

Taking small business support to strategic levels

Presentation to FPM Seta Skills Summit

Small business crisis

The TEA for South African Small Businesses of less than 42 months was 9, 1% in 2013 and compares well with many comparator countries in the developing and developed worlds. However, for entities of over 42 months in existence, the TEA was 2, 9%, suggesting that South Africa has a high fatality rate.

SME reality and crisis



Push or Pull approach?

Push approach

- This approach is based on getting people to be entrepreneurs and providing financial and non financial services;
- Downside – it is absolutely expensive
- Upside – it gives everybody a chance

Pull approach

- This approach is based on attracting with the “IT” to provide financial and non financial services;
- Downside – exclusivist and discriminatory;
- Upside – it identifies high growth entities with the potential to grow and create jobs

Criteria to select Gazelles

Governance and Administration

- Overall management
- Strategic management
- Financial reporting and financial management

Regulatory and Compliance

- Compliance with SARS
- Compliance with broad based BEE
- Environment friendliness
- Local procurement

Human Resources Management:

- Conditions of employment
- People development and industrial relations
- Staff growth and retention

Creativity and Innovation

- Use of technology
- Thinking out of the box
- New approach in doing things or new product

Critical indicators for 40

- growth potential and trends;
- product strategy and marketing;
- financial and risk management;
- innovation and technology;
- people and skills development;
- processes and compliance;
- governance and competitiveness.

Sectors of focus

- Manufacture, including furniture, leather and textiles
- Information and Communications (ICT)
- Construction, transport and logistics
- Tourism and environmental (processing)
- Agriculture and Agri processing
- Mining, metals and engineering
- Media, communications and creative
- Health and bio sciences
- Energy and the green economy

Who qualifies

The following small businesses qualify:

- In the 10 sectors
- Turnover of over R2.5 to R30 million
- Have been in existence for over two years
- Complaint with all statutory requirements
- Employs at least two people

Objective of programme

The heart of the programme is to create a **Gazelles High Care Platform (GHCP)** to give specialised care to the 40; and to the 160 so that these 200 are fast tracked in their growth. The GHCP will be supported by numerous private and public sector support entities and agencies.

What is selection process?

- Call for submissions on an online portal
- Submissions will be evaluated by KPMG and E & Y to select 200 finalists;
- E and Y and KPMG will be joined by other experts on site visits to the best for 2015, and then later years
- SNG will then sign off as quality controllers after the 40 are confirmed. This sign off will be given to Minister.

Potential of Gazelles Programme

- Creates a new and revitalised South African approach to small business development;
- The programme can be improved on the basis of longitudinal research attached to it.
- Greater demand for more sophisticated business development services;

Benefits of the programme

- It gradually eliminates the fronts as professionals will now take pride of place;
- The longitudinal research assists in a greater understanding of the small business sector and assists in knowledge creation;
- Above all, it is an important pipeline for the black industrialists programme, as the Gazelles graduate from this programme

Rollout of programme

- Rollout by Seda started in May
- Minister of Small Business to launch programme by end of August
- Current negotiations with major role players, including Chambers of business;
- National roadshows by Seda and MD;
- Prestigious event to present winners at small business summit

Longitudinal research

Longitudinal research is integral to programme to ensure knowledge creation on the sector. Thus, identified universities will then research:

- The determinants of success for the 200 finalists and the 40 Gazelles
- The causes of failure for those that did not make the 200 and those that did not make the 40

Role of varsities

- If gender has anything to do with the successes and not so successful;
- If any successes or failures are influenced by provincial elements; or what defines provincial differences
- Differences in performances based on education and across provinces
- Differences in performance based on age and across provinces

Role of universities

- UWC will coordinate the W.Cape and Northern Cape
- WSU, NMMU and UFS will divide the province and UFH will be lead institution:
- UP will coordinate Gauteng, Mpumalanga and Limpopo;
- DUT will deal with KZN

Integrating skills development

We need the Seta community to appoint an entity or individual to liaise with the Gazelles High Care Platform (GHCP) and source skills funds for the Gazelles from relevant Seta.

Platforms for small business?

- Supplier development programmes
- Influence small business owners in workshops to understand importance of SD
- A greater focus on small businesses in rural areas in terms of ecosystems

THANK YOU