

Reinventing emerging enterprises in turbulent times

By [Cecil Ramonotsi](#)

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Nomwethu Sotshongaye saw in the outbreak of the Covid-19 pandemic opportunities to grow and expand her road maintenance businesses. As one of the estimated 2.5 million small and medium enterprises in the country she recognised the reality that a drastic slowdown in economic activity would wreak havoc in this segment, yet it also presented prospects for growth to those who were able to adapt their enterprise models.

Last month her business based in Brackenfell, Golden Rewards, was judged the overall winner of the annual Business Investment Competition sponsored by the Eskom Development Foundation. The competition, now in its 12th year, is designed to boost enterprise development by creating a platform where the SMME sector can be part of a community of like-minded entrepreneurs to build on their own solid foundations and realise their true potential.

This year's competition, which attracted entries from all nine provinces, and offered prize money of R1.3-million, was the first to be held since the onset of the pandemic. It is quite clear that the statistics and the predictions of dire economic times are indeed reflected in the lived experiences of emerging entrepreneurs trying to make a living for themselves, their employees and their communities.

Don't underestimate SMEs in South Africa

The role of small and medium enterprises in South Africa's economic activity cannot be underestimated. Prior to lockdown, the figures showed that this sector comprised more than 98% of all businesses in the country and employed close on 60% of the entire workforce across all sectors.

But they are also the most vulnerable and were already reeling from the blows of sluggish growth in the economy, the downgrades by the ratings agencies and a steady decline in public sector spending.



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However, enterprises such as Golden Rewards, were able to identify the steps needed to stabilise their businesses and find new areas for growth. The capabilities of this business are in the fields of road maintenance, vegetation management and fencing and they shifted their focus towards joint ventures and sub-contracting with larger construction companies.

Participants in this year's competition recently met in a virtual workshop, The Business Connect, hosted by the Eskom Development Foundation. This was an opportunity to exchange ideas and best practices and to learn from the experiences of successful entrepreneurs who have made their mark in the business environment.

Despite the concerns about the long-term economic fallout from the pandemic economy it also became quite clear that there are strategies that agile emerging businesses can employ to soften the impact and, indeed, grow their market share.

Relooking at business structures and activities

For many small enterprises this is an opportunity to re-evaluate the structure of their business activities and direct expenditure towards investments in systems and technology which improves productivity and increases efficiencies.



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Zanele Stole from Johannesburg recognised the pandemic might create a greater need for the specialised cleaning services offered by her company, Immaculate Cleaning and Hygiene Services. However, she was only able to survive by running a tight ship, carefully managing cashflows and liquidity and inspiring her staff to increase productivity.

New contracts acquired in recent months mean that she now employs 19 people full time and 119 on a contract basis, creating income for people from the townships around Johannesburg.

Doors of opportunity also open up for entrepreneurs who are able to think laterally, adapt their business model to changing circumstances, and recognise the openings that become available throughout the value chain.

One such entrepreneur which reinvented himself is Tshepo Mazibuko of Kettlehong, the owner of K1 recycling. Growing up in abject poverty he started out as a waste picker, going from bin to bin with a hessian bag and a trolley and selling the waste he collected.

Through prudent management of his finances, he was able to start buying from other waste pickers and gradually expanding it into an enterprise which sorted waste from industrial and commercial customers. Now he has taken a major step forward by transforming it into a recovery facility which manufactures plastic pellets that can be used to make water pipes, rooftiles and bricks across the entire African continent.

Other entrepreneurs flourish by employing out-of-the-box thinking. Tshidi Mokoma recognised the enormous need for organic white meat as an alternate source of protein. Out of this idea grew RabbitVille, an agribusiness based in Polokwane.

The rabbit meat is high in nutritional value but low in fat and cholesterol. The environmental impact is low because the rabbits are fed organically, the manure is used for compost and the urine for pesticide. The next stage will be to expand across the country's borders into niche markets in the rest of Africa.

Other enterprises that can survive the pandemic are those that have deep roots within local communities. One such winner who participated in The Business Connect is Ilanga Lezintaba Zolwendle Consulting based in Durban.

The company provides clean borehole water to rural communities and serves as a one-stop shop for surveying, drilling and testing for potability. This company not only provides an essential service to poverty-stricken communities but also do it within a sustainable business model.



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The post-pandemic economy

It is quite clear that the pandemic is having an irreversible impact on economic behaviour. It is sad to see how many businesses – especially small and medium enterprises – are struggling and might have to close down.

However, there are others who have been able to adapt and to make changes in their business models which will put them in a stronger position in the post-pandemic economy.

Small and medium enterprises will continue to play a critical role in job creation and economic growth. It is important to look after them in a period of economic and social turbulence.

The way in which they survive and the manner in which they recover will be key indicators of how the entire South African economy will emerge in the months to come.

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