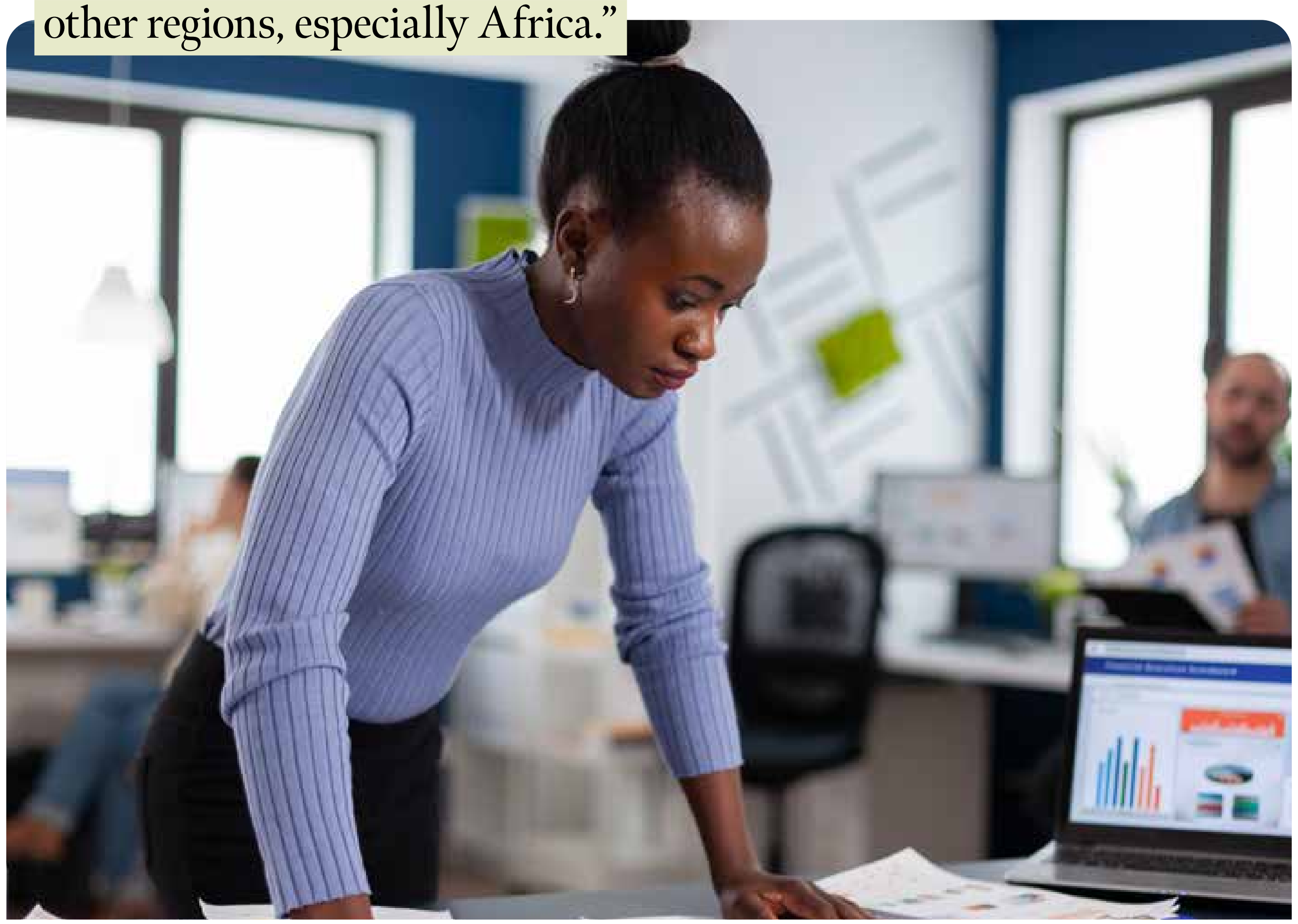
2.1.7 Markets or entry regulation that promotes access to markets by new entrants and SMMEs. This is one of the challenging areas for SMMEs and new entrants in general with deliberate barriers created by incumbents in some cases. There is a place for promotion of the matching and/ or introduction of small business by established business to their networks; government sourcing from SMMEs and companies owned by marginalised groups. The supplier development and enterprise development element of the BBBEE Act seeks to address this need, better monitoring and evaluation will help to measure its success. Opening of foreign markets to local entrepreneurs has to be deliberate and systematic, driven from government and multinationals. Equity equivalents by multinationals as prescribed by the BBBEE Act should include introduction of local suppliers to foreign markets. Another area that if monitored, with recourse for non-compliance, can deliver the intended results.

"At least 1% of GDP is the recommended investment to have impact on innovation and economic growth."

2.1.8 Networks inform the extent to which entrepreneurs are socially linked and the connection of organisations for new value creation (Stam & van de Ven, 2021). Well-structured networks amongst entrepreneurs and mentorship programmes between established business and new entrants are required to build confidence and share learnings. Numerous aspects of how entrepreneurial ecosystems work, especially the role of networks to the importance of gatekeepers such as investors and mentors, create the potential for discrimination against entrepreneurs who are women, minority, older, or otherwise outside of the white male mainstream of entrepreneurship (Abraham, 2020; Huang et al.,2020).

All eight domains play a role in the cultivation of a robust and strong entrepreneurial ecosystem that enables wealth creation, scalability, and economic growth. However, each country has a different context with differing elements and interdependencies amongst the domains. Most of the research on entrepreneurial ecosystems and their impact on productive entrepreneurship is conducted in developed economies and to a lesser extent in developing economies outside Africa. Not enough research is done within the continent of Africa. Research from other areas miss the nuances that are peculiar to other regions, especially Africa. The inequality created by colonialism and apartheid laws is still entrenched in South Africa. Eradication of the socio-economic inequality is directly linked with and important for bringing back human dignity and self-identity for the majority and political stability. The required change has to be driven by accountable, ethical and effective leadership that is deliberate and consistent in driving a diversified economy in terms of actors and owners of the resources. Success or failure of the initiatives has to be regularly measured to drive the desired behaviour by all stakeholders, including changing what is not working. More collaboration is required outside pandemics, it has to be a way of life for building a strong inclusive economy. Policy makers, working with business leaders have to direct some resources aimed for entrepreneurial support to underserved population groups, economic growth has to been linked to the racial and gender equity mission at all times (Qian & Acs, 2023).

"Not enough research is done within the continent of Africa. Research from other areas miss the nuances that are peculiar to other regions, especially Africa."



3. The role of financial inclusion in the creation of an inclusive economy

Financial inclusion is defined as the availability and equality of opportunities to access financial services, through a process by which individuals and businesses can access appropriate, affordable, and timely financial products and services. [2] These include banking, provision of debt, equity, and insurance products. The intended outcome is stronger and more sustainable economic growth and development. Financial inclusion has been identified by the World Bank as an enabler for seven of the 17 Sustainable Development Goals (SDGs) to be achieved by the year 2030. A study to assess the influence of social SDGs and environmental SDG, through economic SDGs, on the competitiveness and continuation of entrepreneurship found that social SDGs and environmental SDGs had a positive influence on economic SDGs; also, economic SDGs had a positive influence on the continuation of entrepreneurship and competitiveness (Del-Aguila-Arcentales, et.al., 2022). Social SDGs include SDG 4 (ensure inclusive and equitable quality education and promote lifelong learning opportunities for all); SDG 5 (achieve gender equality and empower all women and girls), SDG 10 (reduce inequality within and among countries), and SDG 16 (promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels). No democracy is sustainable with high levels of horizontal economic inequality, along race, gender, geography amongst other social identities. Reduction of inequality is directly related to greater social cohesion with more significant opportunities for economic growth (Del-Aguila-Arcentales, 2022).

South Africa has a dual economy with a financial sector that is sophisticated and well-established servicing the formal sector that operates in parallel to an underdeveloped and largely informal township or rural economy. The SMMEs are poorly served, especially micro and informal enterprises, and underdeveloped, when compared to peers. In the OECD countries formal SMMEs account for 55 per cent of GDP and 60-70 percent of employment, against the emerging markets' 40 per cent and 80 per cent (of new jobs) respectively.[3] It is estimated that in South Africa, SMMEs only contribute 36 per cent to the GDP and 47 per cent towards employment (including owners of the SMMEs at 14 per cent).[4] According to the Stats SA Labour Force Surveys, though there is no real growth in the SMME sector, the sector maintains employment levels far better than corporates. Enabling growth in the sector will go a long way in reducing inequality and unemployment and all associated ills that emanate from both. Out of the three pillars of the Financial Inclusion Policy by South African National Treasury, pillar two focuses on extending access to financial services for SMMEs.

The Medium-Term Strategic Framework (MTSF) outlines South African government's strategic intent in implementing the electoral mandate of the ruling party as well as the National Development Plan (NDP) Vision 2030. Priority 2 of the MTSF is economic transformation and job creation. High levels of concentration in the South African economy create barriers to economic expansion, inclusion, and participation. The average share of dominant firms in priority sectors is 62 per cent, with high barriers to entry for small firms (Competition Commission, 2018). This is a problem for smaller firms, which struggle to find new demand in a stagnant economy and face barriers imposed by incumbents (revised MTSF 2019-2024). The COVID-19 pandemic has further demonstrated how vulnerable SMMEs are to sudden decreases in demand with this sector being especially hard hit. Longer term growth for this sector is also exacerbated by the skills constraint, particularly hurting manufacturers, SMME's and emerging entrepreneurs.

The intended outcomes of priority 2 include reduced concentration and monopolies and expanded small business sector, SMME development through incubation centres and digital hubs. Some of the intended interventions to achieve priority 2 include expansion of government spend on women, youth and persons with disabilities through preferential procurement; programmes to expand access to finance, incentives and opportunities for women, youth and persons with disabilities-led and owned businesses; strengthen development finance towards SMME and Cooperatives development, exploring the introduction of measures to support the establishment of new, youth owned start-ups. The intentions are good, however, regular monitoring and evaluation of the success and challenges from these priorities is missing.

Priority 3 of the MSTF is education, skills, and health. To address the country's triple challenge of poverty, inequality and unemployment, investment at all stages of the education and skills system is fundamental in building the capabilities of South Africans. The country has a high number of young people that are unemployed (32.4 per cent) aged 15-24, who are neither in education, employment nor training (StatsSA, 2022). The inefficiency and ineffectiveness of post-school education and training (PSET) partly contributes to this challenge, which is also a

"Financial inclusion has been identified by the World Bank as an enabler for seven of the 17 Sustainable Development Goals (SDGs) to be achieved by the year 2030."

major contributor to intergenerational poverty, inequality, and unemployment among the youth in South Africa.

Achieving the MTSF priorities, especially priority 2 and 3 requires collaboration across sectors, especially business, government, and tertiary institutions.

“Access to opportunities is determined by the person’s demographic, where they live which are both linked to access to quality education.”

Inequality, poverty, high unemployment rate (especially of young people) and crime are at national crisis level in South Africa. The challenges are interlinked. A national crisis requires concerted effort from all citizens and all sectors of the population. When there is economic growth and most of the citizens feel included in the economy, it becomes ‘easier’ to tackle other associated challenges. It removes the hopelessness that is currently experienced in the country. In line with the Medium-Term Strategic Framework (MTSF 2019-2024) especially priorities 2 and 3 and the UN’S Sustainable Goals, especially SDG 1, 2, 4, 5, 8, 10 and 17, it is important for government to prioritise the identification, testing, and expansion of innovative interventions in critical areas to contribute to economic growth that is inclusive.

The identified Priorities 2 and 3 of the MTSF need to receive the priority the country deserves led by the highest office in the country, monitored frequently with outcomes shared routinely and publicly like we share the crime statistics.

4. The state of small business in South Africa

The Trade & Industrial Policy Strategies (TIPS) publishes a quarterly real economy bulletin (REB) that measures trends in the real economy, namely, agriculture, mining, manufacturing, construction and productive services. The third publication on the State of Small Business in South Africa is a periodic special edition that provides baseline data on the number of small businesses and their contribution to the economy, as well as their distribution by industry and location, ownership by race, gender and age, investment, and profitability.

The bulletin first looks at the number of small businesses, both formal and informal, and the rate of growth. Small formal businesses directly generate a third of value added in South Africa. Informal enterprise adds around 5%, but with very low profitability and access to resources. The legacy of apartheid laws is reflected in this important sector of the economy. While in other upper-middle-income countries small business owners form 20% of the working population, in South Africa this figure is only 6%. Access to opportunities is determined by the person’s demographic, where they live which are both linked to access to quality education.

Geographic distribution

Though the major metros, Johannesburg, Tshwane, Ethekwini, Cape Town and Ekurhuleni, house one third of the population, they are home to 60% of formal small businesses, while their share of informal business has increased from 35% in 2010 to 45% in 2022. The former ‘homeland’ areas, holding 25% of the population only held 5% of formal small business and 25% of informal business in 2022.

Participation by blacks, youth and women

The share of black entrepreneurs in small business increased from 40% in the early 2000s to 60% in 2019, though the COVID-19 pandemic hit them disproportionately hard, by the end of 2022 their share in small business ownership had returned to pre-pandemic levels. Black people have consistently owned around 95% of informal enterprises. While 25% of small formal business is owned by women, half of those women are white. Black women are the biggest demographic at 40% of working population however in 2022 they only owned 13% of formal small business. Though whites form 7% of the population, they own 40% of the formal small business. When the pandemic hit, white owned small businesses fared better with inherited resources working as a buffer. There was a significant variance in earnings of small business owners by race and gender, even controlling for education levels. African women were almost as likely as white men to have a degree and nearly twice as likely as African men – but they still earned significantly less than either group.

“The share of black entrepreneurs in small business increased from 40% in the early 2000s to 60% in 2019.”

Youth in the age group of 15-34 who owned business were 15% of the total number of employed youth. In 2019, young business owners were almost as likely to have a degree as their older peers, and much more likely to have matric.

However, they faced other barriers like lack of experience, networks and financial resources needed to provide at least some cushion for the risks of entrepreneurship.

Education

In 2022, in the formal sector, 25% of small formal employers and 33% of own-account workers had a degree. A fifth of both groups had a post-matric certificate or diploma. Over 55% of their waged workers had a least matric, and 8% had a degree, compared to 11% in larger businesses. The picture is different in the informal sector where 67% of owners do not have matric. This underscores the importance of education and investment in human capital.

5. Gender & youth inclusion in creating an inclusive economy

Many scholars have argued that the solution to most social problems, especially exclusion, inequality and poverty in both developed and developing countries requires a strategy based on inclusion and gender equality that is associated with entrepreneurship (McMullen, 2011; Patel et al., 2018; Pathak and Muralidharan, 2018; Scott et al., 2012).

A few strategies are shared above in terms of areas that can be used as levers for the required positive change. However, youth and women form the majority of the population and require a special focus. South Africa has many initiatives without achieving the intended result. Looking outside its shores can provide lessons from different programmes that target the youth. A collaboration between the ministries of education in Austria, Luxembourg, Portugal and Slovenia, around youth entrepreneurial development, called Youth Start Entrepreneurial Challenges Programme, targets learners from ages 7 to 19 years, focusing on developing entrepreneurial competences and enhancing the entrepreneurial mindset from a young age (Del Agula-Arcentales, 2022). The trans-country collaboration builds networks amongst the learners for future collaboration and market access. This is just one example

> "Different elements in the entrepreneurial ecosystem work against the minorities like women, blacks, youth, from exclusion from important networks to investors and mentors."

which targets youth and extends outside one country, in keeping with SDG 10, reduce inequality within and among countries. South Africa needs to learn more about how to design and implement efficient and effective programs for improving entrepreneurial ecosystems (Wurth, et al. 2022).

The cost of gender inequality is well documented. Aparicio, et al.'s (2022) study shows that female entrepreneurs increase the income level about twice as much as male entrepreneurs, while complimentary literature shows other positive effects from additional social mobility elements like higher educational attainments (Mejia and Melendez, 2014); and wealth which become funding source for future generations (Behrman et al., 1999). Female entrepreneurs serve as role models in their families and future generations (Kantor, 2005). Policy makers' support for female entrepreneurs should take into consideration their diversity varying from marital status, age, race, education level, presence of children, etc. in policy formulation (Lee et al.,2011; Bruton et al., 2013 and Ratinho et al., 2020). Public policies should recognise the support women receive from other women communities to sustain their careers through childcare and shared work. Women's autonomy from their families and society helps to build their self-esteem and become better leaders (Audretsch and Moog, 2020).

In spite of a clear business case for support of women entrepreneurs, cultural, structural and financial support is seriously lacking in all economies especially developing economies (GEM,2021/22). In keeping with the eight domains discussed above, the following acts namely, debunking of gender norms to remove structural barriers, financing that prioritises female owned business, celebrating successful women founders as important role models, will assist in creative conducive EEs. You become what you see. It is in the country's interest for policy makers and funders to support high-potential women entrepreneurs in all sectors and at all levels of income (GEM, 2021/22). Different elements in the Entrepreneurial Ecosystem work against the minorities like women, blacks, youth, from exclusion from important networks to investors and mentors, this has to be addressed (Abraham, 2020, Huang et al., 2020).

Local research is important to understand how the entrepreneurial ecosystem continues to entrench wealth creation for a few with deliberate and consistent exclusion of the majority. Locally relevant research to inform effective policy requires a collaborative relationship between institutions of higher learning, business, and government to ensure that there is crosspollination between what's happening in the economy, practical experience, and research undertaken by universities (Nooteboom & Stam, 2008). This collaboration will encourage transdisciplinary research which removes silos in problem solving, make PhDs that universities produce relevant for local challenges and develop trust amongst stakeholders. These partnerships should ensure that there is proper governance, deliverables from each party are clear and that there is clear regular monitoring and evaluation of outcomes.

> "In 2023 SA was amongst the bottom 10 in the African continent at 116, with Mauritius ranking 26th and Botswana ranking 52nd."

6. Conclusion

Economic Freedom of the World (EFW) index published annually by the Frazer Institute measures economic freedom in 184 countries, based on four categories: rule of law, size of government, regulatory efficiency, and open markets with overall 12 indicators. South Africa's score has been below the world average since 2018. In 2023 SA was amongst the bottom 10 in the African continent at 116, with Mauritius ranking 26th and Botswana ranking 52nd. Some of the challenges cited are; weak rule of law, property rights that are below the world average, costly regulatory environment, labour regulations that are not applied effectively, extensive nontariff barriers, amongst others. The ideals of economic freedom are strongly associated with healthier societies, cleaner environments, greater per capita wealth, human development, democracy, and poverty elimination.

Addressing inequality and building a prosperous economy for all citizens will take a focus on addressing the multiple and intersecting forms of deprivation, disadvantage, and discrimination. Entrepreneurial economies are entrepreneurial not (only) because of the characteristics of their entrepreneurs, but (mainly) because they have institutions that are conducive to entrepreneurship (Holcombe, 2021). Achieving this requires ethical and responsible leadership, not only by government leaders but leaders in all sectors. All leaders are responsible for the state of our economy and the general state of our country. ■

Showcase

Empowering Women Entrepreneurs:

A Comprehensive Overview of Our ESD Programme

In the dynamic landscape of entrepreneurship, gender equality remains an indispensable aspiration.

Forging ahead with a commitment to fostering inclusivity and women's empowerment, our Entrepreneurship Support and Development (ESD) programme has emerged as a beacon of transformation for women entrepreneurs in South Africa. In partnership with distinguished entities such as DHL Express, GIBS EDA, and Seda, our multifaceted programme is meticulously crafted to propel women to triumph in the realm of business. By addressing critical challenges and providing tailored initiatives, we envision a future where women entrepreneurs stand as formidable forces of innovation and success.

Unique initiatives pioneering progress

Collaborating seamlessly with our esteemed partners, our ESD programme introduces a series of groundbreaking initiatives designed to elevate women entrepreneurs in South Africa:

Empowerment for growth: a singular Focus

HerVenture mobile learning app (www.herventure.org):

Our award-winning mobile learning app, HerVenture, has been a transformative presence since its launch in June 2021. With an unwavering commitment to providing accessible and pertinent knowledge, HerVenture has already reached nearly 5,000 women entrepreneurs in South Africa. This pioneering app delivers essential business skills directly to users' fingertips, catering to their unique needs. Learning tracks, such as business resilience and e-commerce, are thoughtfully curated to empower South African women entrepreneurs. Notably, HerVenture's offline functionality ensures accessibility in regions where data connectivity is limited, ensuring that critical knowledge transcends barriers.

> "The programme's impact has been palpable, empowering 56 participants in its inaugural cohort and an additional 50 in the subsequent year"

Road to growth blended learning programme (www.cherieblairfoundation.org/road-to-growth):

Launched in 2022, the Road to Growth programme has rapidly garnered acclaim for its comprehensive approach to business education. This immersive seven-week training initiative equips women entrepreneurs with indispensable skills, financial literacy, networks, and confidence to foster business growth. The programme's impact has been palpable, empowering 56 participants in its inaugural cohort and an additional 50 in the subsequent year. Through strategic networking opportunities, participants build a robust support system, enhancing their ability to navigate the complexities of entrepreneurship.

Road to leadership programme (www.cherieblairfoundation.org/road-to-leadership):

Acknowledging the critical need for leadership skills, our Road to Leadership programme has emerged as a powerful catalyst for change. Designed to hone confidence, negotiation acumen, networking prowess, and communication skills, this initiative has already made a resounding impact. Pilot-tested with 32 women entrepreneurs, the programme equips participants with the tools to become influential change-makers. Empowering women to lead and effect positive change within their organizations and beyond, the programme ignites a ripple effect of transformation.

Mentoring women in business programme (www.cherieblairfoundation.org/mentoring):

At the heart of our initiatives lies the gold-accredited Mentoring Women in Business programme. With a global reach and a remarkable impact, this cross-border, online mentoring platform has touched the lives of over 6,000 women entrepreneurs. Orchestrated in collaboration with local referral partners, including GIBS EDA, this programme bridges the gap between mentors and mentees. Through a year-long partnership, this transformative platform nurtures comprehensive business and personal development, fostering growth and empowerment.

Our ESD programme is a steadfast champion of women entrepreneurs during pivotal stages of business growth. Beyond this core focus, the HerVenture app extends its support to aspiring entrepreneurs and those navigating the initial phases of business initiation. Our initiatives operate without sector bias, facilitating connections and collaboration among women entrepreneurs from diverse backgrounds and expertise.

Charting a new trajectory: distinctiveness in diversity

The hallmark of our programme lies in its tailor-made approach, deftly addressing the distinctive challenges faced by women entrepreneurs in South Africa. Sensitive to their unique barriers and needs, our initiatives are thoughtfully designed to overcome these challenges through a gender-sensitive lens. A significant portion of our offerings is delivered online or via mobile app, ushering in an era of self-paced, flexible learning that transcends the limitations of location and busy schedules.

A vision of equality: confronting challenges, creating opportunities

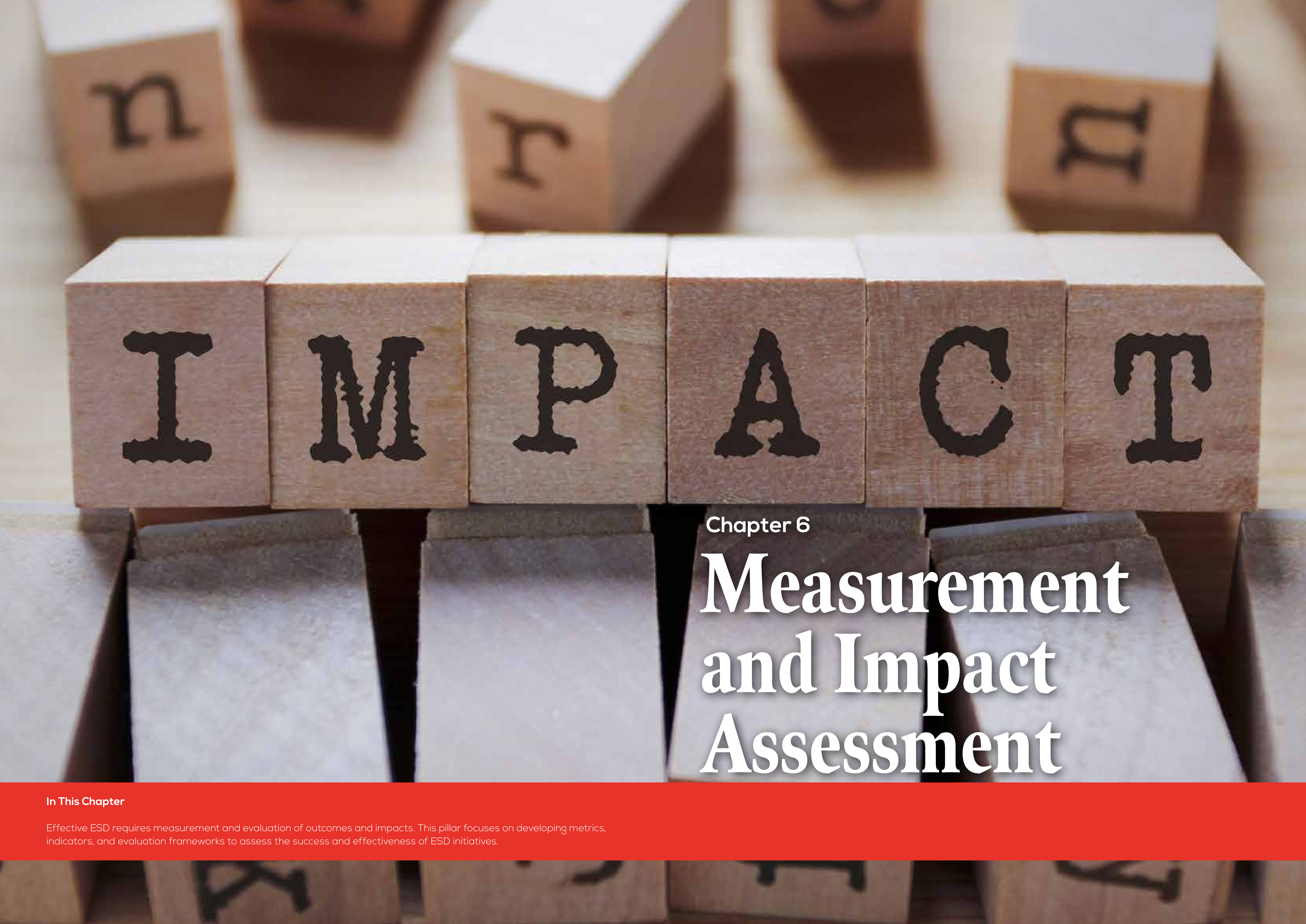
Our unwavering resolve is to dismantle the obstacles that impede women entrepreneurs from reaching their full potential. ■

Cherie Blair FOUNDATION FOR WOMEN

Gordon Institute of Business Science Entrepreneurship Development Academy

seda SMALL ENTERPRISE DEVELOPMENT AGENCY

DHL



Chapter 6

Measurement and Impact Assessment

In This Chapter

Effective ESD requires measurement and evaluation of outcomes and impacts. This pillar focuses on developing metrics, indicators, and evaluation frameworks to assess the success and effectiveness of ESD initiatives.

Showcase

Empowering Change:

Mophiring Construction's Journey in a Male-Dominated Industry

1. Tell us about your business?

Mophiring Construction and B and B is a multi-disciplinary civil engineering construction company with proven capabilities over a wide range of different technical fields in the construction industry since 2005. We are a 100% black female owned business. The company was created to combat the construction industry as it is a male dominated industry. We specialises in civil works and building construction. We are committed to providing high quality standards as per client's requirements. Our mission is to develop, build and service South Africa by completing every project with high quality standards recognised in the industry in order to improve the quality of living for all. We want to make a positive contribution to the growth and development of communities in which the project is undertaken by providing employment to members of the community according to their expertise especially the unemployed youth and women. Our vision is to be the number one construction company with the best reputation in Africa. We strive to be the industry's partner of choice by delivering quality and value in various construction sectors through integrated solutions and services.

2. How did your journey start into entrepreneurship / business ownership?

I have always been an entrepreneur at heart from a very young age, when I was in grade 8 I used to sell hard copy lyrics to my peers at a rate of R2 per song. My mother is the founder of Mophiring construction and B and B she started the company as a young widow who wanted to combat poverty and provide for her kids. In 2019 I came into the company as a young black women wanting to empower myself and make a difference in my community as a whole by creating job opportunities for unemployed black women and youth. Construction is a male dominated industry coming in as a young black women I wanted to conquer, make a difference in my community and show no fear or doubt but be confident in the work I do.

3. What have been some of your highlights'?

Mophiring Construction making a comeback, receiving our first project, completing it on time as per clients scope of work and getting great reviews from the client which gave us great exposure in the market. Being selected to be part of the Glencore ESD program at GIBS and being a top achiever director in my class has been one of my biggest highlight. This has been a great opportunity which granted me great recognition to Glencore and other business opportunities.

4. What have been some of the biggest challenges small businesses face within your industry?

Cash flow and access to finance for small businesses in construction is always an issue, when doing projects and not having good project management practices in place often results into either a loss in profit or breaking even at the end of the project. It is hard to penetrate the market, gain access to funding and create networks as a young black woman. Being a young black woman in the industry is a challenge, young women are often never taken seriously or into consideration. When it comes to construction we are always ostracised.

5. What programme did you do with GIBS?

Glencore Supplier Development Programme.

> "We are a 100% black female owned business. The company was created to combat the construction industry as it is a male dominated industry."

6. How has it helped strengthen your business?

The ESD programme from GIBS has assisted me by showing me gaps in the market, points I was missing to market my business, ways to be innovative, to be profitable, managing talent and strategic decision making.

I have learned to be adaptable, open-minded with the willingness to embrace new challenges and opportunities. I have not only gained academic knowledge but also developed valuable skills such as critical thinking, problem-solving, and effective communication. I believe these skills will serve as the foundation for my future endeavours. I have also created new networks, learned more about the value chain within the mining sector which has enlightened me about more opportunities I can integrate within my business.

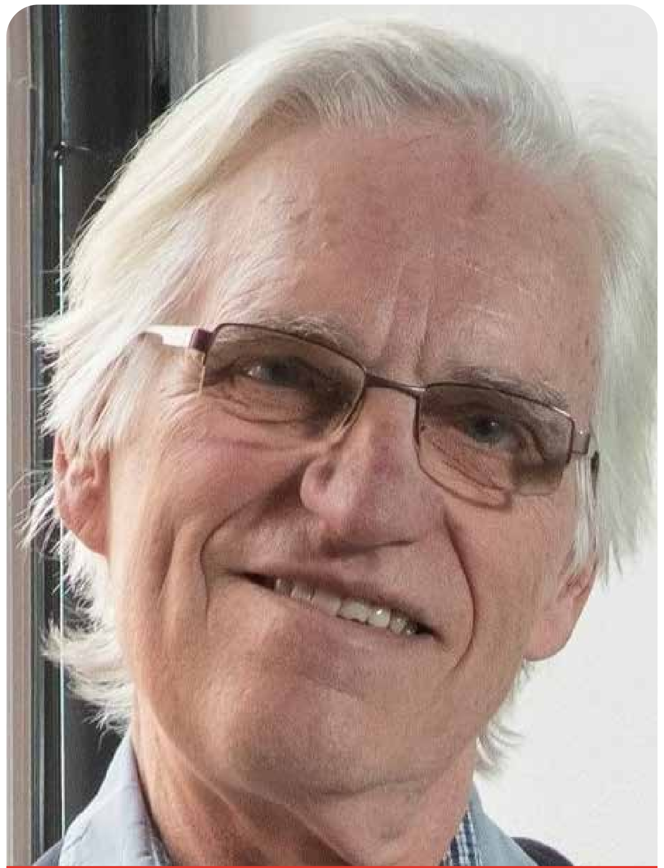
7. What has been your biggest learning curve as an entrepreneur/ business person?

From all the lessons I have learned the biggest learning curve was when COVID-19 hit and that very same year I had just relaunched my company, not having networks, capital and projects to run was very tough but this period taught me a lot, through perseverance I learned ways to always be prepared for times like these especially having enough financial reserves which will protect my business from financial loss, so that we are able to keep up with bank payments, suppliers, salaries ,wages and so forth.

A director who took over from the founding director, my mother and getting used to the responsibility I have to my team, my clients, and suppliers has been the biggest learning curve. We construct for clients from all works of life, businesses, public sector and private clients. That seems simple, but within it there is so much, such as the cultural dynamics within the diverse team, the efficacy, the communication, the growth, the quality control, the innovation, the social impact, and for me personally, being the public face of a company that is now recognised, talking to so many different people, all with different expectations. It is a lot but I feel it is what I am meant to be doing right now. ■

The Significance of Measuring Impact:

Empowering Entrepreneurs and Business Development Service Providers



Prof. Johan Olivier
Gordon Institute of Business Science

In an era marked by economic volatility and social transformation, the need to assess the impact of initiatives has become paramount. For entrepreneurs and business development (BD) service providers, understanding and measuring impact not only validates their efforts but also guides future strategies. In this thought leadership article, we delve into the importance of measuring impact, its role in fostering sustainable change, and the tools available for entrepreneurs and BD service providers to achieve this.

GIBS's role in impact measurement

The Entrepreneurship Development Academy (EDA) at the Gordon Institute for Business Science (GIBS) is at the forefront of enabling SMEs and BD service providers to measure impact. Through its Social Entrepreneurship Programme (SEP), the academy offers courses on monitoring and evaluation (M&E) and impact assessments. Designed for practitioners across private, public, and NGO sectors, SEP emphasizes creating, sustaining, and scaling impactful change.

Significance for BD service providers

The very essence of interventions lies in their capacity to bring about change. Impact, in this context, denotes the enduring societal transformations stemming from these interventions. Business development service providers are tasked with executing initiatives that result in tangible change. Measuring impact is crucial to validate the efficacy of their efforts, hold themselves accountable to stakeholders, enhance organizational reputation, and report to funders—particularly social impact investors keen on the broader societal implications of their investments.

> "Creating a vision for impact measurement, determining evaluation tools, and identifying stakeholders' involvement are critical steps."

Impact M&E trends and challenges

Distinguishing between different types of impact—short-term, medium-term, and long-term—is a significant challenge. Understanding these temporal aspects is essential for accurate assessment. Moreover, the planning triangle—an approach centered on identifying key activities and intermediate outcomes—is a useful tool to guide effective impact measurement. One must navigate through the complexity of various impacts, objectives, and indicators to establish a credible impact framework.

Tools and techniques for impact assessment

Effective M&E hinges on meticulous planning. Creating a vision for impact measurement, determining evaluation tools, and identifying stakeholders' involvement are critical steps. Defining a Theory of Change (ToC) at the outset allows for a clear understanding of the current and desired realities. An indicator framework, specifying baseline, targets, and data requirements, further refines the assessment process.

Measurement indicators for both BDS and entrepreneurs

Indicators span a range of categories, including well-being, innovation, social capital, economic and human resource impacts. These indicators should be developed upfront during the planning stage of an intervention. Each objective or outcome can have multiple results, and each result can have one or more indicators, highlighting the intricate web of relationships and impacts.

> "Impact, in this context, denotes the enduring societal transformations stemming from these interventions."

Importance for South African social entrepreneurs

In a country like South Africa, social entrepreneurs hold immense potential to effect change on society. Proper impact measurement ensures accountability and resource optimization, facilitating meaningful, sustainable outcomes. M&E is not merely a choice but a responsibility of socially responsible organizations to the stakeholders they serve.

Internal Impacts of M&E for small businesses

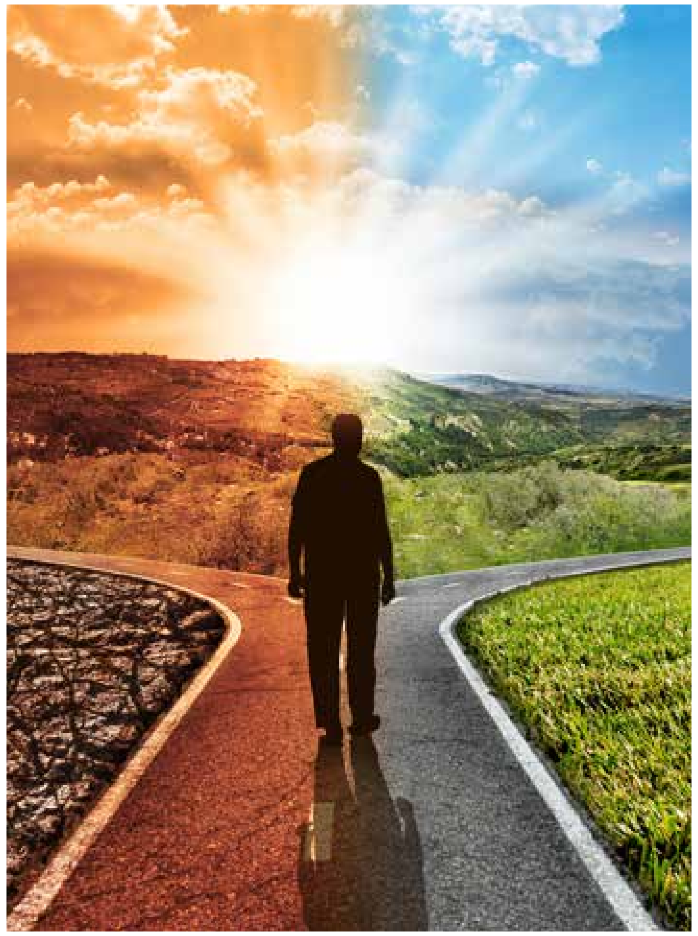
Implementing successful interventions requires an organizational structure aligned with their goals. Effective M&E necessitates placing the M&E function strategically within the organizational hierarchy. Structural changes may be required as the organization's functions evolve over time.

Cultivating a culture of monitoring and evaluation

While progress has been made in fostering a culture of accountability through M&E, more needs to be done. Organizations must recognize that effective M&E is not only a responsibility but also a means to establish their societal impact credibly and sustainably.

Policy design informed by evaluation outcomes

Governments are increasingly recognizing the importance of evidence-based policy formulation. M&E plays a pivotal role in producing credible management information to inform policy and planning. Examples such as the South African National Development Plan illustrate how evidence-driven policies can shape national agendas.



Leveraging new data sources for impact assessment

M&E relies on both secondary and primary data sources. Quantitative designs offer comprehensive insights, whereas qualitative designs provide nuanced understanding. Quotations from qualitative interviews humanize the impact, bridging the gap between data and human experiences.

Conclusion

In a landscape characterized by transformative changes, the role of impact measurement cannot be overstated. Entrepreneurs and BD service providers must harness the tools and strategies available to validate their efforts, enhance their accountability, and ultimately contribute to a more just, prosperous society. As we move forward, a culture of monitoring and evaluation, fueled by robust data and insights, will serve as the cornerstone of responsible and impactful entrepreneurship.

Okhela & Associates
FINANCIAL CONSULTANCY

Pressing on to the Goal

By Okhela Ntsamai

Okhela Ntsamai
Director & Financial Coach

Writing this piece afforded me the opportunity to reflect on the landscape of transformation in our economy, and the fruitfulness of the efforts applied to achieving equality. I am a business strategic advisor and development practitioner who structures business strategies and financial instruments that serve to bridge the gap between capitalistic markets and social ideals. Qualifying as a Chartered Accountant afforded me the wealth of perspective regarding the mechanics required to make medium to large scale businesses work. My tenure at South African Breweries gave me a passion for identifying and quantifying process loss as the basis of devised strategies for savings at the largest brewery in the Southern Hemisphere.

"Investors partner with SMEs beyond the objectives of profit. In this way, the corporate can leverage on the impact created by SMEs as their own."

The link between the development landscape and the quality of life of South Africans is inseparable. Though one could dissociate themselves from unemployment, poverty or decreasing economic productivity, every South African is affected by crime, increased living standards, and under-resourced state services. None can escape the impact of not actively repairing our socioeconomic issues; ours is to aid our clients in creating the desired level of change. O&A exists to build a bridge between capitalistic markets and social ideals.

The uncomfortable truth is that development (of our country, society, and the future) requires transformation. We need to exist (and co-exist) in a manner that allows all to sit at the table. But the reality is that there's a cost to be paid, and that is not for the faint-hearted. Change is most definitely informed by strategy and policy, but the active differentiation process extends to our behaviours as members of society. B. F. Skinner once wrote, "The ideal of behaviourism is to eliminate coercion: to apply controls by changing the environment in such a way as to reinforce the kind of behaviour that benefits everyone."

This is central to our methodology. As a BBB-EE level one, youth, female owned company, we administer funds on behalf of our clients to maximise the value for procurement and SMEs alike. Companies are driven by servicing their customers and are only willing to use partners who can appreciate and adopt this thinking. Historically, SMEs have only sometimes been positioned to service such corporates. In a never-ending cycle, a lack of access to capital restricts the capacity of these SMEs. And yet, excluding such players from meaningful service delivery is far from beneficial to economic development. Our pre- and post-investment services marry the path of SME growth with practical enablement, which fosters inclusion and value distribution across the eco nomy.

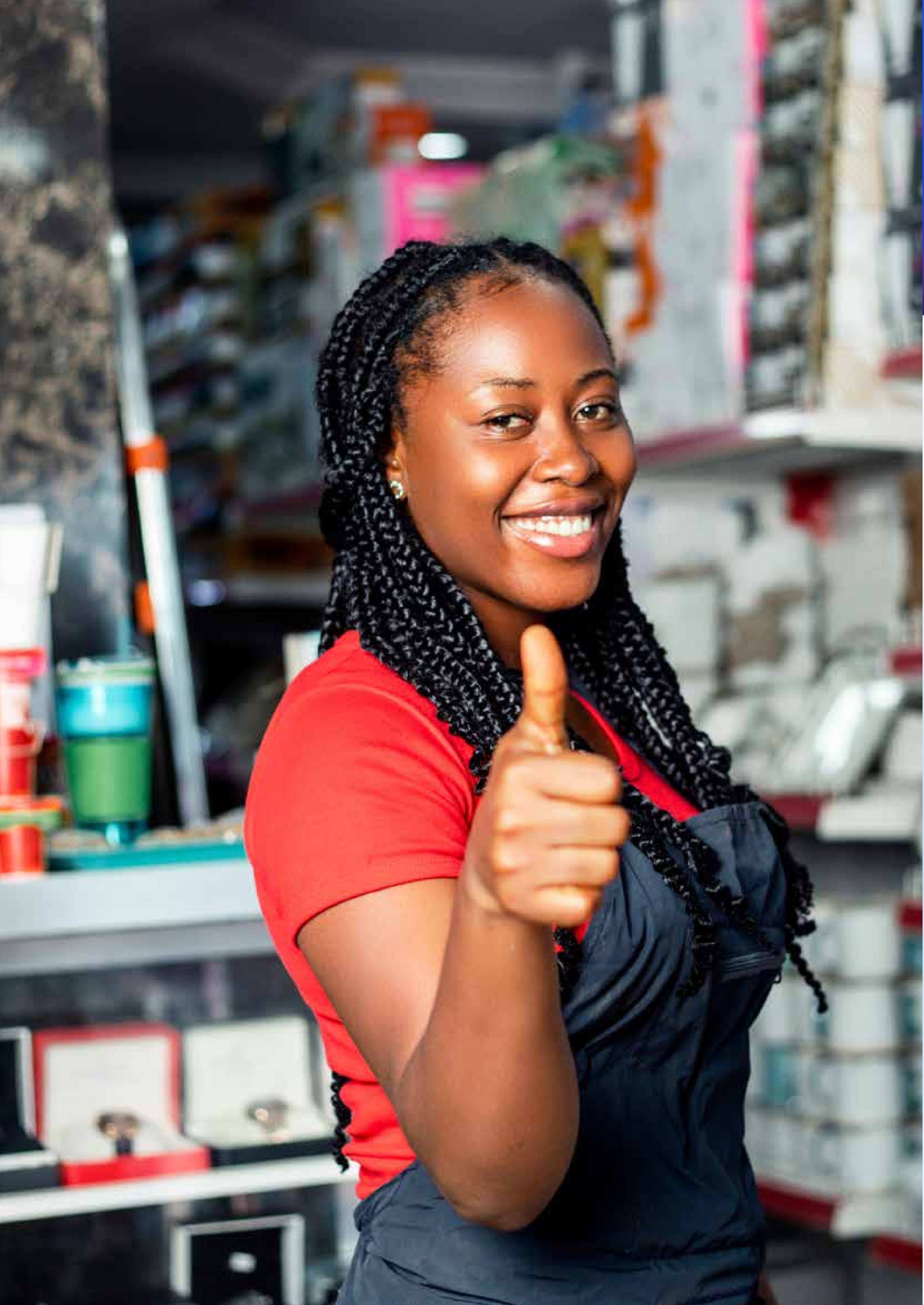
As the market leans towards a stakeholder-centric approach to business, the principles of ESG present the opportunity to articulate shared values for parties that may sit on the opposite end of many spectrums. The use of ESG as a risk management strategy for investors allows the creation of sustainable impact. Done correctly, investors partner with SMEs beyond the objectives of profit. In this way, the corporate can leverage on the impact created by SMEs as their own. Whilst recognizing and meeting the requirements of the B-BBEE codes, companies are able to craft their strategy for addressing environmental, social and governance aspects beyond their companies.

We have had the privilege of servicing the BMW ESD Skills Trust. Over the years, the Trust has funded numerous businesses, propelling some of those beneficiaries to service the BMW Group. The Trust creates an enabling platform for development and accountability by extending interest-free loans to an underbanked market portion. Conventional financial institutions may deem risky transformational lending central to the Trust's proactive approach to putting its money where its heart is. A loan creates a fixed term relationship and point of engagement to provide financial and non-financial support to capable SMEs. One such beneficiary is Vital Generator Services. ■

"Though one could dissociate themselves from unemployment, poverty or decreasing economic productivity, every South African is affected by crime, increased living standards, and under-resourced state services."

Company Details

Telephone: 072 743 2949
Email: okhela@okhela-associates.co.za
Website: www. okhela-associates.co.za



Chapter 7

Innovation and Technology

In This Chapter

Embracing innovation and technology can drive business growth and competitiveness. This pillar encourages the adoption of new technologies, processes, and business models to stay relevant and ahead of the curve.

Showcase

Introducing Galelo Africa:

Empowering Small Businesses for a Thriving Economy

Unlocking opportunities for small businesses through innovative technology solutions and expert consulting

In 2016, two visionary entrepreneurs, Kamohelo Mothibedi and Buntu Mdaka, founded Galelo Africa with a mission to drive positive contributions to the South African economy and the rest of Africa. Recognising the persistent barriers faced by small businesses, particularly those from previously disadvantaged backgrounds, Galelo Africa emerged, as a 100% black youth-owned business, committed to breaking down these barriers. With a deep understanding of the African market and leveraging cutting-edge technology solutions, Galelo collaborates with SMEs, large corporates and funders to foster growth, enable access to markets and facilitate funding opportunities. Its comprehensive offering includes two powerful digital platforms, ***Xasa*** and ***SimplyBEE***, supported by its Post Investment Management Services, all aimed at empowering businesses and propelling economic progress.

Xasa: Your gateway to enhanced business-to-business connections

Galelo's flagship digital platform, Xasa, revolutionises the business landscape by seamlessly connecting buyers, suppliers and funders within a single ecosystem. Xasa offers a plethora of benefits to its users, including a consistent deal flow of potential suppliers and investment opportunities, accompanied by the necessary supporting documentation to facilitate informed decision-making. Moreover, Xasa ensures compliance with B-BBEE requirements by sourcing businesses actively seeking ESD funding. Here's how Xasa delivers value:

1. Transaction financing product: Xasa provides access to short-term financing for prospective funders, enabling swift capital injection into investment opportunities showcased on the platform.

2. Supplier contract performance: Xasa's comprehensive supplier contract performance monitoring ensures that businesses can evaluate and manage the performance of their suppliers effectively, promoting accountability and transparency.

3. Regulatory Monitoring: Xasa's regulatory monitoring functionality keeps businesses updated on relevant regulatory requirements, ensuring compliance and minimising legal risks.

Sourcing on the Platform:

- **Investment Portal:** Discover and analyse a wide range of business investment opportunities while accessing valuable insights to support strategic decision-making.
- **Corporate Buying Opportunities:** Find corporate buying opportunities advertised on the platform, expanding your market reach and potential revenue streams.
- **Suppliers and Offerings Showcased:** Showcase your business and offerings to a broad network of potential buyers, driving visibility and growth.

"Xasa offers a plethora of benefits to its users, including a consistent deal flow of potential suppliers and investment opportunities."

SimplyBEE: Streamlining B-BBEE management

Galelo's second digital platform, SimplyBEE, simplifies and streamlines B-BBEE management for organisations. By optimising transformation policies and monitoring compliance, SimplyBEE enables businesses to enhance revenue, mitigate risk and focus on their core operations. Discover the key features of SimplyBEE:

1. **Intuitive transformation plans:** SimplyBEE provides practical plans to assist critical, high-risk suppliers in improving their B-BBEE levels over a defined time horizon, typically 1-3 years.
2. **Progress monitoring and risk assessment:** Track the progress of improvement plans, identify key risk areas, and receive suggested interventions, all while obtaining an overall risk rating.
3. **Centralised certification management:** Seamlessly retrieve, store and manage B-BBEE certificates and affidavits in one convenient location, eliminating administrative burden and enhancing compliance.
4. **Customisable reporting:** Generate tailored reports, providing comprehensive insights into your B-BBEE performance and facilitating effective decision-making.

Post investment management services: Nurturing investment success

Galelo Africa goes beyond initial investments and offers Post Investment Management Services, ensuring the long-term success and sustainability of investments. By focusing on accountability, transparency and regular reporting, Galelo fosters strong investor relationships and actively manages risk. Our services include:

1. **Beneficiary business development support:** our comprehensive support encompasses governance, sales and marketing, legal and compliance, financial and cost management, as well as business coaching and mentorship.
2. **Investor/fund risk management**: We employ a risk-based approach to address key sustainability risks within invested businesses, safeguarding investor interests.
3. **Investment disbursement accountability management:** We ensure proper disbursement and allocation of investments, maintaining accountability throughout the investment journey.
4. **Investment portfolio risk and financial reporting:** Galelo Africa provides interactive monitoring and evaluation of investments, delivering real-time reporting on key performance metrics and financial insights.

Underpinned by:

- **Beneficiary coaching and handover:** We provide hands-on coaching and support from day one, assisting businesses in maximising their growth potential.
- **System management for monitoring:** Our robust programme management system enables effective monitoring and tracking of beneficiary progress.
- **Tech enablement for greater business efficiency**: We empower beneficiaries with technology tools to enhance operational efficiency and optimise business processes.
- **Beneficiary access to business development opportunities:** Galelo Africa facilitates access to growth opportunities, fostering market expansion and diversification.
- **Real-time key beneficiary performance metric reporting:** We provide comprehensive reporting on key performance metrics, enabling data-driven decision-making.

Galelo Africa's impressive portfolio performance

Galelo Africa's success story is reflected in our remarkable investment portfolio. In 2020 alone, we engaged with more than 2,500 small businesses, established strong partnerships with influential business

> "Our social impact extends to the creation of 174 jobs, with more than 30% representation of women, and a projected annual graduation rate of 10% for more than 50 SMEs"

associations and organisations, and managed more than 650 small business funding applications online. Our investment portfolio currently stands at R450m (USD 26m), with investments spanning across 15 sectors and 37 companies. Notably, we have created assets valued at R530m (USD 30.5m) and achieved an average annual revenue growth rate of 7-24%, totaling R196m (USD 11.3m). Our social impact extends to the creation of 174 jobs, with over 30% representation of women, and a projected annual graduation rate of 10% for more than 50 SMEs. Galelo Africa's portfolio performance is attributed to our commitment to easy and secure funding opportunities, empowering youth in creative industries, and driving corporate supply chain transformation.

Galelo Africa stands at the forefront of empowering small businesses, propelling economic growth and fostering a vibrant and inclusive business environment. With our transformative technology solutions, expert consulting services and unwavering commitment to success, we are determined to break down barriers and unlock opportunities for businesses across Africa. Join Galelo Africa today and embark on a journey towards sustainable growth, prosperity and social impact. ■

Kamohelo Mothibedi
CA (SA)

Buntu Mdaka
CA (SA)

Established in 2016 to provide access to market and funding participation for SMMEs through working with large corporates and funders –
using inhouse technology solutions and deep management consulting expertise.

Xasa

An online Business-to-Business Market Place that connects Buyers, Suppliers and Funders in a single ecosystem. Xasa entails a transaction financing product, supplier contract performance and regulatory monitoring :

SimplyBEE – More than just compliance

A B-BBEE reporting platform that aligns business strategy to regulations , performs real-time BBBEE score calculations , Gap Analysis and safely stores verification documents

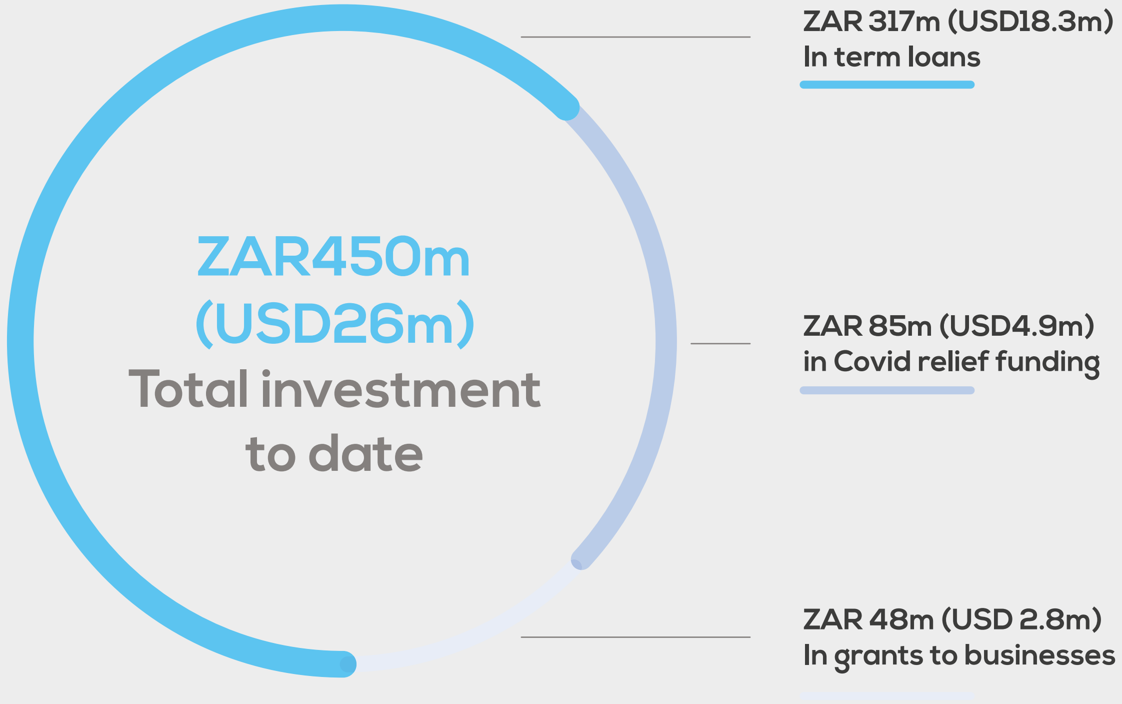
GALELO – Beneficiary Business Support

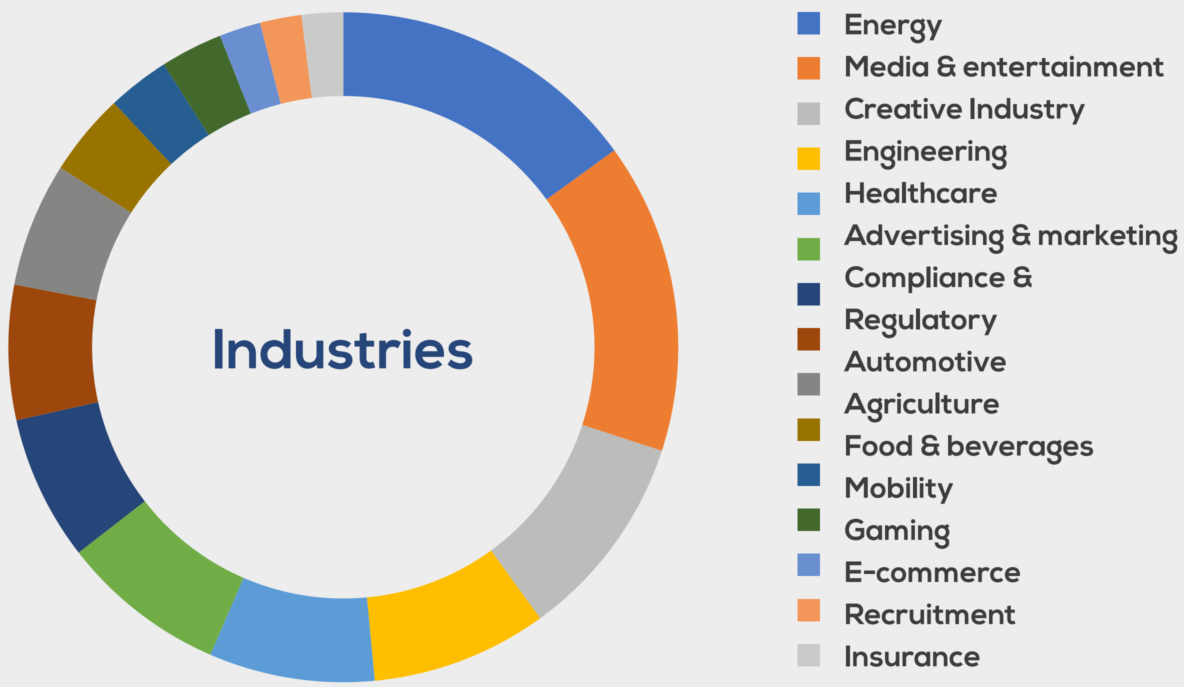
Post Investment management services offered to facilitate successful investment journeys.

To learn more about Galelo Africa and how we can help your business thrive, visit our website at www.galeloafrica.com
Together, let's shape a brighter future for African businesses and economies!

INVESTMENT PORTFOLIO OVERVIEW

PORTFOLIO SIZE





37 Companies currently invested

15 Sectors

Addressing the Dire Skills Shortage in the Software Development Space

redAcademy founder says that if we want to make a change in the future of our country and our economy, we must support one another through a diverse workforce.

Jessica Hawkey
Founder & Managing Director of redAcademy

Addressing the Dire Skills Shortage in the Software Development Space

Jessica Hawkey is the Managing Director of redAcademy – an innovative skills and experiential learning hub in Cape Town that teaches coding and specialised technology skills to youth in South Africa.

What makes redAcademy so unique is that selected young South Africans wanting to pursue a career in IT are given the opportunity to fast track their studies and subsequent careers. What would normally be a three-year degree is condensed into a one-year very practically based learning opportunity.

redAcademy students are able to learn and work at clients in a live environment where they also learn vital soft skills and work-readiness to give them a step ahead into a career in the tech industry. By collaborating with South African businesses that are facing a massive skills gap, redAcademy is building a sustainable tech talent pipeline for the future.

Fostering innovation and growing businesses through diversity

Hawkey says that while South Africa is better represented than many countries globally when it comes to women working within the tech space, there is still so much more that can be done. She says that inclusivity and diversity are absolutely vital, not only within the small business sector, but across the board, especially in management. "If we want to bring innovative solutions to businesses, we have got to have a diverse collective around the table - different ideas, different approaches and different ways of thinking need to be brought in when developing solutions," she says, adding that having more women in businesses also adds great value and a diverse approach, which is extremely important to foster innovation and to grow businesses and the economy as a whole.

The power of women supporting one another

Recognising the role that mentors and role models have played in her career journey, Hawkey is passionate about women uplifting and supporting one another in the business space.

"Whether it's being involved in software development within the technology space or leading a business in any sector, women entrepreneurs and women in business are important role models and make it possible for other women to see somebody else doing it, knowing that they can do it too," she says.

While in the past, women were confined to believing that they were suited to specific roles or careers within certain industries, these limitations have changed substantially.

"As a woman founder myself, I have been able to surround myself with so many female pioneers in various industries and sectors, and have found that women in the corporate space are a powerful force to uplift and encourage other women," she says.

Hawkey has found that seeking mentorship from all spheres has helped to guide her in her career to date. "Being a business founder can be somewhat of a lonely space. Having that sounding board helps so much. Mentors can be in a different sector, have had different types of success and gone about things in different ways. It's about hearing and learning from someone else's perspective and broadening your horizons which can be exceptionally valuable."

Striving for an energy balance

> "As a woman founder myself, I have been able to surround myself with so many female pioneers in various industries and sectors, and have found that women in the corporate space are a powerful force to uplift and encourage other women."

As a career woman, Hawkey pushes back when asked about the age old question of achieving a work-life balance.

"From my perspective, it's always been about energy balance, especially as an entrepreneur. You are probably going to spend a disproportionate amount of time working on your venture, especially upfront, to make it work. You are going to have to initially work nights and weekends if you want to make a success of your business. Although this will change, it's a good idea to find something that you are passionate about, something that resets and inspires you," she says.

The importance of experience

Hawkey says that when starting out, not every business is going to be successful. She firmly believes that what sets people up for success, and specifically what sets women up for success, is having some kind of life exposure, experience and knowledge.

> "Let's uplift the youth. Let's make an impact. Let's drive business. Let's bring the almost 70% of software that is offshore, back into South Africa."

"Sometimes going straight into the SME space or entrepreneurship isn't recommended. Take time to refine your skill set, use your passion, aptitude and attitude to really gain as much experience and exposure as possible first." The more skilled people and skilled women South Africa has, the more small businesses that can start and succeed.

Bringing software development back into South Africa

Hawkey says that after an earlier career in finance and investments that saw her working both locally and abroad, she started working in offshore investments in the operations space. This is where she started to understand the total mismatch that we have in the industry at the moment between the massive youth unemployment rate, and the lack of local software development.

"Let's uplift the youth. Let's make an impact. Let's drive business. Let's bring the almost 70% of software that is offshore, back into South Africa," she says. which is why redAcademy, in partnership with the Lewis Group, was born – to address the disequilibrium in the ecosystem and the dire skills shortage in the software development space.

redAcademy's first cohort graduated in May this year with 100% of their graduates absorbed into permanent employment. "For us, it's so important to give youth hands-on project development experience. By the time these graduates go to interview for the role for which they were custom trained and for whom they have workplace experience, they have already achieved the software development skill set, they have the industry experience and they have the belief in themselves," she says. ■

Transformative Impact:

A beneficiary's perspective on Enterprise and Supplier Development (ESD) in South Africa

Dr Brenda Kubheka –
Co-founder, Health IQ Consulting

We cannot undervalue the positive impact enjoyed by our start-up businesses through the Enterprise and Supplier Development (ESD) machinery. We ventured into a new service offering, innovative healthcare communications, responding to the gap significantly highlighted by the pandemic. We have always been aware of information asymmetry between the different stakeholders in the healthcare value chain. ESD allowed us to partner with established corporations and "piggyback" on their existing systems and, more importantly, access to the market and a possibility of mentorship from recognised experts. Established organizations have a significant role in transforming small black-owned businesses into impactful and sustainable organizations to benefit the economy and reduce our country's pre-existing expert and economic gaps. According to the B-BBEE Commission, the purpose of the ESD program is " to promote a conducive environment for the creation of sustainable partnerships between Corporate South Africa and black entrepreneurs to enable access and transformation of the value chains."

Being a beneficiary has allowed us first-hand experience, a tapestry of wins and challenging lessons. Transformation is about making change, a deliberate action dependent on and influenced by the intention to pursue the partnership in the first place. Ticking the box for the purpose of compliance does seem like forced change, but corporates need to appreciate the value brought by ESD partners who may look and think differently from them. Failure to appreciate the importance of diversity can undermine the partnership. We must acknowledge and intentionally manage and monitor ESD programs to minimize unintended consequences. The power dynamics in these relationships threaten autonomy and independence because the established enterprise possesses critical tools – economic capital, credibility, and infrastructure, to name a few. The relationship may be subtly coercive unintentionally and otherwise if we ignore the play of power dynamics in these relationships.

Transformative and impactful ESD programs are grounded on commonly agreed and shared objectives, truthfulness, and respect for each organisation's strategic goals. Respect requires understanding how the beneficiary sees the crafting of their success and the Corporation to assist in unlocking value that opens new doors or aligns with the objectives of the beneficiary.

I am going to use three elements from Young's Five Faces of Oppression to frame practical ethics relevant to the ESD conversation:

Exploitation – Using the ESD relationship solely to improve the B-BBEE score for the Corporation as a means to scoring favourably when bidding for business opportunities. The relationship becomes exploitative when what has been documented as the value transfer to the beneficiary is not actual value (financial and non-financial) but a numbers transaction. Exploitation erodes trust, and the Corporation may lose on extracting more value from the beneficiary, which may include a better understanding of their client base, relationships and insights, which may highlight new areas of growth and business.

Marginalisation – The existing power dynamics may be visceral in ways that send mixed messages to the beneficiaries to "stay in their lane". To foster transparency, Corporations need to be transparent about communicating with their beneficiaries their ESD framework and support opportunities, which includes opening their network to the beneficiaries. Corporations should be intentional about ensuring equitable access to standard support provided to all of their beneficiaries, keeping in mind that stereotypes and biases may influence decision-making and allocation of support or benefits. Microaggressions are actions that negatively target a marginalized person or group. A microaggression can be intentional or accidental. It is a form of discrimination and impacts emotional and physical well-being. These microaggressions can be disguised as a compliment, like you speak good English, implying that this is somehow unexpected because of the person's skin colour or ethnic background. Women business owners also have to ensure their competence and business skills are not being underestimated.

Powerlessness – Corporates need to be aware of the power dynamics in ESD relationships and how they may be perceived as domineering unintentionally. Sharing the ESD strategy with beneficiaries creates a common understanding critical for managing expectations, which is good for a harmonious relationship. Regular meetings should be committed to celebrating successes, monitoring progress, addressing challenges, and identifying opportunities. These should be scheduled proactively to foster a commitment to the relationship and transformation.

There is no doubt that Corporations play a significant role and will continue to play it in transforming our country's economy. Transformative impact requires awareness of the intent of economic transformation. Understanding and actively managing diversity, inclusion, equity, and access (DIEA) will assist corporates to avoid perpetuating oppression through the ESD program.

Sustainable businesses benefit the country and its citizens because a thriving economy creates meaningful and sustainable jobs, which is critical for human development. For ESD programs to deliver a transformative impact in South Africa, we must admit that DIEA and ESD are not mutually exclusive. ■

JBS

Unlocking Innovation:

Empowering SMEs through the Adjacent Engine of Innovation

In the wake of the unprecedented disruption brought about by COVID-19, the dynamics of global business have undergone a seismic shift. Amid this transformation, small and medium-sized enterprises (SMEs) in South Africa have borne a disproportionate brunt of the challenges. Already grappling with access barriers to markets and financing, these businesses now face an additional hurdle – the imperative to adapt to the rapidly evolving landscape of remote work, automation and digitalisation.

This confluence of adversity and opportunity has given rise to a visionary concept - the "Adjacent Engine of Innovation". Inspired by the Engine 1, Engine 2 concept pioneered by Bain and Company, this novel approach seeks to harness the untapped potential of digitally skilled graduates to bolster the resilience and competitiveness of SMEs. We sat down with industry experts to unravel the layers of this transformative idea and understand its potential impact.

Addressing the underlying reasons for SME failures

Failure of SMEs can often be attributed to a multifaceted tapestry of factors, ranging from financial constraints to regulatory challenges. In South Africa, these hurdles have been further accentuated by a growing digital divide. While larger corporations have seamlessly navigated the remote work terrain, SMEs have struggled to stay digitally afloat. The ability to embrace the "new world of work", characterised by technological agility and remote collaboration, has become an urgent necessity for survival.

Empowering through digital acumen

Enter the Adjacent Engine of Innovation – an innovative strategy that aligns the potential of digitally proficient graduates with the needs of SMEs. By creating a symbiotic relationship between the two, this approach offers a beacon of hope. Through specialised programmes and innovation labs, graduates gain real-world experience while SMEs access affordable and agile innovation. It's a win-win scenario, with graduates honing their skills and SMEs benefiting from fresh perspectives and cutting-edge expertise.

The collaborative ecosystem: Key role players

Implementing this groundbreaking concept necessitates the synergy of various stakeholders. Universities, government bodies, SMEs, tech companies and graduates form the essential fabric of this collaborative ecosystem. Universities become hubs of innovation and skill development, government bodies offer policy support, tech companies provide technical platforms and graduates bring their digital prowess to drive change on the ground.

Paving the way for success

Initiating this transformation requires strategic steps. Research into the precise digital needs of SMEs, bespoke training programmes for graduates and a comprehensive framework for collaboration are among the initial phases. Accessible platforms for SMEs to request support, combined with robust progress metrics, round out the foundational stages of this journey.

Charting the uncharted: A vision ahead

While this concept is ripe with potential, it is not an entirely unexplored territory. The JBS Centre for Entrepreneurship and JBS Innovation Lab has already taken successful strides in connecting graduates with organisations. And although similar collaborative models exist in other countries, the success of the Adjacent Engine of Innovation hinges on its contextual adaptation to South Africa's unique economic and social landscape.

Crunching the numbers: Seizing the opportunity

While exact statistics elude us at the moment, the allure of the Adjacent Engine of Innovation is underscored by the large pool of unemployed IT/tech graduates in South Africa. Coupled with a substantial SME sector in need of digital transformation, this partnership could drive unparalleled innovation and economic growth. Collaborative efforts and data-driven insights will be key in quantifying this opportunity and guiding its implementation.

In the realm of business, adaptability is survival. The Adjacent Engine of Innovation beckons as a beacon of hope, offering SMEs the tools they need to not only weather the storm but to flourish in the face of adversity. As the sun sets on one era of business, this visionary concept paves the way for a brighter and more inclusive dawn. ■

Gordon Institute of Business Science

Entrepreneurship Development Academy

Lerato Makube

Founder: Eco care & GIBS EDA Alumni

The Impact of the GIBS EDA in South Africa!

12,000+
programme participants to date

64%
of beneficiaries are youth

16,600+
South Africans in full-time employment because of businesses that have benefitted from our interventions

54%
of our participants are female

80+ programmes run thus far

14+ The number of years of running the Social Entrepreneurship Programme

Impact on our programme participants:

Average revenue increased by **38%**

Jobs created **500+**

Average profitability improved by **19%**

98% of our participants are black

TWO Leading publications profiling innovative South African Social Enterprises: *Disruptors and Disruptors 2*

127 additional documents of various types such as white papers, conference papers and noteworthy, the annual *ESD Handbook*

The EDA's alignment to NDP 2030

1. Economy & Employment
2. Economic Infrastructure
3. Environmental Sustainability
4. Inclusive Rural Economy
5. Global Positioning
6. Spatial Development
7. Education & Training
8. Promoting Health
9. Social Protection
10. Safer Communities
11. Strong State & Institutions
12. Fighting Corruption
13. Uniting the Country

2030 NDP

National Development Plan

Scan QR code to contact us today and become a catalyst for change!

Let's make a difference, together.