

# *Ichibi Lethuba Report 2014*



**SUBMISSION BY:**

*Middelburg Chamber of Commerce and Industry*

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## EXECUTIVE SUMMARY

It is widely recognized that small, medium and micro enterprises (SMMEs) play a central role in driving the African continent's growth trend and that SMMEs form the backbone of employment-creating initiatives in Africa. A study by the Department of Trade and Industry ([www.dti.gov.za](http://www.dti.gov.za)) indicates that SMMEs contribute more than 42% of South Africa's GDP and that they are vital to the success of the economy. It is important to acknowledge that a bigger commitment to SMME's does not make big business perform any worse; in fact the opposite applies: it helps to urge economic growth, and helps create opportunities and jobs. Big business is therefore encouraged to make it their responsibility to ensure that SMMEs are developed to the level that makes them competitive and improves the quality of service they provide. (Mr Xolani Mkhwanazi, Chairperson of BHP Billiton)

The objective of the SMME training for small business, provided by the BLC is to ensure sustainability of SMME's in the Steve Tshwete (STLM) area by improvement of business performance through various interventions facilitated by a business-to-business relationship.

The companies on the BLC database annual turnover is less than 5 million and have up to 5 people working in the enterprise. To classify the majority of the SMME's it can be concluded that they are in the start-up category. Type (A) SMME according to the BBBEE charter of Enterprise Development.

The great need to develop these SMME's are a focus now for the impact they can craft on the local economy.

The demographic breakdown of SMME's on database differs every year but the average is:

- STLM Middelburg; Hendrina; Arnot 70%
- Emalahleni and all surrounding towns 15%
- Delmas/Ogies 10%
- Other 5%

The following interesting statistics were discovered and discussed at a small business development seminar hosted by Nedbank in June 2012, subjected: "Why businesses fail":

- 12% Bookkeeping
- 34% Management of Financial affairs
- 11% Marketing and Sales
- 16% Management
- 9% Staff
- 6% Union
- 12% Inflation and economic conditions

If one looks at the above statistics the financial total percentages account for 46%. The failure rate on the financial side contributes to almost 50% of why SMME businesses fail.

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## 1 INTRODUCTION

**Ichibi Lethuba** is an Enterprise and Supplier Development Programme offering a competition focused on promoting the participation of small business in our local economic sector.

Some of Ichibi Lethuba's fundamentals are founded on the Dragon's Den TV series, with a bit of a twist and local flavor which is unique to South Africa and most importantly our local community.

The objectives of Ichibi Lethuba are business growth; linkage with procurement opportunities, job creation for participating SMME's and to assist investors in applying the funds in order for them to claim BBBEE recognition.

Enterprise Development, Supplier Development and Preferential Procurement are priority elements for the revised BBBEE codes for Good Practice. Ichibi Lethuba assists corporate companies with BBBEE scorecard recognition.

- ❖ 30 SMME's entered into the Ichibi Lethuba competition with a company profile and motivation for participation.
- ❖ A shortlist of 20 candidates was made.
- ❖ The 20 candidates went through 2 different assessments from different service providers.
- ❖ Then the top 16 were announced.
- ❖ The judges invited the top 16 for interviews – the final top 10 was selected.
- ❖ Motivational breakfast was done by Mr. Ebrahim Patel to address the top 10.
- ❖ The top 10 candidates went through intense business soft skills training and an on-line business plan training program to apply the training principles acquired.
- ❖ Candidates submitted their business plans for perusal to the judges.
- ❖ Each SMME then receives a one-on-one mentoring for a period of 5 months, working on their businesses and creating linkages.
- ❖ PWC created a financial report on current status on financials submitted and also did a 6 month forecasting.
- ❖ Adjudication – judges evaluated their input, made suggestions and scrutinized their businesses and business model. – Decision was made to select top 3.
- ❖ Gala event – winner was announce and top 10 was each awarded with a financial contribution as well as a generous printer sponsor for the top 3 by Nashua Middelburg.
- ❖ Post-Mentoring was done to implement financial requests and report on implementation.

## 2 ICHIBI LETHUBA

### 2.1 Candidates

<b>Name &amp; Surname</b>	<b>Company</b>	<b>Email Address</b>	<b>Contact No.</b>
Mthobisi Thomo	1 Day job	<a href="mailto:mthobisithomo0@gmail.com">mthobisithomo0@gmail.com</a>	071 518 0629
Ernest Belcher	Kwek kwek Chickens	<a href="mailto:ernest.belcher@yahoo.com">ernest.belcher@yahoo.com</a>	081 578 5539
Thabo Lekhuleni	Emerging Generals	<a href="mailto:emerginggenerals@yahoo.com">emerginggenerals@yahoo.com</a>	073 948 1706
Elnah Sekwane	Palmy Steel & Engineering (Pty) Ltd	<a href="mailto:kellyda64@gmail.com">kellyda64@gmail.com</a>	076 1299 172
Moses Matshiana	Kgabu Project & Construction	<a href="mailto:info@kgabu.co.za">info@kgabu.co.za</a>	076 167 7658
Johanna Kheswa	Kgupo2 co-operative	<a href="mailto:tbz76@yahoo.com">tbz76@yahoo.com</a>	0832385486
Donald Legegeru	Legegeru Industries	<a href="mailto:info@liworld.co.za">info@liworld.co.za</a>	083 612 3527
Letty Msiza	Letteliza Trading Enterprise	<a href="mailto:msizaletty@yahoo.com">msizaletty@yahoo.com</a>	0820715911
Simon Ngubeni	O Jays Nomanini	<a href="mailto:ngubenisimonfanie@yahoo.com">ngubenisimonfanie@yahoo.com</a>	072 391 4817
Mishack Zwane	Rothomeg Trading Enterprise	<a href="mailto:rothomegtrading@gmail.com">rothomegtrading@gmail.com</a>	71 1 6854

## 2.2 Judges

The judges are all volunteers from corporate companies as well as entrepreneurs from the community.

<b>Judge</b>	<b>Company</b>
Alida Niehaus	Action Coach Mpumalanga
Alta Baartman	UMFA
Anna-Marth Ott	Middelburg Chamber of Commerce and Industry
Cooban Moodley	The Right Mix
Dr. Johann Kritzinger	African Dynamics Group
Ebrahim Patel	Malcom-Ezindaleni Engineering
Junior van Niekerk	Nashua
Morwesi Ramonyai	Safika Oosthuizens
Nick Ott	NWJ
Stephan Eicker	PWC
Stephan Museler	EPA Survey

## 2.3 Service Providers

<b>The service providers</b>	<b>Company</b>
Karen van Zyl	PWC
Alida Niehaus	ActionCoach Mpumalanga (AC)
Johan Potgieter	Institute of Business advisors (IBA)
Kagiso Maupe	KBC Management Consultants (KBC)
Valerie Pienaar	(Business Linkage Centre) (MCCI)

### 2.3.1 KBC Management Consultants (KBC)

#### Training method used:

The underlying methodological approach used throughout is experiential learning. This concept emphasizes the active participation of the learners and the role of the trainer is to act as a facilitator and not as a traditional teacher. The essence of this concept is to strengthen the ability of the participants to apply concepts, techniques and methods to complex business situations by practical exercises based on simulations, role-plays and the field-work under the guidance and assistance of the facilitators.

#### Entrepreneurial Assessments:

30 potential participants were recruited to the program and assessed to check the entrepreneurial potential. The qualifying top 16 candidates were interviewed by the judges to determine the top 10 candidates to participate in the program.

The top 10 candidates went through a briefing & motivation session to enable the candidates to ask all relevant questions and get clarity on how the program is conducted. It all also gave the participants a chance to make arrangements to attend the training without interruptions.

After the selection and recruitment, the next step in the program was to conduct intense business management skills training workshop. This was a 22 day workshop (1 week with a break of 5 days in between). The break period were used for research purposes. The training program is structured in such a way that at the end of 22 days, participants should be able to have a draft business plans. All courses selected form an integral part of the business plan.

### **Training Programs:**

Innovation & Creativity	Basic Bookkeeping
Viability	Taxation
Entrepreneurship	Strategic Management
Practical Marketing	Human Resource Management& Labour law
Tendering Skills	Productivity
Pricing & Costing	General Administration Management
Financing a new venture	Business Plan
Financial Management	Leadership
Negotiation Skills	Market Research
One on one assistance to finalize business plan	

### **Market Research**

During the first week of training, participants were taught how to conduct market research. Therefore the breaks in between the training are utilized to conduct research. Thus participants had adequate time to complete their research so they're able to complete their draft business plans.

### **One-on-one assistance**

After market research, KBC Management allocated 2 days in which they spend time with the candidates who requires assistance in finalizing their respective business plans. This is a stage where candidates identify areas of improvement and mistakes that need to be rectified in their business plans. The candidates do their own business plans. KBC provides guidance on what should be done. All participants must take full ownership and responsibility for their business plans. The Managing Director of KBC is an ex-credit manager and therefore understands fully the requirements for a bankable business plan.

### **Outcome:**

The program is a structured methodology applied by trained SMME counsellors aimed at identifying collaboratively with the client's specific critical issues hampering the success of the enterprise. Specific action plans are then developed collaboratively with the client to address these critical issues.

The process addresses causes rather than symptoms. Typically, owners of SMME's believe that their overriding problem is inadequate funding. Invariably, this is symptomatic of deeper issues and the process gets to the heart of these. The program is outcome based, driven, tangible and measurable results must be produced, benefits must be assessed and the value for money must be achieved.

### **2.3.2 ActionCoach Mpumalanga (AC)**

Our objectives is to give SMME's and owners an understanding of a structured yet simple proven methods to manage and grow their businesses and work shorter hours at the same time. To get business owners thinking differently about their businesses, and working on the areas that will promote rapid growth and create wealth.

Programme outcomes:

The aim is to re-educate small to medium sized enterprise owners on issues relating to time management, staffing and finance as well as coaching them on how to grow their businesses. Business owners will leave this programme and go implement positive change in their businesses and the way they approach it.

Benefits to SMMEs:

Attendees fully understood the need to implement growth in a structured way, why it's necessary to understand the numbers in any business, how to grow any business by 61% in 12 months, how to implement the simplest yet most effective marketing strategies, how to implement systems in any business, how to motivate a team, and how to find the time to work ON your business rather than in your business.

### **2.3.3 Institute of Business Advisors (IBA)**

Assessments:

The candidates received specialized interventions focused on their current ability and potential (baseline assessments). The objective was to determine the type of intervention each individual required to develop their business to a level of entrepreneurial excellence where they become successful business owners and employers in their respective fields of operations.

Impact assessments were done after the project. More information is available in the integrated completion report which will be made available end of February.

Mentorship:

For the purposes of encouraging the sustainable development of SMEs, the Middelburg chamber of Commerce and Industry (Business Linkage Centre) has embarked upon a Business Mentorship Programme of which the objective is to provide an enabling environment for the promotion of self –sustainable SMEs. The mentorship intervention had a specific focus on entrepreneurship qualities.

The Business Linkage Centre engaged IBA to manage and administer the Business Mentorship Program on its behalf. The provision of entrepreneurial based support to the selected SMME's by accredited Business Advisors significantly contributed to the viability and sustainability of these businesses. Experience has learnt that the mentoring of businesses for the sake of mentoring could prove ineffective and a waste of resources. Mentoring to be effective, needs to be:

- Focussed on the currently ability and potential of the business owner (Baseline assessed)
- Focused on the unique set of business risks of that particular SMME
- Delivered in a structured and managed environment
- Time based to address the development areas of the entrepreneur
- Focused on the entrepreneurial growth and development of the Business Owner (impact assessed)

This initiative intends to grow and sustain the entrepreneurship qualities of the selected Business Owner through applied, personal and specialised mentorship initiatives. The SMME's were paired with suitable qualified and selected IBA Mentors to deliver mentorship over a period of time to enhance and add value to the Ichibi Lethuba initiative.

The Business Advisor:

- Perform the scope of services as set out in the assignment document.
- Exercise reasonable skills and diligence in rendering the services in terms of the Assignment Document and as set out in the agreement.
- To meet and achieve deadlines and completion dates as agreed upon with the Company.
- To render services in such a way that the business operations of the company are not unnecessarily disrupted.

- To ensure they're not the cause of any delays of achievement dates relating to the rendering of services to the SME.
- Act in all respects with due care and diligence and with utmost good faith towards the SME and promote and safeguard the interests of the company in regard to the services as if they were his own interest.

Project outcome:

The SMMEs received specialised mentorship interventions in their respective workplaces. These specialised interventions were tailor made for each mentee and based on the individual baseline assessments. The SMME's got an opportunity to work very closely with their Mentor's in order to become comfortable with and master their entrepreneurial development areas. After completing the mentorship intervention part of this project, the candidates were subjected to final impact assessment in collaboration with MCCI. The project would be deemed successful when all candidates' entrepreneurial areas of development were dealt with in a manner where the success will be evident in improved business results such as increased turnover, increased employment, new business initiatives etc.

## 2.4 Adjudication

All judges were given adjudication forms to score participants of the program. The candidates were given 10 minutes to present and judges were also given 2 minutes to pose questions.

Scoring rate:

- 1 – Not Satisfactory
- 2 - Fair
- 3 - Satisfactory
- 4 – Excellent

Participants were scored based on the following:

- Creativity
- Business Viability
- Market Research
- Technical Skills
- General understanding of the business and
- Presentation skills

### Adjudication results

Business Name	Nature of Business	Position	Prize Amount
Kghupco2 co-operative	Clothing & linen manufacturer	1	R20,000.00
Kwek-kwek (Pty) Ltd	Broiler Chicken Farming	2	R15,000.00
RothomegTrading Enterprise	Bakery / Confectionery`	3	R10,000.00



## 2.5 Gala Event

The Ichibi Lethuba finalists presented their business proposals to the Middelburg Chamber of Commerce & Industry panel of judges on 09/12/2014.

The diversity of the entrepreneurial spirit and individuality of each of the participants certainly upped the stakes and played a big part in making this year Ichibi Lethuba project successful.

The top three winners received their prize money of R20 000, R15 000 and R10 000 respectively and the remaining seven finalist received a seed capital of R1000 each.

The candidates and their mentors had to write motivations for what the money will be utilised in their business.

Each mentor also wrote a report on the progress of the mentor and mentee relationship regarding the meeting the business objectives.

## 2.6 Candidates Testimonials



### **Johanna Kheswa \_ Kghupo-2 Primary Co-op**

“This project provided me with an opportunity to grow and develop myself. My business skills have improved tremendously in the past year with the training and mentoring assistance. Ichibi Lethuba ensured I received a contract from a local corporate company with exposure to different markets. I will recommend SMME’s which are serious and committed in their businesses to participate in this project.”



### **Donald Legegeru \_ Legegeru Industries CC:**

“The Ichibi Lethuba training has added great value to my approach in business; I have acquired a better understanding about what business management is about. I previously had the misconception that a good idea was required to take a start-up business to greater heights. I now appreciate that business management is a science of deliberate, calculated decisions based on thoroughly researched information.”



### **Elnah Sekwane \_ Kelsec Trading (Pty) Ltd:**

“I have been taught to think out of the box to be an investor of my own business, to be the sculpture & to push my passion. I was amazed that our eyes don’t see as much as our brains.”



**Meshack Zwane \_ Rothomeg Trading (Pty) Ltd**

“As a physically challenged person the Chamber welcomed me with great warmth & I was treated with respect all the time. It has brought big hopes for me & my company that I can add value to the working force and hire people with skills to minimise joblessness.”



**Simon Ngubeni \_ Ojay’s Nomanini construction & Projects CC**

“The Middelburg Chamber came with Ichibi Lethuba program to unlock the barriers entrepreneurs face in the business world and to ensure we get supported and uplifted with good management skills.”



**Mthobisi Thomo \_ 1 Day Job:**

“I have learnt about practical marketing and that business is about relationships with your clients, you must know your target market.”



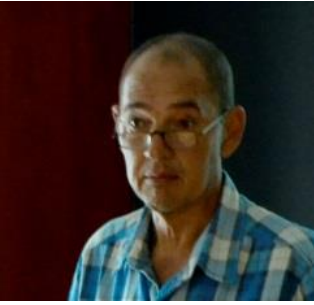
**Thabo Lekhuleni \_ Emerging Generals Trading & Projects (Pty) Ltd**

“One principle I’ve learned is that, “take care of your business & the business will take care of you”. My business is my life and I must market it where ever I am.”



**Letty Msiza \_ Letteliza Trading Enterprise**

“.The training has unleashed my entrepreneurial potential. I’ve learnt using my mental capacity revealing unusual ideas which will create incredible creativity. The application of innovation principles may build an undisputed world class company.”



**Ernest Belcher \_ Kwek Kwek Chickens**

“Everything we have been taught will go a long way in assisting each of us to be successful entrepreneurs, business people, leaders and examples in our society as a whole.”



**Moses Matshiana \_ Kgabu Projects & Construction**

“Great course, great facilitator and great Chamber! Yes the course was extremely organized, the pace of teaching was perfect, key concepts were explained with plenty of real life examples. Excellent course! Ayoba!

**3 CONCLUSION**

Definition of Enterprise Development: “...with the objective of contributing to the development, sustainability and financial and operational independence of those beneficiaries”.

Supplier Development which is a consolidation of Procurement and Enterprise Development is one of the new elements that the DTI has announced for the revision of the BEE Codes of Good Practice. We suspect that the Supplier Development element will become the single most valuable element on the scorecard. The effect of this change means that if you want a good BEE score you must place a large amount of emphasis as this aspect.

The sustainability of a project like this will be to create local profitable enterprises that can be sustainable and add to the local economy.

Corporate companies need to invest in enterprise development in order to grow and develop our local SMME’s.

Link SMME’s with procurement information in order to win contracts from local corporate companies as well as government.

The systemic competitiveness approach through the Business Linkage Centre is aimed at supporting the development of the private sector as the driver of growth and poverty reduction.

Enterprises remain competitive where sound framework conditions for investments are provided and where entrepreneurs have access to an efficient support network of service providers, business associations and promotion agencies.

Thus, we have noted that the training overall has been a huge success and we will continue to ensure the best results from the remaining courses left to be completed. The trainees have developed a good relationship with the trainers. They feel comfortable in their presence, thus enabling them to ask questions freely. Also, the group discussions have worked very well with the trainees, as this has encouraged communication between all present.

The Ichibi Lethuba investment program has been a learning process for both the Business Linkage Centre and the top 10 candidates, with experts helping the candidates to shape, re-invent and re-define their business concepts.

It is more than just a platform for entrepreneurs to gain invaluable insights and possible investment. It is a platform that demonstrates Business Linkage Centre's commitment to growing small to medium enterprises and investing in innovative business concepts & ideas, confirming BLC as the right partner for any business.

MCCI would like to thank all the Candidates, Judges, Service Providers, Mentors and all stake holders for their involvement, support and participation to ensure the success of the 2014 Ichibi Lethuba Programme.