

Tswelelopele

Kgolo go ya ka ponatshego- Growth through transparency

March 2014

Issue 1 • Volume 2



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EDITOR'S NOTE



Findings in a survey revealed many similarities amongst responses, regardless of country of origin that education rate highly in comparison to other factors that are critical for successful entrepreneurship (Journal of Small Business and Enterprise Development: Emerald)

Education lies at the heart of the solution we seek

"We believe entrepreneurial skills, attitudes and behaviours can be learned, and that exposure to entrepreneurship education throughout an individual's lifelong learning path, starting from youth and continuing through adulthood into higher education is imperative"

"Entrepreneurship education is critical for developing entrepreneurial skills, attitudes and behaviours that are the basis for economic growth. Access and exposure to entrepreneurship within educational systems at all levels are important." (World Economic Forum, April 2009)



RBED ship officially has a permanent captain, full of energy and very passionate about development of local SMME. Dr. Elmie Castleman has proven herself more than capable in the last 14 months as the acting head of RBED. She has brought stability and direction to RBED. I have no doubt that

both colleagues and SMMEs will agree with me about this powerful woman. Executive Manager gives a brief on the achievements for 2013 and outlook of 2014.

The current economic challenges attributed mainly by the mining sector are of national concern. In order for RBED to continue with its mandate, like other entities of RBN repositioning was inevitable. Financial resources are under tremendous pressures however it does not mean closing shop. In order to continue offering quality services to SMMEs, RBED had to come up with creative ways of staying in business, this includes leveraging services from stakeholders having similar mandate of developing SMMEs, sourcing alternative funding from ED spend of RBN investee companies amongst other things.

Quarter one of 2014 is over, that was fast. A word of advice: fasten your seat belt because we have only just started. I believe we are all on the right path to achieving our set goals. In case you are off the mark **STOP**, re-evaluate, re-strategize, **CHANGE** your approach. 2014 will see RBED doing things differently in order to remain relevant and efficient in servicing its customers. Learn more about the new ED approach on page 4. Tracking development of businesses within the growth phases is one the challenges that most development agencies are faced with due to lack of proper tools. Learn more about RBED's SMME scoring model. Learn why RBED put effort in the development of Cooperatives and Gazelles.

Collaboration with stakeholders is one of RBED's successful strategies in order to maximize access to opportunities for SMMEs. Business linkages have brought Lanxess Mine on board. We are very positive that this relationship will be of great benefit to all concerned. In the entrepreneur of the month we featured Kgomotso Mathebula, she is young and certainly got her priorities right. Let's hear what makes her tick on page 10.

To help you through your entrepreneurial journey in creating wealth we have included invaluable business tips. Also featured are our usual topics which include calendar of events, and your favorite business quiz.

Your feedback is of value to us, if you visit our offices please don't leave without filling in our customer satisfaction evaluation form and dropping it in the box provided. Comments can also be done on line if you visit the site www.rbnoperationsroom.com

Lastly it is said that, "Reputation is built on actions. Get busy! Effort is always rewarded."

Welcome aboard; we wish you plain sailing in 2014.

Motlapele Molefi



EXECUTIVE MANAGER'S NOTE



At the end of 2012 the RBED reporting structure was changed to report to the Royal Bafokeng Administration. A strong emphasis was placed on determining the baseline of sustainability of RBN Enterprises in 2013. Although a database of Bafokeng empowered SMMEs and entrepreneurs existed the information did not enable us to assess the sizes, number of people or turnover of enterprises.

The maintenance of an SMMEs database as a public good has been much improved this year by taking the information on to the internet and implementing a full redesign of the database and its usage in supporting our SMMEs. Usage of the system has been an exciting feature of this project. The site was visited 8393 times and Tswelelopele (online newsletter) read online 750 times! By the end of December 352 SMME and 528 entrepreneurs were registered on the system and the RBED team is working hard to update and enrich the available information. This resource makes linking to opportunity and development activities suited to our SMMEs possible.

Enterprise development is another key element of the work performed by the RBED. During 2013 the RBED took over the training and support of SMMEs from “the Business Place” and proved themselves more than capable of developing and administering training. By end of November the Enterprise Development centre had 1596 visits representing the regions as follows: Capital 1182, North 312, Central 44, SE 12 and NE 46. These visits were from entrepreneurs and business owners who came to make use of resources such as help with feasibility studies and business plans and to use the resources at the Enterprise development centre. **SMME Development Workshops** have been extremely popular with SMMEs and entrepreneurs and 525 people representing 72 businesses have attended training. The attendance from regions was as follows: capital 328, North 128, SE 14, central 29, NE 8 and 18 non-locals.

Business linkages successfully linked Bafokeng SMMEs to more than 117 procurement opportunities during 2013 and reported a procurement spend with Bafokeng SMMEs to the value of R395 million up to November 2013 measured against a target of R 420 million, which is expected to have been achieved upon receipt of the final spend reports from stakeholder companies. New contracts to the value of R106.6 million were awarded in 2013, which will improve procurement spending in future.

Several **Open Day** sessions have been held for RBED SMMEs to improve access to opportunities, amongst them sessions with Impala Platinum Ltd and Royal Bafokeng Platinum where companies were introduced to opportunities and requirements for doing business with the local mines. An open day with the **Department of Trade and Industry** was held on 3rd October 2013 and 105 SMMEs attended to share the process and procedures to access the DTI Black Business Supplier Development Program

During 2013 10 SMMEs from Capital, 6 North, 1 SE, 1 Central, and 1 NE were assisted in exhibiting at 5 expos to help promote their products and services in order to increase growth and employment opportunities locally. Examples include WASME and the Mining Expo.

Our **strategy for 2014** is to continue with those things the RBED did well in 2013 and improve even further upon the services we are providing to our most important stake holders, the Bafokeng SMMEs and entrepreneurs.

To achieve that we will be further developing the SMME database and enterprise development module by implementing a scoring function to allow the RBED to identify needs among the SMMEs

and to be able to identify those SMMEs who are growing and are therefore ready to be linked to opportunities shared with the RBED by our stake holders.

Furthermore the RBED will be broadening its stakeholder relationships to include provincial and local government, Royal Bafokeng Holdings investee companies and industry in general as development partners. This will result in more opportunities and funding becoming available for the development and support of Bafokeng SMMEs and unlock empowerment deals as well as mentoring opportunities for our SMMEs. We look forward to hosting more “Open Day” events where large companies share their vision for SMME support and opportunities in their supply chain with us.

Lastly the RBED will significantly improve two- way communication with **the Bafokeng SMMEs and entrepreneurs** – by implementing more opportunities for discussion at outreach sessions, industry specific discussion group and communication sessions such as the CEO forum.

Dr Elmie Castleman



RBED NEW APPROACH ON ENTERPRISE DEVELOPMENT

RBED conducted a high level cost analysis, which indicated that

- The industry benchmark to facilitate comprehensive enterprise development (*no infrastructure, operating cost or capex*) of one SMME equals R200 000 per annum

Services they include:

- Technical mentoring, business mentoring and coaching, bankable business plan, facilitate access to funding, link to networks, facilitate marketing and branding development

Looking at the cost above coupled with RBED’s low budget due to the current economic challenges RBED had to reposition and adopt a lean and mean approach in servicing SMMEs. This led to the development of a RBED Enterprise development focused approach. It entails focusing more efforts onto few deserving SMME that will be selected using the guidelines below:

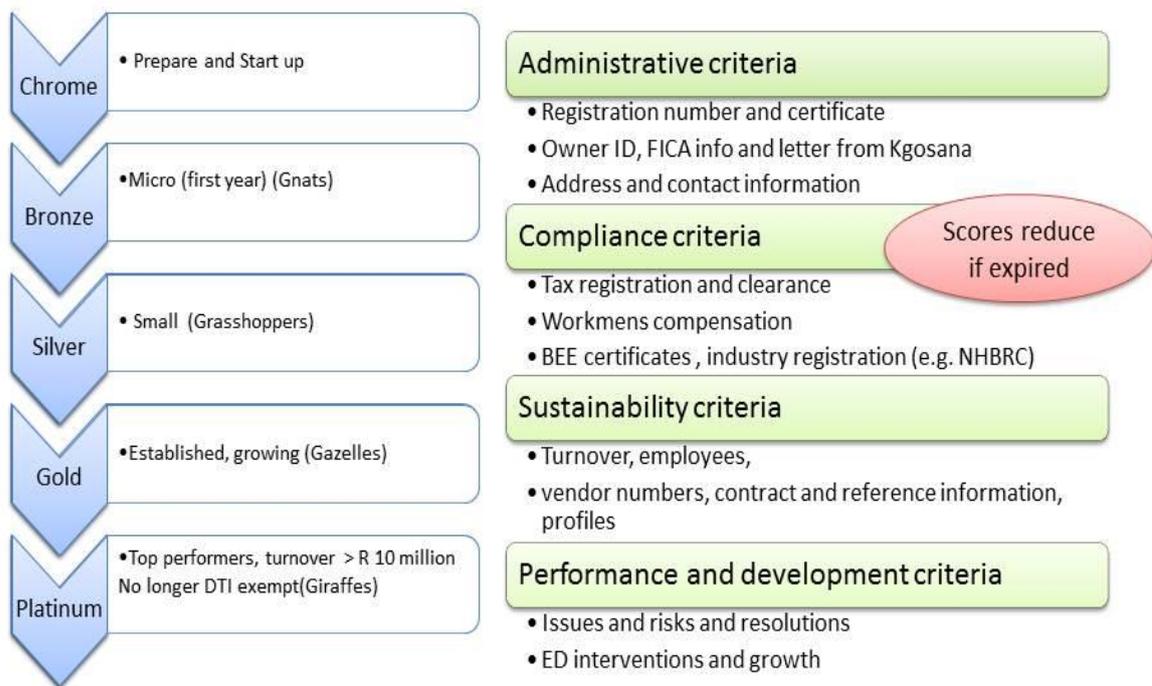
- **Industry (Market)**
 - Guided by Spinnaker report- emphasis will be on developing engineering entities due to the procurement spend by the mines estimated at R20b
 - Will align with Provincial and local Municipality identified industries within their growth and development strategies.
 - Only ventures that have commercial potential will be considered.
- **SMME (person and idea)** we believe that the entrepreneur is key to the success of the business, therefore the attributes below are key
 - Level of education and Skills set within an industry
 - Should be professional in a chosen field
 - Have full understanding of service offering
- **Capital Requirements**
 - Funding availability for a chosen industry
 - SMME financial standing and ability to raise funds

Successful candidates will be selected by a qualified team of individuals. Upon successful selection of the SMME individuals will be expected to sign a development contract with RBED for the duration of the development programme. The development will be outcome based and it will be for the

maximum period of three years though an SMME can exit or graduate earlier whenever the development goals have been achieved.

The scoring model that RBED has developed is one of the important tools that assist in identifying and tracking the development of companies, level of readiness and size of the business. The model categorises companies as indicated in the diagram below:

Scoring model



A company can only be scored if it's listed on our online data base. Different stakeholders derive benefits from a company being listed and classified. Below are some of the benefits,

- For SMME**
 - Access to RBED Services
 - Marketing platform via directory
 - Linkage to opportunity by improving score to establish SMME maturity
- Enterprise development**
 - Identify development needs and plan interventions
 - Track interaction, development and linkage results through scoring
- Investee companies**
 - Credible source of evaluated new suppliers and validation of Bafokeng ownership
- Stakeholders**
 - Visibility of Bafokeng SMME,
 - Score allows tracking of growth, maturity and sustainability



2014 STRATEGIC PROJECTS

With the main aim of accelerating development of businesses RBED is implementing two pivotal projects which are cooperatives and industrialization through development of Gazelles.

Cooperatives: are believed to provide jobs, create opportunities, and strengthen economies world-wide. They promote the fullest possible participation in the economic and social development of all people and are the major economic force in the developed countries and a powerful business model in the developing ones. Worldwide approximately 1 billion people are members of co-operatives. The economic activity of the largest 300 co-operatives in the world equals the 10th largest national economy (*Cooperative enterprises: www.independentstationers*)

Aligned to RBED's objective to promote culture of entrepreneurship and increase in number of youth and Women owned businesses. RBED is embarking on a project to facilitate creation of co-operatives. Establishment of 6 cooperatives is targeted with 1 co-op per region, 2 youth owned and 2 women owned. The project is implemented by Khwebo Consulting which has a vast experience in dealing with cooperatives

Expected deliverables includes to:

- Organise youth and Women into co-ops
- Register legal entity
- Establish Ownership and Management structure
- Facilitate business and technical training
- Mentorship
- Access to funding e. DTI co-operative incentive scheme
- Link to market and Procurement opportunities

Gazelles are medium size enterprises which are highly profitable; they generate revenues of between R10M –R100M. They have between 20-200 employees. It is a high performing company which have a high impact on job creation due to growth in new jobs between 20-70 yearly, with 20-50% revenue growth annually.

RBED through Spinnaker are in the process of identifying development of companies into Gazelles.

The project objective are in the

Medium term (2-3 years): Grow a diverse set of Bafokeng Gazelles and in Short term (3-6 months):

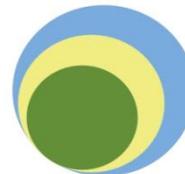
Develop one or more +R15m Gazelles

This project creates capacity on the RBED to support larger companies that have grown beyond the generic development needs.



RBED

Royal Bafokeng Enterprise Development





RBED Strategy on BEE Deals

Creating an access point to markets that have a high barrier to entry, or that are dominated by a few untransformed suppliers is often difficult for an SMME. Supported by South African legislation SMMEs have two ways of entering such a market or business – either through a joint venture or a “BEE deal”.

Joint ventures are often used to increase capacity, competence and resources pooled in a new company. A real risk is the period it takes for the business partners to form a new company. If this takes too long, the original intentions often are forgotten and the SMME becomes a junior partner in a relationship not to its benefit. For this reason due care must be taken that the expectation of both parties, development programmes with very clear milestones and deliverables and the ultimate intent of the joint venture must be spelled out clearly in the agreement. If no new business entity is formed, the SMME is often relegated to the back benches and the aspiring entrepreneur will never share equally in the benefits of the business venture.

A second way to access a closed market is for an SMME or entrepreneur to buy into an existing (often untransformed) company with an established client base and market share. Access to funding is a real barrier to aspiring entrepreneurs, but in terms of the BEE legislation, companies often enter into a guarantee agreement to secure funding for equity transfer. Large companies are under pressure to meet requirements in the Mining Charter or DTI Codes of Good practice place contracts held by untransformed companies at risk, creating such opportunities.

The RBED plays an advisory role in such agreements, in which companies in similar industries are given an opportunity to meet, explore and find common ground before commitments are made. Services available to would be BEE partners include help in reviewing agreements, validating due diligence reports and the cost / price of shares purchased and facilitating negotiations. A key element of the success of such commercial partnerships or deals lie in entering an industry you have experience in, or knowledge of. The more equal your understanding of the market and kind of business, the more sustainable the relationship becomes.

In closing – do not just sign an agreement without spending real time and effort in understanding where it leads to, what the cost and benefits are and make sure to use the resources available at the RBED to protect your interests in the process.



BAFOKENG MALL PROJECT

Bafokeng plaza to get a face lift.

“Retail plays a vital role in the South African economy and shopping centres are at the heart of this significant economic activity. Furthering excellence in retail is of wide benefit and represents vast positive outcomes for consumers, retailers, shopping centres, service providers and the economy in general.”

By - Amanda Stops, General Manager of the South African Council of Shopping Centres, 2011

A stable economic environment allows consumers to spend more, thereby increasing the value of retail trade sales. The economic contribution made by the industry is of great value to the economy and the RBN community as it will offer more business and employment opportunities, especially to the youth and women. Though the industry may have various challenges, but opportunities do exist.

The development of the Bafokeng Plaza will result in several short and long term benefits for the RBN and surrounding communities. During the various phases it will be mandatory for contractors to source as many of their staff as possible from the RBN communities. In addition, the sub-contracting of selected elements of the work is encouraged, with particular emphasis placed on the transfer of skills to emerging contractors.

We will continue to measure the following economic benefits:

- Economic Value
 - Our focus will be on the value in terms of economic contribution and employment that flows from the Bafokeng Mall into the local community through its lifetime, from construction through to operation.
 - .1. Value generated through the construction phase
 - .2. Value generated through retailer employment
- Economic Value to wider community

Opportunities Identified for Sub-contracting

1. Building Material Supply	13. Lightning Protection
2. Civil Works	14. Concrete Pour & Finishing
3. Kerbing & Paving	15. Reinforcement Fixing
4. Road marking & Signage	16. Shuttering
5. Bricklaying	17. Scaffolding
6. Plastering	18. Steel Structure
7. Painting	19. Roof Sheeting
8. Plumbing	20. Tiling
9. Electrical	21. Ceiling
10. Fire Installation	22. Carpentry
11. Fencing	23. Sundry Steel Work
12. Shop fronts	

Toolbox of all Indicators

1. What economic value is the center likely to generate?

1.1. Construction Phase



Jobs created during Construction phase



Value of Sub-contracting Opportunities

1.2. Retailing



New Jobs Created (FTE)

1.3. Wage Bill



Estimated Wage Bill



STAKEHOLDERS

RBED forms cooperation with LANXESS mine.

Meeting was held with Lanxess Mine on 27th February 2014. The meeting was attended by the South East Region RBN Councillors, RBN Kgosana and RLM councillors.

It was agreed in the meeting that there is a need for Community forum to sit monthly for a start and later will move to quarterly. The meeting will address the four pillars:

- Procurement
- Employment and Skills Development
- Social Labour Plans and Infrastructure Development
- Environment

In future the meeting will be attended by:

- RBN Dikgosana plus 2 officials, RBN Councilors, RLM Councilors and RBED



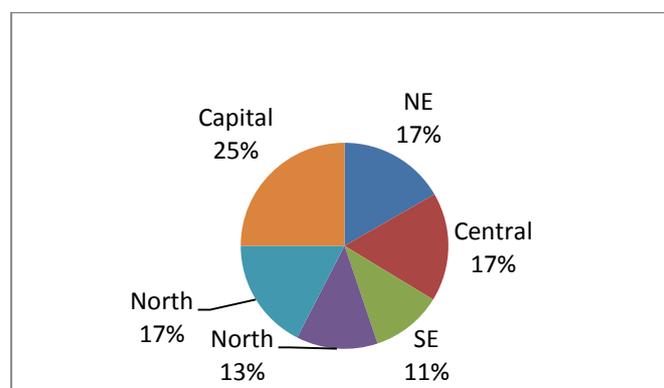
OUTREACHES 2014

Stakeholder relation is one of the key objectives of RBED. We believe that it is of great importance to ensure that community is informed of all RBED activities, achievement, and plans at all times. This we achieve by conducting outreach sessions and CEO forums on yearly basis in the first and last quarters of the year.

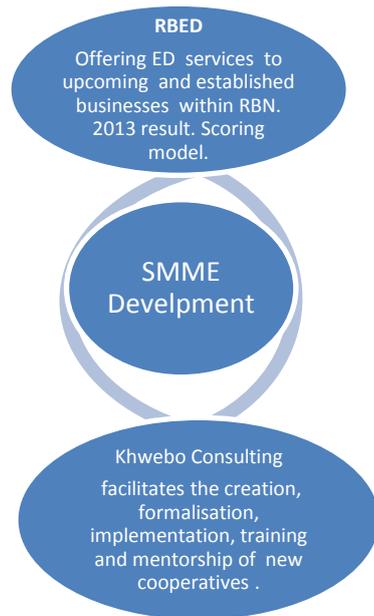
Highlight of the CEO forum presentation was to share with owners of the companies the following: scoring model and benefit thereof, RBED focused approach and Central Management Office which we will learn more about in the near future. About 113 owners' individuals attended the forum.

The RBED road-shows to all 5 regions of the RBN started on the 18th of February and ended on the 25th of February. 6 sessions were held with a session held at each of the regions, the exception being North region where two sessions were held, one in Luka and another one at Chaneng.

The turnout was fairly good with 252 people attending the shows as depicted in the chart below, North region, posting the highest turnout of all the stopover venues.



The community members, earnestly engaged RBED and other institution that we had invited being Khwebo Consulting. Presentations made by the two institutions / entities are summarised in the diagram below:



SMME OF THE MONTH

Young, energetic and full of zest, that's Kgomotso Mathebula owner of Tirafalo IT solutions. We had a heart to heart with her and this is what she had to say:



Q: Who is Kgomotso Mathebula?

A: I matriculated at Thethe High School in 1996 and went on to study and obtained my B-Tech: IT - Information Management at the Pretoria Technikon. After completing my studies I worked as Analyst Programmer (Spoornet), MIS Manager (Metrarail), Web/BI Developer (FNB), Systems Analyst (FirstRand Bank).

Q: When did you realise that you can start a business?

A: I started my business part time in 2006 selling IT peripherals and consumables until 2012 where I decided to work on my business full time. Technology is everybody's part of life and I did notice that if I can sell such services for my employer I can also do the same for myself.

Q: What motivated you to start your own business?

A: With the skills acquired while I was working in corporate and the passion to introduce ICT in schools I got motivated. I know I am a hard worker and always wanted to excel in what I do. I had a passion to succeed in life and wanted the liberty to do what I wanted to do at my own pace and at my own time. My business is also focused on providing ICT in schools because I am so passionate about education and the future of our kids. I was fortunate to be involved in projects where we introduced ICT in schools and the feedback we received was amazing, kids are fascinated by technology and this has helped in school attendance and better academic results. .

Q: What makes you a successful business person?

A: Discipline! Although I am the 100% owner of my business I have always considered myself as an employee which ensures that I am involved in the day to day running of my business. Also, I need to make sure that everything that we do is in line with our business strategy, our company's mission and vision.

I have created systems that helps run my business in case I am not there my colleagues will be able to carry out what needs to be done.

I always have to be innovative because technology changes all the time and always have to be in pace with new trends and technologies so that my business stays relevant. It is also important to create relationships with other people in the same business and share ideas. Such networks help in getting referrals for business opportunities.

Thank you to Impala for giving me the opportunity to be in the Aurick program that is teaching me how to make a success of my business.

Q: What are some of the challenges you faced when starting your business?

A: The fear of failing. I had a lot of it but I told myself that it is the risk worth taking. The other challenges are lack of finances and building clientele because when you start you do not have enough capital.

Building clientele is other challenge because you compete with people who have been in business for many years and they are known by everybody, but I fought for that small opportunity to prove myself. Getting that opportunity I made sure that I under promise but over deliver, always deliver best quality, on time and for a good price.

Q: what would you say contributes to the challenges that can result in business failure?

A: *Promising clients' things that you cannot deliver on*, by doing that you kill the relationship and no one will want to do business with you. The other challenge is *not having understanding of your Company Financials*, e.g monthly Management Accounts to monitor your income and expenditure. If you have a bookkeeper make sure you understand every detail of your books especially the terminologies they use. *Not investing back into the business*, I believe that in business you have to make decisions for a long term, most of the people make the mistake of spending their net profits on themselves forgetting about the next project then it becomes a cycle of borrowing every time which result in all you profits paying off interest on loans.

Not keeping I touch with your customers, keep the relationship alive at all times, don't talk to them only when you need to do something for them, you are not the only supplier for them, always remind them why they need to work with you.

Q If you have to advise an individual interested in starting a business what would you say?

A: Go for it, identify your strengths, do a thorough research, market analysis, get a good business plan. Also, put in your own saved capital into the business because it will motivate you to work hard since you have invested your own capital in it. Lastly, don't be a copycat, if it's working for Kgomoitso it doesn't mean it will work for you.

Q: I understand that you contribute a lot to Social Investment, how are you involved?

A: I work with schools, assisting teachers with IT Technologies in their classrooms. We also provide support and training.

What are your aspirations?

To be recognised as the leading black Information and Communication Technology (ICT) Solutions entity in South Africa and in Africa as a whole.



What is your Philosophy in life?

Time waits for no one and the world owes me nothing!

Q Where to from here?

A: Partnering with Impala and Anglo Platinum to make sure that by the start of the 2016 academic year, every educator in every school in Bafokeng and Bojanala will be empowered to use appropriate and available technology to deliver curriculum to each and every learner.

It should be noted that the emphasis of this is not on providing computer technology for the sake of making learners computer literate, but rather to use technology as a teaching aid, hence to improve curriculum delivery.



CONFERENCE & EXPOS

“Think beyond a Job and create your own” Seminar

Ten of our SMME had an opportunity to attend one of the most informative workshop hosted by National Small business Chamber, with the theme “Think beyond the job, create your own”.

Mike Anderson CEO and founder of NSBC shared his objective which he achieve by interacting with the most successful people and understanding these mercurial individuals and then communicating with others what it takes to go from “Zero to Hero”.

The seminar provided entrepreneurs with the practical “Know how ” entrepreneurial experience filled with key success factors, solutions, ideas, and strategies, to get entrepreneurs moving in a positive and accelerated direction, giving them that fuel to start or expand their business.

Never Surrender: The secret to achieving greatness, a book written and published by Mike Anderson was distributed to the attendees. It is packed with practical tips, advices and strategies on how to achieve greatness on your journey as an entrepreneur.

Few of many tips and quotations cited in the book included the following:

“Believe in yourself, and the rest will fall into place. Have faith in your own abilities, work hard and there is nothing you cannot accomplish” **Brad Henry**

The magic of tiny steps: keeping it simple and taking the tiny steps towards the small goals you set, will set you on a path to many successes. **Mike Anderson**

Embrace failure: in order to succeed we need to embrace failure positively and at the same time learn from the experience. **Mike Anderson**

“There is only one thing that makes a dream impossible to achieve: the fear of failure.” **Paulo Coelho**

ABSA who were the sponsor of the event acknowledged the priorities for development in 2014 which included youth unemployment, entrepreneurship & job creation, and Education.





CALENDAR OF EVENTS

RBED Workshop Schedule for 2014

Workshop Name	Date	Venue
2 nd Quarter	2 nd Quarter	2 nd Quarter
Managing Growth	01 April 2014	Media Centre (Stadium)
Project Management	08 April 2014	Media Centre (Stadium)
Tendering	10 April 2014	Media Centre (Stadium)
Costing & Pricing	22 April 2014	Media Centre (Stadium)
Director Development	08 May 2014	Media Centre (Stadium)
Presentation Skills	14 May 2014	Media Centre (Stadium)
Risk Management	20 May 2014	Media Centre (Stadium)
Strategic Management	11 June 2014	Media Centre (Stadium)
Entrepreneurship	23 June 2014	Media Centre (Stadium)
Planning Your Business and Managing Operations	24 June 2014	Media Centre (Stadium)
Market Research	25 June 2014	Media Centre (Stadium)
Planning & Managing Finances	26 June 2014	Media Centre (Stadium)
Managing People	27 June 2014	Media Centre (Stadium)

Information Session (March & April 2014)

Information Session	Date	Venue
Franchise information session	14 April 2014	Media Centre (Stadium)
Construction Information Session	24 April 2014	Media Centre (Stadium)
Finance Information Session	30 April 2014	Media Centre (Stadium)
Mining Information Session	15 May 2014	Media Centre (Stadium)
IT Information Session	15 July 2014	Media Centre (Stadium)
Manufacturing Information Session	17 July 2014	Media Centre (Stadium)
Finance Information Session	13 August 2014	Media Centre (Stadium)
Quality, Health & Safety Info Session	28 August 2014	Media Centre (Stadium)
Mining Information Session	10 September 2014	Media Centre (Stadium)
Mining Information Session	09 October 2014	Media Centre (Stadium)
SMME Forum (Business Owners)	28 February 2014	Media Centre (Stadium)
SMME Forum (Business Owners)	05 November 2014	Media Centre (Stadium)

Business Expos (March)

Expo Name	Date	Venue
Tourism Indaba	10 – 12 May 2014	Durban ICC
African Construction Expo & Conference	27 – 28 May 2014	Sandton Convention Centre, JHB
Good Food & Wine Show	31 July – 03 August 2014	Coca-Cola Dome, JHB
Africa Big 7	22 – 24 June 2014	Gallagher Convention Centre, Midrand
Small Business Growth Conference	23 June 2014	Cape Town International Convention Centre
Interbuild 2014	20 – 23 August 2014	Nasrec, JHB
ABSA Enterprise Grow Conference	09 – 11 September 2014	Gallagher Convention Centre, Midrand
BOFE (Business Opportunities Franchise Expo)	11 – 14 September 2014	Coca-Cola Dome, JHB
Electra Mining	15 – 19 September 2014	Nasrec, JHB
International Conference on Mine Closure	01 – 03 October 2014	Sandton Convention Centre, JHB
RBED EXPO	October	Phokeng



BUSINESS TIPS: Quality checks for your business plan

We all know that we should check our cars before travelling. Equally important is the need to check your business plan for faults and potential failures before making it the core of your business, or using it to ask for financing. Here is a 6 point check:

1. **Can YOU execute?** Failure to convince financiers of this aspect is probably the number one reason for rejection. More critically, it is probably the number one reason for early start-up failure. Points to check: **Do you have enough knowledge to run the business?** The entrepreneur behind a business which markets services needs to understand marketing, as well as the service. **Do you have any experience in this field?** Hobbies are often a help in this regard – for instance, enthusiastic cooks setting up catering companies. **Do you have the time to execute the planned actions, and will your family support that?** Entrepreneurship is not for the faint-hearted – there will be many late nights and early mornings. **Can you take risks?** If you are uncomfortable with being daring at times you should plan for safer businesses. **Can you lead?** You will need to tell people what to do and learn to make uncomfortable, even agonising decisions.
2. **Have you done a sensibility check?** Most business plans I see have glaring flaws in them. For instance, listing all the grand marketing promotions and advertising planned and then providing a marketing budget of a fraction of that cost. Or not thinking about the capacity of the organisation to handle the projected customers. Are there enough tables in a restaurant to serve the projected number of meals? Can enough sales calls be made to get to the sales forecast? Will the cash flow support the raw material purchases needed? Check the whole plan with a cynical eye.
3. **Is there really a reason for customers to buy from you?** Perhaps the second biggest reason for business failure. Take a hard look and answer the question: “Why would this business attract customers away from the companies they now buy from?” If there are insufficient reasons to convince an outsider, then the plan is likely to lead to failure. Think again or find a different business.
4. **Are the sales projections realistic?** Entrepreneurs are optimists by nature, but forecasts should always be conservative. Check issues like sales per customer, the proportion of new business to existing customers and the expected win/loss ratio. Cut out the optimism – be realistic or pessimistic. Do not build a plan which is reliant on a marketing promotional plan that has never been tried before.
5. **Have the key success factors and major risks been identified?** Your plan should identify the four or five factors that must be achieved for the plan to succeed. Sales running to forecast is usually one of those, but others may be customer satisfaction levels, quality standards, productivity, cash flow or others. These must be monitored frequently, at least once per week, preferably in a dashboard. Risks are equally important. Identify the four or five biggest risks to the success of the plan, have mitigation plans prepared and monitor frequently.
6. **Do you know what your competitors are doing?** You must be able to position your company against its competitors with the differences clear in your mind. The test is that you are able to show the customers why they should buy from you, while talking with respect about the competitor.

Now that you have done your safety checks to your car and business plan, you may go away on holiday in a relaxed frame of mind. Enjoy!

This article was written by consultant Ed Hatton. See www.themarketingdirector.co.za for more information. Ed's business advice blog is at <http://marketingstrategy.co.za>



QUIZ BLOG

Take Part In Our Quiz And Win Awesome Prices!! Two winners will be randomly selected.

1. How many entrepreneurs did attend business workshops in 2013?
2. How many stages are there in RBED Scoring Model?
3. When did Kgomotso Mathebula start her own business?

To Enter Please Send Your Answers To

tshepo.modise@bafokengdevelopment.com / Tebogo.sedumedi@bafokengdevelopment.com

Or call us on: (014) 589 3000

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