

**BusinessDay TV**  
**SME SUMMIT**  
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IGNITING  
GROWTH  
POTENTIAL

**The Business Day TV SME Summit** | 8 March 2018 | The Empire Conference and Events  
Venue | Parktown

There's been significant focus in the last few years on the potential of the SME sector to rejuvenate the economy and provide much needed jobs. However, to unleash the full potential of this sector requires political will, the removal of unnecessary bureaucratic red tape and a relaxation of labour regulations, said Lindie Engelbrecht, Executive Director: Members & Global Alliances at SAICA, one of the headline sponsors of the second Business Day TV SME Summit which took place recently in Johannesburg.

The summit focused on the real issues facing SME business owners including how to scale up, managing cash flow, attracting investment, leveraging intellectual property, how to be tax compliant, as well effective marketing strategies.

"The event grew out of the very enthusiastic response to our flagship TV programme, *The Big Small Business Show*, hosted by Allon Raiz," explained Vernon Matzopoulos, MD of Business Day TV, adding that small business has become a crucial part of BDTV to the extent that its entire weekend schedule is now dedicated to content for entrepreneurs and SMEs.

This year's summit included a live recording of *The Big Small Business Show* and included an appearance by a business owner with interests in five retail pharmacies who solicited the advice of Raiz and panellists Kumaran Padayachee, CEO of Spartan SME Finance and Puseletso Modimogale, Senior business mentor at The Hope Factory – SAICA Enterprise Development.

The panel advised the founder to invest in different branding strategies, to ensure his brand names were search engine optimised and to update his website. They advised exiting the one loss-making pharmacy situated in a metropolitan area and said the strategy of being in outlying areas was a good one. The key to future growth was finding the right mix of products and for that the business owner needed to understand his customers and to have the right controls and disciplines in place. When looking for investors, they advised, business owners should not be too precious about equity but look for investors who add value to the business.

One of South Africa's most successful entrepreneurs, Lebo Gunguluza, a turnaround strategist and Dragon Den investor revealed his secrets to success as well as what investors typically look for before investing in a SME. The uniqueness of your product or service, target market, quality of the team, track record and ability to scale are all critical factors investors look at, he explained.

The Fourth Industrial Revolution, he added, has opened up endless opportunities for the SME sector. "As an entrepreneur you no longer need to own a product, but with the help of technology you can own a market," he said.

Successful SME business owners, he said, are disciplined, organised, able to pace themselves and surround themselves with people who add value and have good energy. His key advice was for entrepreneurs to either own one product that they sold to multiple markets, or multiple products that they sold to one market.

Adams & Adams partner, Darren Olivier said too many SMEs don't protect or leverage their intellectual property, leaving them exposed and unable to take advantage of opportunities. He identified that many SMEs do not understand how IP can assist their business or believe it to be expensive, and explained that his firm is looking to change this perception through no-cost consultations and assistance in developing an affordable IP management plan that grows with the business.

Start-up businesses typically go through a number of life stages, explained business coach, Graham Mitchell, from existence to survival – neither of which provide much return. Once a business becomes successful, it can remain in this phase indefinitely if the founder decides to partly disengage from the business and rather enjoy a good lifestyle. In order to move to the next level the business owner must be prepared to take risks and have a vision to scale the business. Having the right team in place and management structure, said Mitchell, is critical, as is the right strategy and a good accounting function with the ability to project cash flow.

In fact, managing cash flow is the number one item keeping entrepreneurs awake at night, pointed out Standard Bank's Kuben Chetty. He added that by embedding Banking into the business's value chain helps to improve revenue collection or drive efficiencies to manage the money flowing into or out of the business. 'Cashflow management is the difference between being in or out of business', he said, adding that Standard Bank should be seen as a partner and that customers should leverage their bankers to understand their value chain better in order to offer the right Banking solutions.

Numerous different types of businesses can be expanded via franchising, revealed Bendeta Gordon, Founder of Franchise Directions. The secret to succeeding as a franchisor, she said, is that the more help your franchisees get, the more the franchisor will succeed.

SME's are only investing in technology which adds value to their businesses, revealed Arthur Goldstuck, commenting on the interim findings of SME Survey 2018, which investigates the factors behind SME success. Most significantly, SME's are investing in fibre to replace Telkom ADSL.

Entrepreneurial leaders, said business strategist and global speaker, Zipho Sikhakhane, should not allow uncertainty in the external environment to influence them internally. "The external environment is always going to be uncertain, so rather become the kind of internally driven leader who thrives in this kind of environment," she said.

Sikhakhane urged business leaders to understand their purpose and become more self-aware. "Don't build a start-up, build a business that is led by individuals focused in leaving a legacy," she advised.

One of the biggest risks SMEs face is that of a customer failure to pay. "Don't assume that just because you're dealing with a large JSE-listed company that things can't go wrong," advised Charles Nortje, CEO of Credit Guarantee Insurance Corporation of Africa.

He said key to mitigating this risk was to be disciplined when granting credit and to pre-qualify new customers. "It's better to turn down a bad credit risk than try to chase a bad debt," said Nortje. He advised SME's to turn work into invoices as quickly as possible, to start collections early and to

stretch creditors as far as they would allow. He also suggested insurance against bad debt to provide peace of mind.

Advocate Hanyana Eric Mkhawane, CEO of the Office of the Tax Ombud provided useful advice to SME's regarding tax compliance. Be transparent and honest in your tax affairs and co-operate with SARS, especially during any audit or investigation, he said. He recommended using a reputable tax practitioner that was a member of a recognised controlling body and said returns needed to be submitted on time.

The summit concluded with a panel discussion featuring some of South Africa's leading entrepreneurs, moderated by author and speaker, Dominic Gaobepe.

The first challenge any entrepreneur needs to address, revealed Abed Tau, co-founder of Thamani Consulting and Tuta-me, is to build a brand and a pipeline of work. "Too many entrepreneurs focus on the wrong things when they start a business – such as their office space. Without a customer you have nothing," he reminded.

Keep an open mind and be open to any opportunities, advised George Diab, co-founder of Tailor Me.

Get used to not having a good salary each month and learn to be resilient, advised Phillipine Kambula, MD of Kura-Bahati Consulting.

The panel agreed that many start-ups fail because they're not financially prepared and suggested testing the market before leaving formal employment and trying to create some sort of sustainable income revenue as quickly as possible.

