

CREATING ENTERPRISE DEVELOPMENT PROGRAMMES THAT WORK!

By Catherine Wijnberg - MBA, MAgrSc BScAgric(Hons)

Entrepreneurship is failing in South Africa – why? Despite the best intentions of Government, the Private sector and numerous foreign donor programmes aimed at small business and entrepreneurial development, South Africa still lags far behind other countries of similar economic standing when it comes to success in entrepreneurship.

Women entrepreneurs are the most worrying demographic and the Global Entrepreneurship Monitor (GEM) Report of 2009 notes that in South Africa, women are only half as likely as men to be successful entrepreneurs, while our overall Total Early-Stage Entrepreneurial Activity (TEA) ranks a dismal 30th out of 42 countries surveyed.

These statistics send a clear but sobering message: current strategies aimed at facilitating entrepreneurship and small business development are not achieving the results our economy so desperately needs. More needs to be done, starting with the creation and roll-out of Enterprise Development (ED) programmes that are practical, appropriate and consistently deliver the required outcomes.

Improving the effectiveness of Enterprise Development and SMME support programmes, starts with these **four pillars** for success:

ONE – THE SELECTION FUNNEL

The starting point in entrepreneurial development is the understanding that long-term success is directly related to the quality of the candidate - all the assistance in the world to a second rate or inappropriate candidate will only ever achieve second-rate outcomes.

For this reason, and given the challenges and wasteful expenditure that can result when working with beneficiaries who are mismatched to a programme, it is worth spending effort on candidate selection.

A typical selection ‘funnel’ moves the candidate along a path with selection gateways at each stage.

The formal application form process is followed by face-to-face workshops that help to identify the heart and soul of the entrepreneur, and measure individual success potential.

In other words, are they ready for growth?

This group process helps to identify stronger candidates suited to the in-depth business analysis or due diligence stage, which ideally is linked to a parallel self-assessment process, enabling the beneficiary to explore his or her own strengths and weaknesses, and providing a bench-mark for later progress.

Final selection is best made once all these assessment stages are complete, and becomes quite straightforward when one has the tools and templates to measure, record and analyze the information. The extended selection process also improves two-way communication, increasing the chance of a good match of needs and expectations, leading to successful outcomes for all.

TWO - BUSINESS SKILLS TRAINING

In South Africa there is a real shortage of formal skills amongst emerging entrepreneurs, and a lot of the training available is too theoretical and often not appropriate or relevant for the target market.

The most successful training initiatives are firmly focused on providing practical tools for operating a small business – and content-heavy courses run by academics with no business experience are generally best avoided.

Positive training outcomes can be improved by following two core tenets: firstly, providing workshops and courses facilitated by specialists who have actually owned small businesses and been entrepreneurs themselves, and second by providing practical business templates that trainees can take away and implement in their own businesses after the training.

It is also important that training is carefully matched to business readiness. In some rural areas especially, literacy and numeracy is very low, making effective training challenging. Here the entrepreneurs may need to attend ABET training before applying for business skills training, so that they are in a position to get full value out of any skills development opportunities when they arise.

THREE - SUPPORT SYSTEM

It is not enough just to provide classroom training! It is proven that access to a post-training support system to assist and guide programme beneficiaries when they return to the workplace, greatly improves implementation of new skills. Connecting people to others with similar problems, and to a senior mentor for support is thus a vital component of long-term success.

Facilitated peer groups help like-minded individuals and entrepreneurs network and share information, solutions, challenges and successes, and can often lead to new business opportunities as well.

Access to mentors, even at a distance provides huge value for entrepreneurs – and plays a significant role in the ongoing success of a business. Importantly though, to be effective these mentors need to have experience as successful entrepreneurs themselves, and should ideally have experience in the particular sector in question, or be teamed up with generalists who know that sector well.

FOUR - NOTHING IS FOR FREE

If participants do not fully appreciate the value of the support or interventions on offer, they tend not to fully commit to a programme. This can mean the full benefits of the programme are not realized, with negative consequences for both beneficiary and stakeholder.

For this reason free hand outs and a lack of mutual commitment on both sides will reduce perceived value of the opportunity, build dependency and a sense of helplessness.

It has been said that ‘opportunities cannot be given, they are taken’ - which means that entrepreneurs need to grab opportunities with both hands. The higher the perceived value of the offering, the more grabbing they will do! Cost sharing, gateways, and good matching of needs helps, as does a contract that measures beneficiary performance and sets the reward for commitment in terms of increased support.

CONCLUSION

Building an Enterprise Development programme on these four pillars provides the foundation for successful and sustainable impact. Experience has shown that applying formal tools and methods to candidate selection, practical skills training, beneficiary support and participant commitment, results in a significant improvement in success – measured in increased income generation and job creation.

That, after all, is what our country really needs!

Catherine Wijnberg is recognised as a catalyst for her innovative thinking in the field of small business development. She is the Director of Fetola & Associates, a fast growing enterprise development agency that operates throughout Southern Africa, as well as the Fetola Foundation, a not-for-profit organization made up of individuals with a desire to make an impact in sustainable community development.

Qualified with a Masters degree in Agriculture and an MBA from Henley UK, Catherine has owned and operated small businesses in five different sectors, including agriculture, tourism & craft development.

Contact: Catherine Wijnberg 0846684603 / 021 701 7466 cwijnberg@fetola.co.za