

## LOVE TO GIVE

### Micro Enterprise Course and Self-Help Groups in Kayamandi, Stellenbosch

#### 5 May 2023 Update

##### The Micro Enterprise Course

At the first session, all the students signed a Commitment Form (see a copy of this form at the end of this report). The comprehensive 207 page Course Manual was given to each student, as well as an exercise book to use for their Business Plan and for their daily record keeping.

In our class on 30<sup>th</sup> March, our course facilitator Paul Khambule covered the topic of cashflow and the importance of daily record keeping and how important it is to separate business costs from household costs. This is challenging particularly when most of the women on the course are living from hand to mouth.

Easter is an important event on the calendar in South Africa so we did not run the course on 6<sup>th</sup> April as many of the participants were travelling to their family homes in the Eastern Cape for the week-end. On 13<sup>th</sup> April the class discussed market research and the size of their market in Kayamandi. They considered whether their business ideas were meeting needs in Kayamandi and the importance of understanding the competition. There was a discussion about what could make a business fail and the value of planning and research. The question of selling on credit was discussed, the pressure to allow customers to buy now and pay later and the impact on cashflow.

On 20<sup>th</sup> April, Profit and Loss was the topic and how the daily record keeping will enable a monthly view of costs, sales and profit. The 27<sup>th</sup> April is a Public Holiday celebrating Freedom Day which commemorates the first post-apartheid elections held on that day in 1994 so we did not have a class. On 4<sup>th</sup> May, the class started work on their business plans. Each week they will work on a section to enable them to be supported in developing the complete plan. This week we encouraged the class to share their business ideas – some of the businesses are already underway.

We are disappointed to report that our class has reduced in number from 14 to 9 attendees. As part of the original mandate, we invited women who are beneficiaries of our 6-month Sustainable Livelihoods and Food parcel program who had expressed an interest in starting their own business to attend. Our conclusion is that not all the attendees understood what starting a small business would entail and were daunted by the process due to their low standard of education, and perhaps the difficulties they encounter living in conditions of extreme poverty.

The smaller group of 9 participants have ideas for their businesses and some have shared their dreams which they hope to achieve through their business.

## Individual Business Ideas



**Elsie Mgu** has started a second hand clothing stall near the Kayamandi mall. She doesn't have shelter so has to close her stall when it rains or is very hot. She also battles with sourcing clothes to sell and sells braaied chicken feet when she doesn't have clothes to sell. Elsie has not missed a training session.



**Neliswa Khumalo** has also attended every session. She is selling beef offal but finds this difficult to source when the seasonal demand for offal in winter increases. To supplement her offal business she is planning to start selling chicken. Farms sell hens that are no longer laying eggs quite cheaply so she will be buying these and preparing them to sell in Kayamandi.



**Ntombodumo Mange**, a regular attendee, dreams of raising chickens one day in the Eastern Cape and to realise this dream she has started selling sweets. She also cares for a very young child while her mother is

at work. She has the space to look after 6 young children and is looking for more mothers who need daily care for their children to expand her business.



**Ntomboxolo Dandashe** is currently selling sweets, chips and biscuits and also gives lifts to other people's children when she takes her own child to school. She has noticed that the Internet Cafes in Kayamandi have long queues and are over-subscribed with people looking for work and needing to print their CVs or send job applications via email. There isn't an Internet Café in her area so she is making space in her home to create one. She is thinking through the challenge of security for her Internet Café as Kayamandi is not very safe. She also has plans to become an agency supplying cleaning staff for individuals or businesses. Her longer term plan is to open a safe house for young children in the Eastern Cape – there are many children who have lost their parents and live in unsafe conditions. She has a plot in the Eastern Cape and is saving towards the cost of building on her plot.

### **Small Business Finance**

We have given much thought to what Spoon Finance had to offer our beneficiaries. Spoon provides finance for small women led businesses in the informal sector and their short term loans are typically between R1500 and R8000. These loans need to be paid back quickly and although their interest rates are competitive the cost of the finance for smaller loans makes this option unattractive for our beneficiaries in the short term. We have decided that for this group we will manage the initial financing. The process will work as follows:

1. We are already encouraging record keeping and the requirement for a Business Plan. Once an individual small business has shown us their plan and their daily record keeping for two months they will qualify for an interest free loan of R500 which will need to be paid back over three months.
2. Once they have paid back the R500 we would introduce them to Spoon should they require additional Finance for expansion. The R500 that they have paid back would be given back to them as the R500 Savings deposit required by Spoon should an individual require Finance for their business.
3. We feel that this approach will ensure that mentoring continues with the individuals and will help to instil the disciplines of daily record keeping and saving before they decide that they are ready to consider financing the expansion of their business with credit.
4. Due to the very varied level of progress of each person within the group, we have decided to revise our plan to support groups of five businesses together, and rather provide individual

support. We hope that this new approach will improve the success rate of these fledgling businesses.

We are enormously grateful to you as our donors for this initiative as we can see it making a real difference for our beneficiaries.



### Small Business Development Course

This course has been funded by a group of business women from Sweden who would like to help women in Kayamandi to start their own businesses. We will report back to them with photos and stories about you and your business. If you are successful with your business they may provide more funding in future.

#### Student Commitment Form

I \_\_\_\_\_ commit to the following:

1. I will attend all the weekly training sessions, starting on 30<sup>th</sup> March 2023, at 09h00 – 11h00.
2. I will complete the homework tasks each week
3. I will make a contribution in class.
4. When I am doing group work I will make sure I do my share of the work
5. I will work out a business plan
6. I will keep a book where I write down all my sales and expenses and will share the results of my business with Love to Give for the rest of the year.
7. I give my consent to have my photo taken for the report that will be written about my business

NOTE: Receiving a course certificate depends on meeting these commitments

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

