

Using business as a catalyst for positive social change

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Vumela Fund announces Letsema investment



Derek Thomas

The Vumela Fund has announced the provision of a significant debt facility to Letsema Consulting and Advisory, positioning Letsema to take advantage of growth opportunities, furthering their significant economic and social impact in South Africa.

Letsema, founded in 1996, is a 100% black-owned management consulting firm at the heart of a diversified investment group, providing a wide range of management consulting and advisory services to both the public and private sector in South Africa. Letsema has a history of strong performance and resilience in a very competitive environment. The broader Letsema group's three divisions - Consulting, Investments and Foundation - work closely with high impact programmes to promote positive social change in their spheres of influence and emphasising the importance of values-based leadership. Letsema is a supplier to First National Bank (FNB).

"The gap between long term sustainable businesses and SMEs in an extended growth phase can be closed by increasing agility. The ability for small to medium enterprises to quickly respond to opportunities is hindered by access to capital," says Vuyiswa Nzimande, Edge Growth Lead Deal Maker. "We believe in the long-term sustainability of the diverse and quality service offering Letsema has consistently provided over many years."

The Vumela Fund was established in 2009 by FNB Business Banking and Edge Growth to help alleviate poverty in South Africa by creating jobs through supporting the growth of SMEs. FNB is committed to procuring from and supporting majority black owned SMEs.

Vumela currently has R588m under management, from FirstRand and the Jobs Fund, and to date has deployed R280M to more than 20 early stage businesses, creating almost 2000 permanent jobs.

"The Vumela fund continues to be an important vehicle through which FNB expresses its determination towards ensuring the sustainable growth of SMEs. With Letsema being a supplier to FNB, this deal illustrates yet again how our SME development strategy has been able to catalyse funding, market access opportunities and business development support. We look forward to the continued growth of Letsema and its continued contributions towards job creation and economic growth," says Heather Lowe, SME Development Head at FNB.

The Vumela funding is expected to unlock operating cash flow over the term of the investment. This will enable Letsema to focus on organic growth and allow them the opportunity to pursue larger projects, training up young professionals whilst delivering quality engagements to its clients.

"In partnering with Edge Growth and the Vumela Fund, Letsema will be able to take advantage of very real market opportunities and scale appropriately to enable us to continue delivering real value to our partners and clients. We are grateful to the Vumela Fund for trusting us and feel privileged to be working with Edge Growth, the leading ESD fund manager in South Africa," says Derek Thomas, CEO of Letsema Consulting & Advisory.

"As our discussions advanced, I cannot overstate the excellent working relationship that has been formed between our

two organisations, a partnership we hope to further explore in the years to come.”

The word “Letsema” is of Sotho origin, meaning people coming together to work for a common purpose. This partnership mirrors that core value which founder Isaac Shongwe positioned back in 1996 when he started Letsema. It will continue to guide Letsema into the future.

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