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The not-so-obvious reasons for South Africa's entrepreneurship dilemma

"Many entrepreneurs are wanting of certain aids that some established companies and enterprise development agencies are overlooking," says Grant Marshbank, COO of VSc Solutions. "Therefore established businesses have a vital role to play in encouraging and nurturing both start-ups and the creative thinkers within their own companies toward an increase of enterprise development in southern Africa."

The subdued rate of emerging business activity – at 4.5% growth compared to the 14% that the sub-Saharan region should be averaging (GEM report 2014) – has often nothing to do with bureaucracy and funding constraints but, rather, much less obvious hurdles. Government funding opportunities, crowdfunding and initiatives by corporates such as the Cisco Innovation Grand Challenge are examples of these hurdles being removed.

The social stigma attached to failure, a lack of basic communication and business skills needed to access grants, a focus on monetary reward rather than a simple love of the job, and an absence of consistent direction all contribute to a start-up's inability to sustain itself.

"These entrepreneurs implement new ideas, which in turn creates new businesses that employ people, pay taxes and increase the demand for other products and services which all have a positive impact on the economy," says Marshbank. "They are typically more agile than larger corporates and can capitalise on market changes faster. Entrepreneurs also attract investment which stimulates accelerated growth."



The technology sector can boost the figures

“More than half of these emerging businesses are thought to be involved in the technology sector,” explains Marshbank, citing the percentage engaged in PwC’s recent *Emerging Companies and the Ecosystem* report. Included in the report was the myth-debunking findings that funding and red tape were not considered chief concerns of most entrepreneurs surveyed.

“Like the successful and passionate founders of technology giants *Facebook, airbnb and Uber*, entrepreneurship frequently requires that you walk a path that no other person has taken. An entrepreneur should always be open to learning and bouncing ideas off peers or mentors and having those people available to them for sustained reassurance.”

Marshbank offers five tips for budding entrepreneurs:

Collaboration is key

The days of controlling ‘a vertical’ are gone. Be open to working with partners and competitors even on mutual accounts. Not only will this ensure that you generate economies of scale, but will enable you to unlock additional value for your customers. This is especially relevant in supply chains.

Treat customers and suppliers as partners

Encourage them to share innovative ideas with you. A sense of community will be established which will in turn ensure continuous improvement.



Systems should complement business processes

The systems you develop or procure should complement business processes and not dictate them. The days of complex configuration are gone.

Cloud based technologies should be the norm

These technologies require a limited IT infrastructure investment. They can also be maintained and implemented remotely ensuring cost savings.

Think big!

South Africa is underrated in terms of the level of innovation in the technologies it develops. Back yourself on the global stage – as we are perfectly positioned to benefit from this innovation both geographically and in terms of our current exchange rate.

“Ultimately, passion is key to developing and running a successful business; however, being commercially savvy is important. Financial gain shouldn’t be the focus of an entrepreneur’s journey, but rather a consequence of entrepreneurship when done correctly,” says Marshbank.

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