

Starting your own business in South Africa

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Starting your own business in South Africa can be a challenge. According to survey that is done annually by The World Bank, South Africa is rated 88th when it comes to the ease of doing business. This is all good and well if you are an overseas investor with a lot of money and looking for new countries to invest in. However, if you are a South African with little or no money, doing and/or starting a business in South Africa can be a daunting task!

There are many people who dream of starting their own business. There are many people who go out and start their own business and then they fail dismally. There are horrific statistics of how many start-up businesses fail within the first two years. It is said that 80%-90% of all new start-up businesses fail within the first two years and of the remaining 10%-20% another 80% fail in the following three years. The 2-4% of businesses that survive the first five years will most probably be successful and exists for some time.

You think the large family concern that you are working for is safe from failing, wrong again, most family owned businesses last not much longer than twenty-five years.

So, starting one's own business is tough, keeping the doors open – even tougher.

The question is why do so many businesses fail? There is not a straightforward. Many people have studied this phenomenon and there are many reasons why businesses fail but we are not going to focus on that; we need to focus on what to do to make your business sustainable. You want to ensure your business survive the first two years in order for you to build up a reputation as reliable and sustainable enabling you to respond to that large tender that will provide you with financial independence.

But let us get back to the ease of opening a business in South Africa. There are many factors that one needs to consider when starting your own business:

1. You must decide **which product or services** you are going to sell.
2. You then must decide on where you are going to **locate** your shop or factory or offices. Getting a lease agreement signed is challenging in South Africa – ensure that your credit record is clean; otherwise you are going to struggle to get a lease agreement for your business. If you are going to sell goods, then you need to be located at the best location. You can have the best product or service on offer but if people do not know of your existence you are going to fail. Find the best place to put up shop so that as many as customers as possible see your goods that you have on offer.
3. Then there is the matter of **registering** everywhere – from SARS to UIF, Workman's Compensation to your industry specific regulation body.
4. You also will have to open a bank account – this can be a challenge.
5. Ensure you have enough funding. There are few businesses that you can start without money. Even the smallest of small business will need a cash injection to get the ball rolling. There are many ways to get funds to start a business, but the trick is to have access to funds to sustain the business when times are tough. Always save money for tough times.
6. The most challenging thing of opening your own business is to **find clients**. Sure, if you open a shop in the busiest mall in town you will attract walk in cliental. But what if you are not so lucky? Or, you produce something that needs to be sold to retailers all over the Country? How do you then find clients? This is where a lot of business owners tend to take the Tender Route. They imagine that if they are lucky enough to be awarded a tender, they will generate enough sales to be sustainable.
7. Advertise. There is an old tale about the business owner who did not believe in advertising, eventually his business failed and the first advertisement he had to place was advertising the liquidation of the business. Advertise as much as possible.

8. Be committed. The main reason you start your own business is because you want to be independent. The problem is that once you have the freedom you lack the commitment. When you work for yourself you need to be 110% committed otherwise you are going to fail. The rule is to apply the same work ethics and commitment that you would have applied should you have been working for a boss.
9. Be willing to start from the bottom. There are few businesses that started out as multi-million-dollar operations. Ninety nine percent of the time it is small businesses that grow into large businesses. The rule is to start out small and affordable and then grow your business over time.

By following these guidelines, you might just give yourself the edge needed in succeeding in your own business.

So, starting one's own business is tough, keeping the doors open – even tougher. My advice to you when starting your own business is to be as well prepared as possible. Ensure that you have enough knowledge of your product or service. You do not need to be the best but be at least competitive.

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Contact us at estelle@howtotender.co.za should you require more information.

You can also purchase a Tender Manual (Handbook) on our website <https://howtotender.co.za/> which is a step by step guide how to respond to a South African Tender. It includes examples of completed SBD forms.