

Now is the time to start that 'side hustle'

The explosion of unemployment, loss of income and jobs, the collapse of organisations and the shaking foundations of the economy have placed South Africans and their savings under immense and unexpected pressure.

Many find themselves in a very tight financial spot. More are wondering how they can use the lessons learned from this situation to mitigate the fall out should something similar happen in the future. This is the perfect time for people to revisit their financial foundations and reignite their financial futures using intelligent savings strategies and, for those who have the will, developing a 'side hustle'.

"A side hustle is generally defined as anything outside your main source of income that adds money to your life," says Nic Haralambous, entrepreneur and the author of *How to Start a Side Hustle*. "It is not a side hustle if you've raised funding so it can replace your job, that's a startup. It is a side hustle if it adds to your main and existing income stream."



Nic Haralambous, entrepreneur and the author of *How to Start a Side Hustle*

The Investec GIBS Savings Index that tracks the state of the country's savings, did not show a country ready for the economic impact that the pandemic has wrought. The Index, which uses evidence on the stock of savings, flow of savings and the savings environment, has shown an economy that went into lockdown with weak savings flows and savings behaviour that does not support economic growth or job creation - or even job protection.

While the most recent index print of 62,6 showed a modest improvement, this was off a low base (2018) and far below the 69,1 where the country started the previous decade, having hosted the FIFA World Cup, and scored 3% economic growth. All of this is far from the halcyon days of the noughties decade, where economic growth peaked at 5,6% and unemployment troughed at 21,5%, still high but well below today's levels.

"Without the savings to fund growth or small business creation, we now sit with an unemployment rate of 30,1%, likely to rise to 40% as the impacts of Covid-19 are felt on businesses and jobs. To add to this gloomy data, youth unemployment sits at a harrowing 59% and per capita income is likely to fall by at least 10% this year. We also have payroll data coming through – the mood and circumstance are dark," says Dr Adrian Saville, Professor of Economics, Finance and Strategy at GIBS.



Dr Adrian Saville, Professor of Economics, Finance and Strategy at GIBS.

Saville also co-authors and prepares the Index. In addition, liquidations data have been released – it's behind the curve, but we have a sense of what's on the way. It is seriously time for constructive thought into planning for a more sound and stable financial future. Businesses themselves may be forced to consider their own version of a side hustle," he continues. What the first report of the Investec GIBS Index (2015) demonstrated was that country miracles don't "just happen" they are created and crafted through carefully considered and designed policy – with saving and financial inclusion a cornerstone across countries and through time.

"In financial stress, there exists an opportunity to do something constructive that drives individuals to pursue a side hustle and build additional revenue streams that could potentially mitigate risk in the future. Resilience is best described as our bounce-back factor, but people need help with the 'how' at the moment," adds René Grobler, Head of Investec Cash Investments.



The 'how'

Haralambous points out that a side hustle requires clearly defined boundaries for success, and lists some key considerations in starting out.

René Grobler, Head of Investec Cash Investments

Moving beyond the idea

If you have an idea, that's fantastic. It is time to get over your fear of failure and start. If you do not have an idea, start by listing your skills. Write down absolutely anything that you think you are great at: Are you organised? Are you good at networking? Can you teach something to an audience? Write it down and start thinking of these skills as a product you can sell.

Success versus failure

Then it's important to define success and failure for this side hustle. Do you want to make R5000 a month extra income to add to your savings? Employ 20 people? Make 100 sales a year? Write that down and use it as your north star. It's important to define failure too, because you're going to have bumps in the road, and you must know if they are just speed bumps or mountains you aren't willing to climb.

Integration and honesty

Communication is a key part of starting a side hustle. Talk to your partner, friends and family and let them know that you may have slightly less time to allocate to activities because you want to build this new and fun thing on the side. Get them on board or you'll have a rough time building this side hustle into your extra income stream.

Patience

There is no quick fix for a side hustle. Like anything else, it takes time, effort and consistency and it needs to add to your life, not subtract from it. "But it is absolutely worth working towards as a positive outcome for your future, right now," Haralambous adds. This is definitely the most poignant time for people to start thinking about extra income streams, but the landscape is littered with false promises, so don't expect immediate results or you may end up falling into a trap that will cost you.

A side hustle doesn't only provide a steady income stream, but it can help build solid foundations for the uncertainty that may yet arise over the months ahead. While it is not an instant fix, it is a sustainable step towards building a future that will allow for improved savings, stability and financial security.

Grobler concludes, "The Investec GIBS Savings Index has been a useful barometer, consistently indicating that South Africa was falling short with respect to the state of our country's savings before this crisis. With an explosion of Covid-19 unemployment, a vast loss of personal income, and stressful business collapses, many South Africans find themselves in desperate need of alternative income-generating strategies and support to get these going.

Out of necessity, many South Africans will be motivated to consider new options to rebuild their income and savings. As we slowly emerge from this crisis, we will need to accept the shortcomings of the past to shape a new financial future. Savings is an essential component of financial resilience, and this is our opportunity to reimagine our future."