



# SSACI NEWS

Newsletter of the Swiss-South African Co-operation Initiative

## INSIDE THIS ISSUE:

Project Vignettes 3/4

Supporting Entrepreneurs 5

SSACI provides financial and technical support to vocational training and small business development projects aimed at young South Africans.

This newsletter aims to keep SSACI's partners informed about what the Initiative is doing, and why. It seeks to give sponsors and project-holders a better understanding of one another's perspectives. It highlights issues in the fields of education, training and skills development that affect SSACI's work.

### Contact us:

Tel: (011) 642 2110

Fax: (011) 642 4206

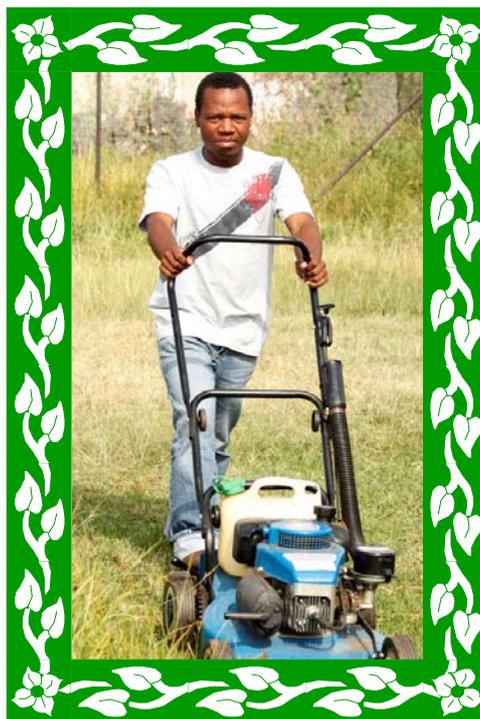
email: info@ssaci.org.za

SSACI is sponsored by ABB, AfriSam, Ciba, Clariant, Credit Suisse, Nestlé, Novartis, Schindler, the Stanley Thomas Foundation, the Swiss agency for Development & Cooperation, Swiss International Air Lines, Swiss Re and private philanthropic foundations.

ISSUE 18

MARCH 2008

## Sabelo Doesn't Let The Grass Grow Under His Feet



In 2005, 23-year old **Sabelo Mntubu** dropped out of college owing to financial problems. He knew that his prospects of getting wage-employment were slim, so he started thinking about how to create employment for himself. Sabelo had been raised by his grandfather, an entrepreneur who supported his family by running a "spaza shop" - an unregistered business selling fruit and vegetables - and operating a minibus taxi. From this experience, Sabelo knew that even a small business has the potential to provide a livelihood.

**Thantshi Masitara, SSACI Programme Manager interviews this enterprising young man**

**TM: How did you get started in your business?**

**SM:** I grew up in a business-oriented family and I used to help around my grandfather's spaza shop. So I knew what running a business is all about.

After exploring some ideas, I decided on landscaping and garden services. I was also very fortunate to receive financial assistance and support from my life coach and business friend, Mr. Monwabisi Vika. The loan I received from Mr. Vika enabled me to purchase 2 industrial lawn mowers and a brush cutter and to get started. I employed two other young men and immediately got work. At the time there were no formalized garden services businesses in Soweto. Mr. Vika, who is also a board member of SSACI, then referred me to SSACI for mentoring. That mentoring has helped me to develop my business to where it is today.

**TM: Before the mentoring programme started can you describe some of the challenges you faced as a business?**

**SM:** I had three major challenges: How to get work, how to keep records, including financial records to help me manage the business, and how to keep my staff motivated and focused on the job

**TM: How did the mentoring that you received from SSACI help you to address these challenges and what has been the effect on your business?**

**SM:** When I first started working with the SSACI mentor I had not done any market research. I had no sense of competition and pricing in this sector. If I got a job I would simply get on and do it without planning and organizing the team in the most cost-effective way. The mentor guided me to find out what my competitors were doing and take advantage of gaps in the market. I approached schools, churches, homes and companies doing business in Soweto and surrounding areas for work. I now have skills in doing market research and know how to promote my business to potential clients.

**Continued on page 2...**

## Mentoring grows Sabelo's garden service business

### **Continued from page 1...**

Exercises on costing assisted me to look at how to minimize expenditure, which in turn led me to organizing the work schedule more cost effectively. Mentoring made me look at the bigger picture and how things are linked in a business, how any activity can result in either profit or loss, depending on how it's organised. For instance, I now plan my movements from one client to another ahead of time and follow the route requiring the least fuel. In this way, I save a few rands and cents which at the end of the day make the difference between profit and loss.

At the beginning, I did not have any record keeping system. The mentor advised me to keep all invoices and receipts of income and expenditure. I now have a cash journal, invoice book and a receipt book and I record the time spent on a job per employee. A bookkeeper helps me to analyse the income and expenses and it is only now that am I able to really understand how the business is performing. I am also learning about financial management in the process.

One of my first employees was much older than me. He had a problem with taking instructions from me so we did not stay long together. I now have a team of 4 young employees who, to start with, did not have skills in this field. I have provided them with training, developed employment contracts for them, pay formal wages complete with pay slips and hold monthly meetings where we discuss work issues such as safety and productivity. We sometimes focus on their aspirations and vision for themselves in some of these meetings. Their attitude towards work has improved significantly. In conclusion, the mentoring really set the business on a positive growth path, for which I am very grateful.

### **TM: In what ways has your business grown?**

**SM:** The business now employs 4 people and turnover has increased more than three-fold. I have been able to pay back over 50% of the start-up loan and I am currently paying off a small utility vehicle that I purchased with income generated from the business. The number of clients has increased and, thanks to my newly-acquired market-research skills, I have found new business opportunities in an upmarket residential area outside of Soweto where I am in the process of establishing a new team of four employees to work for me.

My company, Cyanda, has its own website and other promotional materials, and I continue to network extensively with other companies for business opportunities and any kind of support I can get.

### **TM: What future plans do you have for the company?**



**SM:** I intend to diversify the services that I offer. The emphasis so far has been on garden maintenance. But I want to grow the landscaping aspect of the business a lot more. Paving and outdoor improvements are other services I intend to build up. Ultimately, I would like to see Cyanda becoming one of the most recognized brands in this sector in South Africa.



Sabelo with his team of gardeners

### **TM: What advice would you give to emerging businesses like yours in relation to mentoring?**

**SM:** I have gained a lot of knowledge, information and skills in the course of being mentored because I was open to learning and getting advice. Young entrepreneurs must be open to learning from people who have the know-how and experience of business. One must also be willing to go out and follow through on activities that arise out of the mentoring. Knowledge followed by action moves the business forward and you grow and the business grows as well. Mentoring also directs you to other sources of information on how to improve your business. So I say, go out there and network, ask questions and ask for help. Investing time and energy in being mentored is investing in the growth of your business.

### **TM: What have you personally learnt from the mentoring?**

**SM:** I have learnt that there are many opportunities out there and it really is possible to make a decent living from a small business. It's also possible to grow from very small beginnings into a big enterprise. For instance, even a small car-wash business could get a contract to wash trucks or buses for a big company.

I have learnt from my mistakes and I strive not to make the same mistake twice.

I have learnt the importance of good time-management and professionalism. These are important in a service industry. If your clients are satisfied, they bring you more clients by talking about the quality of your service.

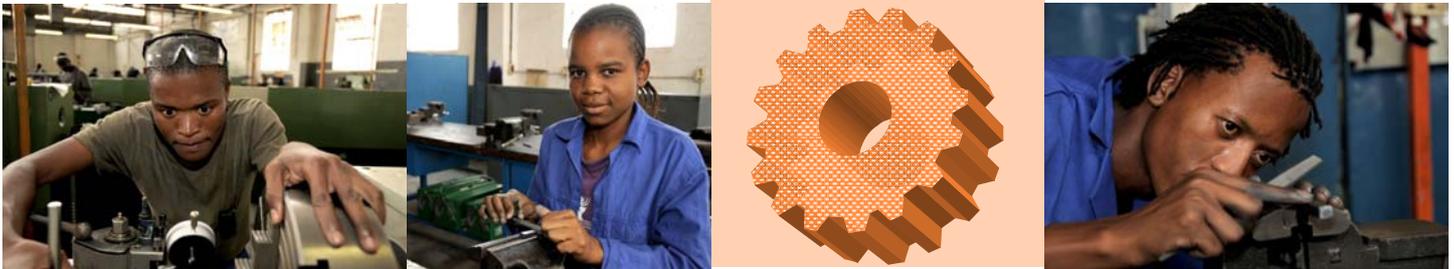
I have learnt the value of mentoring and I would like to mentor other young entrepreneurs like myself.



# Accelerating Artisans



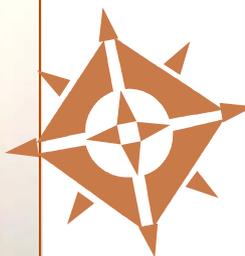
To help meet the demand for artisans in South Africa and revitalize the dormant apprenticeship system, SSACI has joined forces with the Steel and Engineering Industries Federation of South Africa (SEIFSA) to implement an “Accelerated Artisan Training Programme”. Unemployed youths who already have an N3 or N4 level of theoretical technical training are recruited for an intensive 24 weeks of institutional training at SEIFSA’s Fundi Training Centre in Benoni before being placed in engineering firms for 56 weeks of supervised on-the-job apprenticeship training in preparation for their trade test. This is the shortest permissible route to an artisan’s qualification in South Africa. Three of the first ten apprentice fitters and turners who were enrolled in January are shown below. Twenty more will follow in June and further intakes every six months thereafter. The target trades will also be expanded to include millwrights, welders and electricians.



## Waiting to serve—2010 here we come



The keenly-anticipated 2010 FIFA World Cup tournament presents hospitality industry. The funding provided by SSACI to the Hospitality Youth Initiative (HYI) hopes to have hundreds of potential entry-level hospitality workers ready for one of the biggest sporting event in South Africa’s history. Pictured below are trainees who are completing their internships in various hotels around South Africa. Over the four month period they work in various hotel divisions — laundry, kitchen, housekeeping and front office. The workplace experience enhances the likelihood of future employment.



# SKILLS TO FURNISH



As part of SSACI's Inner-City Furniture Skills project, seventeen unemployed youths from downtown Johannesburg are currently receiving full-time skills training through at the Skills to Furnish training centre. The courses lead to a nationally-recognized certificate, at NQF level 2 or 3, in skills relating to the furniture industry, such as wood machining, joinery and upholstery. The participants also receive intensive life-skills training provided by Metro Evangelical Services, which is managing the project, and SSACI. Skills to Furnish has a successful track record in placing its trainees in gainful employment in the furniture industry, and SSACI hopes that the institute will achieve similar success for these trainees..



## SSACI graduates also help others



Natasha Willoughby (seen standing in photo on left), a SSACI-funded graduate of the TECSAT project in Cape Town, completed her N6 course in Financial Accounting in June 2006. She quickly found employment related to her newly-acquired qualification and, before long, was able to take on a managerial position. She is currently in charge of all accounting functions at an IT company, which is also paying for her to study an advanced course part-time at the Cape Peninsula University of Technology. Natasha kept in contact with TECSAT and, when her company needed extra staff, she immediately saw the opportunity to open a door for another student. From recent graduates put forward by TECSAT, Natasha selected Shamwaz Samie (seated in photo), who had completed the same course a year later than Natasha and is now also doing well in her new position. .



# Supporting Young Entrepreneurs

Since our inception in 2001, SSACI has been exploring ways of supporting emerging young entrepreneurs, like the ones shown in the photos on this page. In 2005 SSACI commissioned research into in which young people's entry into business could be facilitated. The research team reviewed international research literature and then examined 34 youth-entrepreneurship projects in Gauteng and the Western Cape, representing a wide variety of approaches to entrepreneurial skills development. This research and our own practical experience in promoting youth entrepreneurship suggest that, while many projects and programmes provide business training and support to aspiring young entrepreneurs, few have much impact because:

- they are often badly designed, particularly in their failure to take into consideration the particular problems faced by young entrepreneurs
- they are also badly implemented in terms of the quality of their management and of the training they offer

While each of the many approaches to youth enterprise development currently used in South Africa has its own merits, none was found to

provide a definitive answer to the problem of how best to develop young entrepreneurs. The huge differences in their outputs could be ascribed more to differences in the quality of their implementation than to critical differences in their methodology.

In general, good entrepreneurship training programmes were found to be those which:

- Apply conditions of self employment from the start
- Assume a low level of skills initially amongst trainees
- Use an experiential, task-based training methodology: few trainees are able to transfer conventional classroom-based learning to the real world of business
- Focus on post-start-up activities like marketing, product-development and quality control rather than on developing a business plan
- Include value-adding "extras" such as social and networking skills, personal management and dispute resolution
- Cover the basics of financial management and record-keeping (e.g. cash book, inventory and assets register)
- Introduce trainees to local business networks and support systems
- Refer trainees to other business service-providers and



sources of capital

- Keep good records of their own activities and track former trainees in order to evaluate their training programme
- Provide some post-training support such as hand-holding or mentoring
- Use only people with entrepreneurial experience as mentors or business advisors, so that they can relate to the emerging entrepreneur's concerns
- If they provide start-up or business development capital, do so as a loan at market rates
- Are themselves well-managed and run according to business principles:

SSACI has produced an eight-page brochure on the research and the lessons to be learned from it, entitled "Supporting Youth Entrepreneurship in South Africa".



## List of Current SSACI Projects

<u>Name</u>	<u>Description</u>
KZN Rural Health Initiative	Training of 35 youths from rural KwaZulu-Natal province as health professionals, followed by placement in rural hospitals and clinics
Innovative Enterprise Development	Training, mentorship and business loans for emerging young entrepreneurs with innovative businesses in Cape Town to help them grow their businesses and create more jobs.
KZN Poultry Farming	Training of 85 youths in KwaZulu-Natal as commercial poultry farmers through a new learnership implemented in collaboration with the Agriculture SETA
Stellemploy Artisan Training	Establishment of a local skills training centre in Stellenbosch and entry-level training of 390 artisans, followed by placement in the construction and light engineering industries
Business Start-Up Training	Training and business development services for 350 young entrepreneurs in Gauteng, North-West and Free State provinces
Wits Rural Health Initiative	Training of 60 youths as health professionals from rural communities in North West and Limpopo provinces, followed by placement in rural hospitals and clinics
Thembaletu Business Development	Business development services for youth-owned enterprises in rural Mpumalanga
Basic Entrepreneurial Skills Development	Development and piloting through 400 enterprises in 6 provincial sites (Free State, Limpopo, Gauteng, North West, KZN & Mpumalanga), of a model for delivering intensive hand-holding services that could be sustained or replicated through further funding from the National Skills Fund.
Community ECD Services	Training to national-certificate level and placement of 50 early childhood development (ECD) practitioners, accompanied by in-service training and support for 40 community-based ECD centres in
College Artisan Training	Assistance to public FET colleges in implementing the new engineering skills curriculum by providing learners and their teachers with access to workplace-based experiential training, 2007-2010.
Youth Hospitality Training	Training of 300 youths for the hospitality industry, leading up to the 2010 FIFA World Cup tournament, and assistance with job placement.
Mobile Mentors	Pilot project involving provision of "mobile mentorship" and business-development services to youth-owned enterprises in Gauteng during 2007
Accelerated Artisan Training	Fast-tracked apprenticeship training leading to artisan qualifications as fitters & turners, millwrights, welders and electricians.
Inner-City Furniture Skills	Training of 17 youths from inner-city Johannesburg in carpentry and upholstery and place them in jobs in the furniture manufacturing or repair industry.
Avitourism	Training of 20 rural youths in Limpopo Province as birding guides and establishing them in employment on local wilderness trails
GEM Research	Research by UCT into state of small businesses in SA for 2008 edition of the <i>Global Entrepreneurship Monitor</i>