

# LIBSA NEWS

OFFICIAL NEWSLETTER OF THE LIMPOPO BUSINESS SUPPORT AGENCY



TURNING BUSINESS IDEAS INTO REALITY

JULY 2010

## Enterprise Development means Business Betterment

The provincial economy has grown at an average annual rate of 4.5% in real terms between 2004 and 2007. Limpopo contributes 6.9% to the value of national production (2007). The Provincial Development and Growth Strategy (PDGS), has assessed the competitive advantages that Limpopo offers and have identified seven clusters in the region and specific industrial opportunities which offer opportunities for investment with high returns.

Limpopo boasts the highest economic growth rate in South Africa at present and its wealth of natural resources and continued investment by major corporations highlight its potential as a viable and economic powerhouse. The pillars for development and resulting prosperity have been firmly laid.

This publication will highlight opportunities for development and sound investment in the following major sectors. The Limpopo Government is determined to develop agri-processing to ensure that this sector becomes relevant and competitive in the fight against malnutrition, economic underdevelopment and poverty. Considerable opportunities exist in the areas of process and packaging and potential for export of meats, eggs, vegetables and fruit are considerable.

In 2007 Limpopo hosted 3,1 million visitors and in 2008 this jumped to 4 million, a significant growth. Apart from the attraction of the "Big Five" the park hosts six distinct eco-systems, 147 species of mammals, 517 bird species and 1982 plant species. Limpopo is indeed the heartland of Southern Africa with potential in abundance, a serious investor's paradise. Eco-tourism has shown considerable growth and World Heritage sites have put both South Africa and Limpopo on the map.

Strategically located in the hub of Southern Africa's business centres, this diverse and captivating province shares borders with Mozambique, Botswana and Zimbabwe giving the province a distinct advantage with regard to trade opportunities between South Africa and Sub-Saharan Africa further north.

Situated at the northern tip of South Africa, Limpopo opens the corridors to Africa for its provincial neighbours Mpumalanga, Gauteng and North West. It is the launch pad for investors and visitors wanting easy access to the country's commercial and industrialised centres and in particular the industrial heartland of Johannesburg and Pretoria. Linked by the upgraded North/South N1 Highway, this route is which connects the Provinces, is the busiest route for cross border trade in raw materials and finished products.

Mr Maphutha adds that "Globally, technology has changed the way business is done and South Africa, and Limpopo in particular, is no exception. Institutions such as LIBSA need to provide an additional service that creates awareness of e-commerce as the new way of doing business. Our campaign will focus on the need to have websites to market and sell products and services, an e-mail address for quick response handling and the minimum of a memory stick that contain templates of quotations, business profiles and plans and databases of suppliers & clients filed electronically. This enables entrepreneurs to do business regardless of their location".



Humphrey Maphutha - LIBSA General Manager for Enterprise Development.

When asked how this campaign will be implemented, Mr Maphutha explained that he already has buy-in all from all LIBSA business advisors, branch and district managers. And in the current financial year, LIBSA business information seminars will focus on this campaign. In addition, LIBSA branch offices will help create free e-mail addresses and train entrepreneurs on using IT for business transactions. The aim is to also have two computers at each LIBSA office for entrepreneurs to access the internet free of charge once trained.

This campaign makes it clear that LIBSA fully acknowledges that now the global norm is doing business online and so to compete and retain market share depends on a business' ability to satisfy markets quickly.

LIBSA's client enterprise database system will prove an invaluable base from which to ensure all listed enterprises have an e-mail system. Technology knows no boundaries and its ability to help businesses of any size get to market is an opportunity not to be missed.

In conclusion, Mr Maphutha says "Our campaign will include real simulations of doing business online, thereby adding more value. Our goal is to have 10 business seminars a year for two years".

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## Poultry Power spreads its wings by keeping abreast of the market

Without constantly keeping abreast of ever-changing consumer needs, new market entrants and competitive substitute products and services, any business can quickly become obsolete.

For Poultry Power, whose core business is to sell frozen chickens to the local market in Senwabarwana, product diversification was crucial when it was evident that more businesses were entering this lucrative, fast-moving consumer goods market.

The business decided to add a range of other foodstuffs to their offering, which includes groceries. To date, the total stock turnover rate is .013 over thirty days - a very positive indicator for long term sustainability of the business. The customer profile, according to the treasury, is made up of villagers in and around Senwabarwana. The expansion of the town is also proving positive for growing small businesses due to increase in demand for consumer goods.

When Capricorn Poultry Power registered in 2008 as a co-operative with the help of LIBSA, the members had no knowledge of how to market their business.

Yet, in the words of the Deputy Chairperson, "Through relevant training and workshops that LIBSA facilitated, the business secured a contract with the local SAPS to supply 40kg of frozen chickens every month and also supply Grace and Hope in Seshego with 50kg of frozen chickens fortnightly". He added that

**"running a business successfully also requires the constant development of administrative and managerial skills because of the everchanging market conditions".**

Mr. Mories Lamola, LIBSA Branch Manager in Senwabarwana who takes an active interest in the welfare of businesses in the area, is assured that Capricorn Poultry Power is destined to reach greater heights.

He explains that "The bulk purchase of stock by Mike's Kitchen in Polokwane fits well with the growth strategy of the co-operative, which centres on the economies of scale based on the wholesale prices of the supplier. Whilst the relationship with this supplier is sound, the future aim of this co-operative is to establish its own chicken abattoir to achieve backward and forward integration of the business value chain".

Lamola adds "This will increase the market share for the business in terms of distribution and creation of additional job opportunities for the locals."



The Employment and Growth Strategy adopted recently by the Provincial Government highlights the need for strengthening manufacturing in all the strategic and growth sectors of the economy. Meat processing is one of the areas identified as driving food security not only for Limpopo province, but the entire SADC region.

Senwabarwana, situated in the north of Limpopo province, is located on the Zimbabwe route and this provides the future growth impetus for the businesses that are trading in fast moving consumer goods".

It was no surprise when Poultry Power scooped the award for Best Enterprise Development in 2008 and that, according to the deputy chairperson, Ms Thabizha Somo, provided the members with the motivation to stay with, and grow the business, despite the challenges they have faced along the way.

## It's back-to-school for big success

It's not everyday that an informal home-based business transforms into a local manufacturer of school uniforms and also provides top-end garment design.

In 2009, when Melida Phasha dreamt of running a business, she was quickly confronted by the harsh realities. These included a lack of resources and the unwillingness of financiers to provide capital to a textile business, due to the competitive and unstable nature of the global textile manufacturing sector.

When clothing manufacturing and distribution went tumbling globally, South Africa also felt the effect, seeing many companies closing operations.

This caused chain and departmental stores to import more goods into the country. But at local markets, such as Fetakgomo, where taste is still heavily influenced by local traditions, Melida identified a niche market and focused on local consumers in the surrounding villages.

As the business grew, even without sophisticated machine-aided designs, aspirant dress makers also entered this business market. And when the LIBSA branch office in Fetakgomo was established three years ago it conducted campaigns to help businesses operate formally. Melida immediately realized that the growth of her business hinged on formalizing it and using the business support programmes that government Agencies provide.

In 2009, Let's Share was registered and entered the YouthBiz Business Competition that LIBSA in collaboration with LEDET, LimDev and SEDA conducts.

For Melida, winning the prize made it possible for the business to buy six light technology production machines. Although the design is still done by hand for authenticity, she was able to employ a graphic designer and an additional employee.

The business has moved into a production house and now focuses on the production of school uniforms. Production scheduling is very important for the management of raw materials. Let's Share has four stages in the production line which are: pattern drafting, material cutting, sewing, trimming and packaging. The venture into school uniforms has proved successful and Let's Share is looking to contract many more schools in the area.

LIBSA's Branch Manager in Fetakgomo, Lesedi Seroka, describes the school uniform market in Fetakgomo as huge for small businesses.

**"There are around 60 schools, each with about 150 pupils - figures that define just how much Let's Share can grow its sales if contracted."**

Asked about the sustainability of her business, Melida is confident that the school market is her future growth path and added that her diploma in Marketing and Sales promotions, certificate in Business Management and Customer Service are sufficient to successfully shape the future of Let's Share. She is also motivated by her mentor who assists her business with the specific skills needed for finishing and her general technical knowledge.

Mr. Seroka concludes that "Exposure trips to larger and industrial manufacturing businesses are also required and through the LIBSA Business Incubation Programme, Let's Share will prove to be a shining example that a small informal business can grow to become a local textile manufacturer and distributor, servicing not only Fetakgomo but also Limpopo province and other South African markets."



**Melida Phasha**  
Manufacturer of school uniforms and also provides top-end garment design.

## The Beauty of Business Sense

Academics and scholars universally agree that entrepreneurship is the ability of an individual to identify a business opportunity and take advantage of it, regardless of their circumstances and location. Now when one looks at a taxi rank, one immediately thinks of the commuting and the selling of small items for commuters, taxi drivers and queue marshals.

But Grace Hlakudi had another idea. A local taxi rank in Makhaletsi was the perfect launch pad for her salon business to service both commuters, the general public and other taxi rank businesses. In 2006, Grace registered Mamathabile Hair Salon and Beauty Care at the LIBSA Fetakgomo branch office and immediately took advantage of the training programmes and business-related information that LIBSA provided.

When the Fetakgomo Local Municipality collaborated with Anglo Platinum and LIBSA to establish the branch office, news spread through the villages. Grace realised that operating at the taxi rank without a proper business structure was not viable anymore.

Grace explains that "In fact, I identified several business locations because my client base was increasing and the taxi rank was no longer appropriate for my business growth, given the lack of infrastructure such as water, mirrors and electricity, etc. When LIBSA embarked on the Youth-Biz competition campaign in 2007,



it created an opportunity for me to draw a business plan and realize my long term goal". This came true when she won the competition and the first step was to source a suitable operating location for Mamathabile that suited her business image.

Currently Grace's salon business is well established with local customers, wedding groups and government events in the area. As the demand for beautification grows in diversity, Grace was quick to add manicures, pedicures, and makeovers for young adults.

Although this industry is set to enjoy growth in the foreseeable future, Mamathabile must stay abreast of local and international market trends in order to remain competitive in the beautification business.

Ideally situated adjacent to the shopping centre next to Apel taxi rank, the salon is exposed to a high, constant influx of potential customers. The participation of young people in business development continues to be at the centre of the LIBSA strategy of inculcating the culture of

entrepreneurship and helping to take young people off the streets of the province.

With the Youth-Biz competition being an annual platform for the youth to compete for business funding due to limited funds, this initiative has proven that young people, regardless of their lack of experience, collaterals and other forms of security required by most financial institutions, are capable of running businesses successfully. In the words of Mr Israel Huma LIBSA Head of Enterprise Development,

**"The competition has brought about hope and since its inception, LIBSA has seen a growing trend of young people who aspire to establish and run their own business".**

The 2010 LIBSA Youth-Biz competition has kick-started with workshops and training for young people in the five districts of Limpopo Province and will explain how the competition works and how to write a business plan eligible for competition.



### Guest House proves its 'staying power'

#### Sasavona Guest House

Manufacturer of school uniforms and also provides top-end garment design.

Jennifer Nxumalo was appointed chairperson of Sasavona Guest House to take forward the solid foundation that her predecessor Grace Malaleke successfully started three years ago.

Translated as 'a business created to help those in need for our benefit', Sasavona is located in Lulekani in the Ba-Pfalaborwa municipality and provides accommodation, leisure and conference services to the broad tourism and business markets. Mining concerns, the municipality, retail and manufacturing businesses and many others find Sasavona ideal for strategic planning sessions, team building exercises and business workshops.

**"It provides the ambience and natural flair that stimulate relaxation and balance"**

, responds Jennifer to LIBSA News.

She continues "An emerging market is also visiting relatives to funerals, weddings and other festivities organized by the town.

The annual Marula Festival, which is organized by the provincial Department of Economic Development, Environment and Tourism is a classic example, which is a week-long sporting and cultural event with street parades and a music festival. Sasavona operates at full occupancy for the duration of the festival and this has assisted us to have regular and loyal customers".

With the SADC region becoming more integrated in trade relations, it is expected that businesses located within the borders will benefit from the movement of traders and entrepreneurs. Tourism business in Ba-Pfalaborwa municipality is on the growth path and with the 2010 FIFA World Cup having exposed South Africa and Limpopo province to the world, the growth is expected to continue into the foreseeable future.

The internationally acclaimed Kruger National Park

is attracting more and more tourists to this region and the relationships and associations that guest houses and hotels have forged in the area creates an equilibrium of business opportunities across all tourism facilities - the spill-over of tourists from one business to the other ensures that emerging concerns such as Sasavona benefit from well established businesses in the area.

The conference facility can accommodate 120 delegates with an extension for 80 more. The added flexibility in Sasavona is that management is able to maximise and leverage accommodation. The ten chalets can accommodate ten or twenty people sharing without compromising on quality. "It works well for individual tourists and also suits groups. Yet all these ideas could not have been possible without LIBSA who saw an opportunity to empower the ten rural-based women who started the co-operative. Running a business in a market-driven environment can be challenging.

However, when a government institution provides the kind of business development support that Sasavona needed such as business profiling, bookkeeping, and assistance with other business transactions like pricing, the business is bound to succeed," concludes Jennifer.

Co-operatives development as a business model is still new within most of the communities in the province and South Africa in general. The key to rural development lies in the ability of development institutions, such as LIBSA, to stimulate an entrepreneurial culture throughout rural communities with all legal forms of business.



campaigns, LIBSA emphasized the need for entrepreneurs to take advantage of the economic strength and competitiveness of the growing sectors in their locality, as outlined in the Local Economic Development Strategies for all District and Local Municipalities. Tourism, agriculture, and mining are amongst the economic pillars that drive the provincial economy and the success of entrepreneurs will rely on their ability to take advantage of these opportunities and make use of the assistance provided by provincial business development agencies.

Most of the LIBSA business development support programmes are provided by the branch office in Modjadjiskloof and branch manager, Mr. Mathebula, is satisfied with the commitment that all members of Nkomamonte co-operative have demonstrated to date.

## Co-op growing in confidence

Globally, there is growing dissent and resistance to organically modified food as these crops are often regarded unhealthy for consumption. As the debates rage on about the validity and ethics of selling such foodstuffs to consumers, 15 independent farmers from Nkwankowa, Mamitwa and Modjadjiskloof, saw the opportunity to establish a secondary co-operative to grow vegetables and fruits for health-conscious markets. Located in Danrose Farm in Tarrental, the Nkomamonte co-operative boasts the rich soil conditions needed for crop and animal farming.

Nkomamonte also trades in chickens to leverage on its capacity. According to Daddy Mushwana, the 65 hectare farm provides ample space to diversify their farm produce without limitation. The Mopani region, which produces most of South Africa's tomatoes and citrus fruit, supplies markets outside the province.

As the farm is located along the Phalaborwa and Nkwankowa corridor, access to road networks leverages the potential of the farm to markets. Nkomamonte's largest chicken customer is Bush Valley Farms which purchase 40 000 chickens every cycle. These chickens can be reared over a 35 day period.

As for the crops, the co-operative was awarded a contract to supply 20kgs of green beans to Woolworth every day. Trials for beetroot, carrots and spinach are also underway and if successful these too will be supplied to Woolworths. Mr. Mushwana attributes the breakthrough in accessing this significant market to the assistance received from LIBSA in creating business profiles, customer service protocols and business plans.

Recently, LIBSA also provided irrigation pipes to increase the vegetable production capacity of the farm. The company Minute Mate (not Minute-Maid?) in Litsitele also buys some of its raw materials from Nkomamonte to show its support for local farmers.



## Sasekisani Primary Co-operative endleleni ya ku humelela

Ku endliwa na ku kula ka switirhisiwa swa vaxavi eXifundzheni xa Limpopo i mhaka leyi mabindzulama kumekaka etindzawini ta le makaya ya yi rhangisaka emahlweni hikuva yi tumbuluxa mintirhoya nkarhi wa leha eka va-aka tiko, ku endla swakudya laha xifundzheni xa bina xa Limpopo, yi tlhela yi kurisa ku fikelerisa swikongomelo swa millennium swa hunguta ku pfumaleka ka mintirho hi 2014.

Motala ya mabindzu lawa ma amukele ma endlelo xa hungusa matirhiselo ya timali hi xikongomelo xa ku kurisa mabindzu lawa eka nkarhi wa leha. Xikombiso xa mabindzu lawa i bindzu ra Sasekisani Primary Co-operative leri fuwaka tihuku ta matandza. Sasekisani Primary Co-operative ri le tikweni ra ka Mahanisi eka Malamulele kusuhanyana na doroba ra ka Malamulele.

Ku sukela loko Sasekisani Primary Co-operative yi sungurile hi lembe ra 2004, ku kula ka bindzu leri hi tlheleni ra xitoko xa matandza na ku kumeka ka vaxavi i mhaka leyi tsakisaka. Ku ta fika namuntlha, ku kula ka bindzu leri ku ti komba hi ku tshembha loku vhangela lerikulu ra Pick N Pay ri nga va na kona eka Sasekisani

Primary Co-operative ku kondza ri endla vuxaka byaku xaviseriwa matandza hi Sasekisani Primary Co-operative. Loko hi kona kun'wana ka ku humelela ka bindzu leri ri nga na swirho swa 9 na vatirhi va 12. Mufambisi wa bindzu, Mr. Khosa va ri ku humelela ka bindzu leri ku va kona hikokwalaha ka vuxaka lebyi nga kona exikarhi ka swirho na vatirhi, ku ti yimisela, mafambiselo ya kahle lama nga pfuleka na ku yingisela ma vonela ya swirho na vatirhi eka vufambisi bya bindzu leri. Loko bindzu ri ri karhi ri kula eka malembe lama hundzeke, bindzu ri ye ri kuma ku hlohloterwa hi swirho na vatirhi hikokwalaha ka ku tinyungubiyisa loku swirho na vatirhi va nga na kona hi bindzu leri.

Sasekisani Primary Co-operative yi ti vana ta ni hi xikombiso xa dyondzela kona eka vadyondzi va le swikalweni swa le ku suhi, exikarhi ka lembe, Sasekisani Primary Co-operative yi rhamba vadyondzi va ti dyondzo ta vurimi na vufuwi wa le xikalweni xa le henhla xa le ku suhi ku ta dyondza hi bindzu ra muxaka lowu. Bindzu leri, ku vula Mr. Mhlolo Maswanganyi, Manejara wa LIBSA eXifundzheni tsongo xa Vhembe and Mopani, ri hundzuke nhlango lowu nyikaka nhlonhloloto eka vadyondzi. Hi mhaka ya sweswa, LIBSA yi ta ya emahlweni yi nyika nseketelo lowu lavekaka wa xibindzu ku vana leswaku Sasekisani Primary Co-operative ya kula ku ya emahlweni. Ku kula ka bindzu leri swi endle leswaku LIBSA yi xavela Sasekisani leri ya 4 wa ti thani leswaku Sasekisani Primary Co-operative yi kata ku yisa matandza eka vaxavi va yona. Sasekisani Primary Co-operative yi tlhela yi xaveriwa leri ya 7 thani hi nhlango lowu wa National Development Agency.

Loko va vutisiwile hi makungu ya ku kurisa bindzu, Mr. Khosa va te hambile leswi ku kurisa bindzu ku nga kungu ra kahle, swina nkaka leswaku Sasekisani Primary Co-operative yi languta ngopfu eka xikongomelo nkuku xa bindzu lexi ku nga ku fuwa tihuku ta matandza. Swirho swa bindzu swi na vutivi lebyikulu hi bindzu ra matandza. Hi siku, Sasekisani Primary Co-operative yi endla matandza ya 19 000. Ku ya hi Mufambisi wa bindzu, vaxavi va matandza va le ku taleni ku hundza matandza lama endliwaka hi siku. Sasekisani Primary Co-operative yina makungu ya ku aka tihoko ta 5 leli nga ta kota ku kurisela tihuku ta matandza lefi nga ringanaka 25 000.

Ku ya hi Mr. Mhlolo Maswanganyi, vumundzuku bya Sasekisani Primary Co-operative byi languteka byi ri kahle na swona Sasekisani Primary Co-operative yi ta wa xiphemu lexikulu eku xaviseni ka matandza laha xifundzheni xa Limpopo. Tani hi leswi Sasekisani Primary Co-operative yi nga en'walungwini wa xifundzha xa Limpopo, Sasekisani yi le ka xiyimo xa kahle ku va yi xavisela na matiko akelani yo fana na Zimbabwe na Mozambique. Vuxaka lebyi nga kona bya xibindzu exikarhi ka matiko ya SADC byi veka Sasekisani eka xiyimo xa kahle xa vubindzu.



## An engineer shines bright in the tourism industry

When Nelly Tsholo Dlamini completed her mechanical engineering studies, the prospects looked good, given the high demand for engineers to provide specialized services to the Gautrain project, the construction of stadia ahead of the 2010 FIFA World Cup and the general massive infrastructure developments needed in South Africa.

Choosing to work for Eskom in Lephalale and promoted to supervisor with access to development plans for Medupi, Nelly did not let the growth prospects within her position deter her from exploring her entrepreneurial ambitions. So she used this information to grow as a business woman.

Due to maintenance contractors regularly visiting Lephalale for routine work at the electricity plant, the demand for lodging and accommodation is always high. And when plans for the Medupi power station were released, Nelly saw the opportunity to turn a family house into a guest house, knowing the scale of the Medupi project from start to finish. Nelly knew the impact would be huge for local economic development and approached LIBSA for the business planning of her Bushveld Guest House, and the advantage was that it is located on the tip of Mogul Golf Club, the heart of the Lephalale tourism sector.

Over the past four years, her business has grown steadily, thanks to the support of Actom which does maintenance on Eskom boilers and brings engineers from outside Lephalale and Limpopo province. The main contractors of Medupi power station, Murray & Roberts, LTA Grinaker and Goncar also benefit her business to a large extent.



**Nelly Tsholo Dlamini**  
Mechanical engineer and owner of the Bushveld Guest House in Lephalale

"Lephalale is not only home to tourism businesses" says Matsobane Kekana, LIBSA Branch Manager in Lephalale, "but also to a growing market for engineering businesses that provides support services to the construction of Medupi."

Mr. Kekana explains further, "With her experience gained over the years at Eskom, Nelly was advised to form joint ventures with engineering businesses to utilize her skills and knowledge to the fullest. To date, a joint venture with SA Fastners, a Durban-based company was signed and Nelly is their local distributor of industrial tools, nuts and bolts, lubricants and mechanical items. The intention is to build a leading distribution service of these industrial products to meet the expected demand over the years that the power station will operate in the area."

The success of her business will always depend on her commitment and hard work. Kate Mochavi, LEDET's Deputy Manager for Transformation, whose job is to advocate access for opportunities for women-owned businesses comments that "Nelly has the potential to reach great heights. The numerous training programmes, business workshops and exposure trips that LIBSA organised over the years were highly beneficial to Bushveld Guest House. When LIBSA took and exposed six accommodation businesses to Botswana during the Global SMME Expo, Nelly's business was one of them and the networking and exchange of information with tour operators in Botswana will surely bring many Botswana tourists to her establishment in days to come."

## Business Registration Tips

- A Close Corporation (CC) comprises 1-10 people who can register and own shares in a business

- A Co-operative comprises 5 or more members who can register as a co-operative, but the difference between co-operatives and close corporations is the principles that govern them. Contact a LIBSA branch office for more information

## Office Talk

The LIBSA branch office in Phalaborwa has extended its business development services in the Maruleng Municipality. According to LIBSA General Manager for Enterprise Development, Mr. Humphrey Maphutha, the objective of the satellite branch is to ensure that all business communities in the area are afforded assistance in terms of business registrations, business plans and profiles, business training and all the other business development services that LIBSA provides. The Business Advisor visits the satellite office twice a week.

## "Corporate citizenship could enhance environmental management" by Govender

Business, ranging from profit-oriented organizations to continuums of single person proprietorship to medium-sized proprietorship, partnerships and large corporations inevitably impact on society. As the worldwide debate rages on about the impact of environmental mismanagement on future generations, so does the need for businesses to embrace and adopt corporate citizenship which centres on the following four pillars:

- **Philanthropic Responsibility**  
businesses regardless of location should adopt good corporate citizenship by contributing resources to the community within which it operates. When businesses do this, in the majority of cases it improves the quality of life in that community.

- **Ethical Responsibility**  
businesses ought to be ethical in the manner they conduct business within communities. Business ethics is defined by the need to do what is right, just and fair to the recipient of the products and services. In the process of providing services, in terms of ethical responsibilities, businesses must avoid harming the society.

- **Legal Responsibility**  
businesses regardless of their size and location, should obey the laws of the country or the countries where they are conducting their business operations.

The laws of the country are society's codification of right and wrong. It is good for businesses to play by the rules of the game.

- **Economic Responsibility**  
businesses should endeavour to be profitable and stay in business for the long term since that is the foundation upon which all other rest.

The above approaches to environmental management adopted from Carroll and Buchholtz provide the framework within which businesses and their managers should conduct themselves.

Society, being a community, a nation, or a broad grouping of people having common traditions, values, and collective activities, provides the environment in which business operates and it is the relationship between business and society that poses significant challenges in developing effective organizations in that a balance is necessary between the leverage of power and obligation to the same society which forms the basis of corporate social responsibility in the manner in which business takes account of the economic, social and environmental impacts of its action on society.

## Sasekisani hatching new plans for progress

The production of fast moving consumer goods (FMCG) in Limpopo province is prioritised by most businesses that operate in rural communities. This is because it creates sustainable employment for locals, food security in the province and contributes to the goal of halving unemployment by 2014.

Most of these businesses have embraced cost reduction business approaches to stimulate steady growth over a long term. One such example is Sasekisani Primary Co-operative, based at Mahonisi village in Malamulele, which has 9 members and 12 employees, and specialises in egg production.

Since its inception in 2004, its growth rate in terms of stock and market share look impressive and this is one of the reasons why Pick 'n Pay in Malamulele contracted the co-operative for its egg supply.

According to Chairperson Mr. Mabasa, this is a huge breakthrough for the business and he attributes its success to the cordial relationships and the good atmosphere within the entire operation, which he oversees with a management style of dedication, transparency and feedback. He added that the business has continued to grow steadily due to the heightened motivation from both members and employees, who are proud and share a mutual vision of going forward.

Sasekisani is also a learning ground for local students and invites Agricultural learners from the local high school to learn the practical production process. Mr. Mhlolo Maswanganyi, LIBSA's District Manager for Vhembe and Mopani, says "This business is becoming an institute that provides inspiration to students and so LIBSA will continue to provide the much needed business support programmes to manage its growth."

The business has also purchased a 4-ton deliver truck with LIBSA's assistance and received a 7-ton truck donated by the National Development Agency.

When asked about diversifying the business, Mr. Mabasa believes that although diversification could be good for Sasekisani, it is crucial that they focus on its core business, as this is their lifeline and members have grown to understand it well over the years. The business collects 19 000 eggs per day but their market, according to Mr. Mabasa, is moving very fast, due to other independent traders buying for resale purposes and ordinary customers for daily consumption. Therefore plans are at an advanced stage to erect five additional houses with a carrying capacity of 25 000 chickens each.

LIBSA has little doubt that Sasekisani will soon become a national player in the distribution of eggs from Limpopo province. Being in the North East of the province, the business is ideally situated to expand its market into Zimbabwe & Mozambique. In addition, the regional Economic Integration Summit, which foster trading between Limpopo province and its neighbouring SADC regions, provides additional future growth prospects for the Sasekisani co-operative.

## LIBSA and Two Rivers join forces again for Business Incubation

LIBSA's focus is to create sustainability and continuity in business during the critical years of start-up, and Two Rivers Mine continues to play a pivotal role in the lifeblood of enterprises.

For the second year running, Two Rivers collaborated with the LIBSA branch in Tubatse to incubate 19 businesses which graduated in July this year. The ceremony was attended by the mayor of Greater Tubatse, Kgoshi Masha, management from LIBSA and Two Rivers, as well as local media from Sekhukhune.

Billed by Kgoshi Masha as a success for entrepreneurship development, LIBSA provided a 15 month long intensive capacity building programme to selected businesses funded by Two Rivers. The programme ensures that these businesses are able to fully transact and also helps improve the quality of their products and services, which they provide to municipalities and the mining houses that operate in Sekhukhune. The training aspect of the programme also contributes to skills development in the area - a gap that is common throughout South Africa, according to research.

Preceding the graduation ceremony, the mayor of Greater Tubatse gave a keynote address which outlined the socio-economic imperatives faced by his municipality, the potential economic opportunities that are made available by mining houses, and highlighted LIBSA's vital role as a catalyst in ensuring that small enterprises are reared to compete for procurement and provision of services to the mines and municipality. In addition, he clarified that the task of the municipality is to co-ordinate community development at large. This entails making sure that mining activities do not supersede community development programmes - which will result in a mismatch between business on one hand and communities on the other.

The mayor also encouraged the graduates to fully apply the skills learned in the programme and to commit to the future programmes

offered by LIBSA as new mining operations are on the way, creating many exciting opportunities.

Mr. Humphrey Maphutha, LIBSA's General Manager for Enterprise Development, reiterated LIBSA's commitment to taking enterprises to new levels where future incubates leaving the programme will also receive IT training for business processing (see full article on front page).


Mr. Maphutha went on to commend Two Rivers and other mining houses like Anglo Platinum for supporting the interest of enterprises. He added that the LIBSA Business Incubation Programme is well embraced by Tribal Authorities where businesses have actively welcomed & participated in the programme. He cited a number of Tribal Authorities that had either provided co-operatives with land for business development, or in the case of Sekhukhune, had taken interest in SMMEs by inviting mining houses to consider small enterprises and rural communities when procuring services.

Representing the incubates, Kgoshi Masha Gosebo expressed his appreciation to Two Rivers in partnering with LIBSA to up-skill business communities in the area. The pending new mining licences should stimulate more interest from entrepreneurs to receive training so that when these mining houses start operations, entrepreneurs would have the sufficient skills and knowledge to take advantage of the new opportunities.

Most of the incubates that participated in the programme are also contracted by Two Rivers to provide PPE services. They are pleased with the opportunities that Two Rivers has infused in their businesses and are looking forward to solid future growth, aided more so by the new mining houses due to arrive in the area.

1. Networking: Kgoshi Masha Gosebo with Mr Albert Moloto, LIBSA GM Training and Development
2. Incubates: from Ntsekeng Mining Supplies, Wayne Senamela, Simon Pihlela and Keabone Makgoga during the break
3. Two Rivers managers: Charlene Camacho, OD / SLP Superintendent and Francois Vermulen, Process Leader





deserving entrepreneurs  
are afforded the  
opportunity to  
grow their businesses

## To be profit-smart, be cost-wise!

The majority of enterprises use traditional cost accounting systems which indicate what the market can afford, without taking into consideration their labour, overhead and material costs that make up the product.

With this in mind, small businesses need to seriously re-look their costing systems to price appropriately. The cost of labour and materials accounts for a small portion of the total unit cost since more costs are incurred by automation facilities used in production.

For example, a small business provides a backyard welding service.

- 5% - 15% of cost is labour
- 45% of cost is materials
- This leaves 30% - 50% of cost for overheads

Investment in a business is now shifting from variable to fixed overheads as a result of this automation. In most businesses, the cost accounting systems (whether traditional or trial-and-error) do not reflect the true costs of products, which obviously impacts on pricing – and profit.

The traditional accounting system focusing on profits and production levels without considering the overheads distorts the true cost of products and hampers the growth prospects of businesses from a pricing perspective.

Non-value-added activities is another area that hampers growth potential for small businesses in that traditional cost accounting systems do not identify them in the production processes, which makes it difficult for owners to eliminate them. Entrepreneurs need to embrace new systems (ways) of doing business in order to eliminate non-value-adding activities.

## BUSINESS-PLAN



Based in Ga-Setshaba, the co-operative intends to diversify and venture into crop farming, and with the tractor, explained Lucas Tisane, LIBSA Branch Manager in Aganang, there would be a definite increase in the jobs that the business would create.

All these efforts contribute to the bigger picture of growing agricultural economic sectors. In the five districts of the province, crop and animal farming is gradually expanding through co-operatives, assisted by the enterprise development programmes that LIBSA is providing.



Bahananwa Goat Co-operative in Blouberg is supported by the Provincial Department of Agriculture with the technical skills needed. Similarly, Mookgapong Goat Co-operative, a youth-owned co-operative is supported by LIBSA in collaboration with the Provincial Department of Agriculture to ensure its long term sustainability and to contribute to the meat sector of the province.

Regarding the many schemes that are benefiting co-operatives and SMMEs, Mr Patrick Khumalo of DTI stressed that the major objective is to ensure that deserving entrepreneurs are afforded the opportunity to grow their businesses and has praised all provincial institutions that collaborate with the DTI to improve enterprise development.

## How does the DTI Co-operatives Investment Scheme (CIS) impact us?

The rural growth and development strategy is the focus of the Department of Trade and Industry (DTI) to scale up the participation of rural business communities in the mainstream economy. It is a strategy that is adopted nationally by Provincial governments because of the model's ability to empower a large proportion of entrepreneurs that share a common objective.

In Limpopo province, LIBSA has been instrumental in educating communities about the model, its principles and legislative guidelines that govern co-operatives. Experience shows that the model works particularly well when co-operative members focus on the core of their business and commit to business development interventions that are provided by stakeholders.

The Co-operatives Incentives Scheme (CIS), which aims to provide implements and other resources for viable business models, is hailed by many LIBSA branches as having solved many challenges that co-operatives have encountered in the past, particularly on implements and other capital intensive machinery. Current statistics provide testimony to this with Limpopo positioned third, following the Eastern Cape and Gauteng, on DTI grants in recent years. Co-operative sectors that benefited from the scheme include Agriculture, Manufacturing and Trading.

In recent years, the consumption of goods and services has increased which raised the demand for them and resulted in disequilibrium of the economy. This led to increases in the production & distribution of goods and services in the economy.

Co-operatives, like any other business in South Africa and Limpopo province in particular, benefited from the increase in consumption. For example, in Aganang Municipality, the DTI through CIS bought a tractor for Rampietfontein Co-operative whose core business is goat and cattle farming. In addition, The University of Limpopo's Department of Agriculture donated 30 cattle to increase the livestock of this co-operative, thereby also helping to advance the Provincial objective of strengthening the meat cluster sector.





## LIBSA and LEA share an empowering vision for emerging businesses

The annual Botswana Global SMME Expo, organised by the Local Economic Authority, attracts entrepreneurs, traders as well as departmental and chain stores to trade and network all under one roof at the Fairgrounds. It is dubbed by local business communities as the single biggest trade fair where products compete for markets regardless of their origins.

Over the three days, an estimated 1 500 visitors attended the Expo to purchase and get exposed to products from national and international markets. In addition, entrepreneurs could attend networking workshops for Home & Decor, Food & Beverages, Hotel & Catering, Retail Products and Convenience Services.

The participation of LIBSA through its six incubated businesses was to facilitate trading between entrepreneurs in Limpopo Province and their counterparts in the SADC region. LIBSA was invited by LEA to collaborate on SMME development programmes, and this was an opportunity to create linkages between businesses and entrepreneurs across the region ahead of 2010 FIFA World Cup.

Five businesses from the five districts were selected for the Expo; four of them to market their lodges and one to promote an Interior Decoration business (which also designed the Limpopo Stall to reflect the local 'look and feel').

### Day 1 of the Expo

The first day of the Expo was officially opened by the Honourable Dorcus Makgatho-Malesu and had VIP courtesy visits by the Minister, CEO's and Senior Managers from both government departments and the corporate sector, as well as buyers from local stores. The Minister was impressed with the level of interaction and progress that LIBSA and LEA have achieved so far. LIBSA CEO, Mr Reggie Mpe was joined by his counterpart from LEA, Dr Matome, at the Limpopo Stall where she congratulated entrepreneurs for taking business development seriously as this assists governments globally to fight poverty and joblessness. She also committed her government and her ministry in particular to continually supporting all endeavours by LEA to promote the interests of SMMEs locally and internationally.

### Day 2 of the Expo

The Expo went into full swing as community members officially gained access to the Fairgrounds. Customers from afar a field as Harare and Johannesburg, and visiting international tourists, whose visit coincided with the Expo, shopped keenly.

For the five Limpopo-based businesses, the Expo was ideal to market themselves ahead of the 2010 FIFA World Cup - and beyond. Ms Grace Sibara from Hayani Guest House was impressed by the interaction with customers, saying that Botswana had broadened her business outlook after interacting with local business women in similar fields. She applauded the provincial government through LIBSA for such a rare opportunity.

### Day 3 of the Expo

The last day was characterised by breakfast networking between similar businesses followed by dinner to officially close-off the Expo. The event was covered widely by the Botswana media and both the Board Chairperson and CEO of LEA thanked entrepreneurs for embracing the annual Expo and also committed LEA to further improve on programmes for SMME development in Botswana.

**"The CEO also lauded LIBSA for participating and applauded their mutual vision of taking entrepreneurial development to the highest levels".**

The province is at the vortex of developing regional markets and unique in its location, bordering three countries, Botswana, to the west, Zimbabwe to the north and Mozambique to the east, making it an ideal springboard between South Africa and countries in the sub-Sahara.

