



Project Education Sweden

Micro-Business Support 14 June 2018

The first business course has been completed and the group proved to be lively and enthusiastic. One of the participants had previously had experience running a sewing business and her input proved to be very valuable in terms of sparking conversations and starting discussions around issues that directly affect micro-businesses in the Kayamandi community. The most pressing issue was around offering credit to customers and how to manage this.

The main problem affecting all of the businesses is that unless you are prepared to offer credit you are unlikely to draw customers in Kayamandi. This however puts a small startup business at considerable risk as they are unable to restock and quite often people don't pay. Also a considerable amount of time and energy is used following up on unpaid debts. The group came up with a number of strategies for how to deal with this and how to minimize the risk to their businesses whilst still being able to attract customers. Solutions included insisting on a deposit before starting an order, having a maximum limit of credit for any trusted customer that would still allow the business to restock goods even if some of the customers did not pay on time, and only offering credit to people who had been shown to be trustworthy.

The course focused especially on financial record keeping as this has been found to be a major problem with the large majority of businesses operating in Kayamandi. In order to ensure that participants keep records accurately, each of the beneficiaries will receive a file with financial record keeping templates that they will fill in and will bring along to the fortnightly meetings. This will allow us to iron out any problems that they may be having with this admin task as well as identify problems early and come up with solutions. Through analysis of these figures we will also be able to assess the growth of each business.

Two women have already received the R1000 grant and have started to use it. Four others have just completed their business plans and have been approved and will be receiving their grants next week. A further four are taking a little longer to complete their business plans due to having attended another course. We are doing a catchup of the missed classes over the next week and expect them to have completed their business plans within a week of finishing.

A description of the six beneficiaries and their small businesses follows:



Phatiswa Tetyana is a grandmother who supports some of her adult children as well as grandchildren. She has been running a small business for a few years intermittently and whilst it has brought in money that has enabled her family to survive it has definitely been a subsistence business and she wants to grow it. She currently sells amagwinya (a Xhosa fast-food) and has built up a reputation for making very good ones. She wanted to be able to stock cooldrinks as well and needed R2000 in order to stock a particular softdrink and then the manufacturer would supply her with a small cooldrink fridge. As we could only give her R1000 we advised her to use half the money to diversify the food she was selling and then to save a small portion of the additional income that this was generating. She did some research in the community and decided to add fish and chips to her menu after

we worked out the profit margins on these. At her last mentoring meeting she was glowing with happiness as she had already been able to put back into her savings the R500 she had used to diversify her menu offering. She anticipates being able to get the fridge sooner than she initially thought.

Nompumelelo Madinga is a mother of three small children and has had marital problems. Her primary need has been to become more financially self-sufficient from her husband. She previously was selling paraffin in Nkanini (the large informal settlement section of Kayamandi, where there is no electricity to the shacks and only communal toilets and communal taps). She wanted to restart the business as there is a large demand for paraffin and in the area where she stays, very little competition. We worked out the profit margins on paraffin, which turned out to be very small. We advised her to look at other products that the community needed as well in order to be able to generate more profit. She decided that she would start selling meat as there was no one else in her area supplying meat. She found a supplier who offered her good rates and used the money to buy stock of paraffin as well as fresh meat. Her business is starting to pick up, however the sale of meat is limited by her lack of access to a fridge. She is currently using a family member's fridge to store the meat and delivering orders over weekends to her clients. We will be assessing how well this works and looking at alternatives should there be any problems.



Nothandekile Ngalo is a grandmother who is supporting some of her adult children as well as grandchildren. She has been running a sewing business for years as well as selling snacks at the local school at breaktime. Her sewing business is hampered by a lack of funds as she only sews to order. She ideally would like to have a range of ready sewn items on hand so that customers can buy immediately and not have to wait. She has identified items for which there will be an immediate demand and are not size dependent. She also wants to expand her snack business into baked goods and is planning to start offering homemade scones and biscuits as well. She benefitted particularly from the experience of another seamstress in the group who helped her work out her profit margins on the clothes that she makes and has subsequently adjusted her prices slightly. She has

completed her business plan and will be receiving the grant next week.



Lindiswa Ngamlana lives with her husband and three children. The two youngest are at school and the oldest is severely disabled. Her husband gets intermittent work on construction sites but has not been able to find a permanent job. She was running a sewing business but her machine broke and she didn't have money to continue. Her dream is to start sewing some of her own designs which incorporate beading and get her business up and running again. Her plan is to use the grant to fix her machine and buy stock so that she can start making items for sale. She is another course participant who benefitted enormously from the experience of a seamstress who showed everyone how to calculate her costs when sewing an item. This will better inform her pricing structure when she restarts her business. She has completed her business plan and will be receiving

the grant next week.

Bulelwa Tito has been running a small sewing business in Kayamandi for a number of years and wants to grow this aspect of the business. Her knowledge in pricing sewn goods was invaluable to the group as there were at least two beneficiaries who have altered their pricing and increased their profit margins based on her input. She will be using the grant to purchase more material so that she can start producing ready made goods that she can sell to her customers (both tourists and locals). Her current business has relied only on orders. She has done extensive market research and produced a viable business plan and will be getting her grant in the next week.



Busisiwe Potelwa came to Kayamandi to try and get a job in order to support her two children who live with family in the Eastern Cape. She would ideally like to get into a position where she can have her children with her. She was selling Avon products (beauty products – multilevel marketing) but has had problems with this. During the duration of the business course she started to look for other products that she could sell in the community and has identified clothes, shoes and coats as good options as there is a demand for these items and there is no one else in her area selling these items. She has identified a supplier and worked out her profit margins and has also tested a few products in the market to gauge demand. She will use the grant to buy stock for winter and will start looking for items that are in demand in summer over the next two months. She has completed a viable business plan and will be receiving her grant next week.

A further four participants will be completing the course next week and we will be able to report on their businesses and progress in the next report.

We are overall very happy with the beneficiaries' progress to date. They are a group of enthusiastic and determined women and judging by the discussions that have occurred thus far, promise to develop a supportive structure for each other in the fortnightly business mentoring meetings. In the next report we will provide pictures of each of the beneficiaries in their businesses and show what they are making and selling.

We are enormously grateful for the funding that has allowed us to assist these women and look forward to their growth and move towards self-sufficiency.

Thank you!