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From the CEO's Desk

Another year has come and gone. 2016 was indeed an eventful year. WOESA closed the year on a very high note with the conclusion of the acquisition of an additional stake in Norconsult Iyanda, making the company a Black Women owned company at 52% shareholding.

The WOESA strategy of bringing members on board to provide sweat equity is beginning to pay off. We continue to encourage members to work with each other as well as to partner with WOESA in strategic opportunities.

The provincial rounds with the Department of Energy concluded culminating in a national conference in September 2016. One of the outcomes of that event is the National Women Owned Business Directory which was launched. We would like to encourage all our members to register on the DOE website.

The Economic South African environment requires us to work smarter. We therefore encourage

you to look out for potential exposure and training opportunities that are provided by our partners in the Industry.

We have been successful in ensuring that our member companies participate in conferences and exhibitions that enhance networking as well as provide marketing opportunities for our businesses, we are grateful to all those members who have been responsive.

In this issue we profile Bongile Tsotetsi who has participated in all of the activities that were organised in 2016.

We also take a brief look at the 10th Annual Smart Procurement World Conference where WOESA member, Maxine Kekana gives an account of how she benefited from attending as a WOESA member.

Nomvula Mabunda, who has become a regular contributor to the “Lets Talk” newsletter, shares what she finds to be the three success factors for Small businesses.

Lastly, we look at how small business can score big by ensuring they comply with the revised B-BBEE Codes.

In the next edition, we will bring you more information on 2017 programmes that we are in the process of finalising.

May 2017 bring more opportunities and better results in your business, this is a year of growth and greater collaboration as we seek to transform South Africa slowly but surely...

Happy Reading!

Khumo Ntlha
WOESA CEO



Success in Challenging Times: 3 Key Lessons for SMEs



By Nomvula Mabunda

Small and Medium Enterprises (SMEs) have been identified as productive drivers of inclusive economic growth and development in South Africa and around the world. While these SMEs are of importance, it is their durability that can be considered of greater significance.

The precarious nature of SME existence has been well documented. Only about 65% of small businesses are still trading after the first three years of initial start-up. After five years, fewer than 45% of businesses will have survived. Put simply, small businesses are more likely to die than larger ones. Much of the research into small businesses has focused on their failure. The danger of this approach is that it identifies what has gone wrong, but may fail to discover what they need to get right. That is why the approach of this article, then, is to focus on the triggers that lead to SME success, as a way of highlighting more effective strategy decisions for businesses themselves, and to inform better decision making.

There is no universally accepted definition of SME success, which is probably one reason why it has been interpreted in many ways. Few studies have to date been conducted to systematically explore and validate what success really means to SME entrepreneurs. Yet, establishing a valid measure of success is essential to help identify the critical success factors for SMEs. Many measures however, have been suggested, in terms of earnings, size and growth, and number of employees.

I have focused only on three financial indicators. However, it is important to note that non-financial measures may be equally important to perceived SME success.

1. Social Capital - Successful SMEs are likely to use more than one source of finance to both start and sustain their business. While access to finance remains a challenge for most

business, more and more solutions and institutions are geared to assist SMEs. Banks and traditional lending institutions are always the first point of call for SMEs, but not only do they not provide the capital required, they seem to know very little about what businesses (particularly small businesses) need. As such SMEs are required to think creatively about alternative ways to fund their business.

Recommendation: Diversify sources of finance to include (but not be confined to):

- Developmental / Impact Funders
- Business Angels
- Venture Capital finance
- Grant
- Leasing
- Factoring and Invoice Discounting

2. Cashflow and Liquidity - Successful SMEs proactively monitor their cash flow and liquidity:

The key focus of SME finance is cash flow, in particular the need to learn about it, monitor it or ignore it at your peril. Conversely, too much money is considered just as harmful, because SMEs are going to spend (and not always wisely) what ever they have got. Keeping a close eye on liquidity can mean using new technology to track liquidity on a regular basis. Instead, SMEs tend to keep a close eye on their pipeline of orders. For businesses seeking growth, securing one large contract can put them into a new league of “big hitters”. It can transform the way the market perceives their business. However, they must also be able to contract when market conditions require it. This means being able to identify strains on financial liquidity at an early stage and take steps in a timely fashion.

Recommendation: Monitor cash flow and liquidity proactively, taking quick and decisive action when necessary,

but also focus on planning, sales, marketing, managing people, website development, and using social media.

3. Outsourcing - Successful SMEs have the flexibility to adapt to changing market conditions:

Outsourcing is becoming increasingly important for SMEs as they strive to keep control of cash flow and as they attempt to keep head count and costs down. Typical areas include accountancy, human resources and payroll, IT (particularly web design and search engine optimisation) and some legal advice. But one of the dangers of this strategy is employing people who don't necessarily identify with the business.

Hence, it is essential to outsource to people who have the same ethic and work approach and appreciation of the brand that you are trying to build.

Recommendation: Consider outsourcing some activities, especially in turbulent economic conditions.

Admittedly, being an entrepreneur has its share of ‘ups and downs’. Although it is good to have dreams about the business, the key to success for businesses is financial success. Success is based on repeatability of business to achieve recurring revenues and, for some, growth, maintaining cash flow and creating shareholder value. For others, success is also based upon non-financial measures such as a sense of fulfilment or challenge, or building a lifestyle business and work-life balance. Whatever your goal, I wish you every success in achieving it!

About the Author: Nomvula is the director and Operations Head for SCF Capital Solutions. Prior to SCF, Nomvula was with Citibank for +8 years, where she held various roles in Client Coverage and Trade and Treasury Solutions. She is an experienced banker with top tier corporate customers and has a solid knowledge of the local and international banking environment.

Where buyers meet sellers..

WOESA members at the 10th Annual Smart Procurement World Conference

A great WOESA partnership was once again evident when one of our members approached us to assist them in facilitating and securing an exhibition space at the 10th Annual Smart Procurement World Conference and Exhibition. Maxine Kekana from Kekoil, one of WOESA's long standing members, saw the value of exhibiting at the conference and approached WOESA for assistance. As a result, we managed to arrange three exhibition stands for WOESA members who then had the opportunity to showcase their services to buyers of top South African Corporates. The event took place on the 13-15 September 2016 at Gallagher Estate in Midrand.

The event affords the attending delegates the opportunity to gain fresh insight into various procurement and supply management topics. It also provides exhibitors with the opportunity to meet the right people in sourcing, procurement, purchasing and buying from both government and the private sector.

This is what Maxine Kekana had to say about the event:

"Firstly let me thank WOESA for the opportunity given to Kekoil to showcase at Smart Procurement Network (also known as SCnet).

Supply Chain Network (SCnet) is where most if not all business co-operates, government and Parastatals converge every year to give support to small and medium businesses. This they do so by way of presentations and lectures but most importantly SCnet aim is to identify small and medium businesses who fully meet their BBBEE credentials. These companies are then taken under big co-operates wing's, and goods and services are then procured from the SMMEs.

My experience has been phenomenal since exhibiting. We were able to interact with companies like Denel, Consol, SAB and many more.

We have registered on their database and awaiting any opportunities to supply our product to them.

I would recommend to all WOESA members to try and get sponsorships or exhibit on their own for exposure. All kinds of businesses can exhibit, whether its manufacturing, wholesalers, service providers etc. Companies can also subscribe to SCnet for tender leads on goods and services they provide. Any tender from SCnet pool of registered companies will then be notified to small companies as per service or goods provided."

Other WOESA members which also exhibited at the event included Enzani Technologies and Tangeliza Projects.

DOE and SANEDI hosts Women in Energy Business Summit

On the 6 - 7 September 2016, the Department of Energy and SANEDI hosted a Women in Energy Business Summit at the Birchwood Hotel. The 2 day summit invited 1 000 women from provinces all over South Africa, to better understand how they can participate in the opportunities available in the energy sector.

WOESA, as a key player in the advancement of women in the energy sector, was invited to exhibit and share information about our organisation with the delegates. With the purpose of the summit to empower women through information sharing, WOESA, who has been promoting the empowerment of women since 2002, was the perfect fit.

The value of the Summit was not only in the opportunity to meet industry professionals but also the valuable insights shared on policy and regulations, power generation, transmission, distribution, environmental impacts, fuel supply sources, renewable energy, gas to power developments, power trading, IPP projects as well as investment and financing. Also shared was the successes of women in business as well their downfalls and how to overcome them. Overall the event was well received and many people found it quite useful.

Source of content: Department of Energy





Africa is the continent of opportunity for the serious energy investor. With vast natural energy resources ranging from coal, oil, gas, hydro, solar, wind and geothermal, there is ample choice for the discerning entrepreneur. Access to electricity means access to opportunity and the chance for Africa to reach its economic potential. But with almost two-thirds of the continent still in virtual darkness, opportunities have remained out of reach; millions of people simply don't have the power. The Africa Energy Indaba is the continent's premier energy event, bringing together the continent's leading energy players to unlock the energy opportunities presented across the African continent.

With strategic partnerships with the World Energy Council, the South African National Energy Association and the NEPAD Planning & Coordinating Agency to name a few, the Africa Energy Indaba enjoys the backing of leading energy organisations.

The 9th annual Africa Energy Indaba will be held at the Sandton Convention Centre from the 21 – 22nd February 2017.

For more information on the event, or to register, please visit: www.africaenergyindaba.com



21-22 February 2017

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WOESA ENGAGEMENT SESSION

Once again, WOESA hosted a Members' Engagement session on 14th October 2016. A diverse array of topics were covered by the WOESA team and partners. In her opening address Khumo Ntlha, WOESA CEO, shared developments at WOESA on the various fronts and positioned ways of working with members in pursuit of our joint objectives of transforming the sector whilst growing our respective businesses. Other key topics covered included a well-received presentation by Julia Nzimande on the Amended BEE Codes and how members can best position their companies to take advantage of the revised Codes. Wandi Pelwana of Forewomen organisation positioned the need for a Skills Plan for member organisations, and members took part in the Skills Needs Analysis which will be used as input for WOESA programmes in 2017.

These sessions provide a great opportunity for members to network amongst each other,

collaborate with each other and to explore opportunities to provide services to each other.

We would like to get feedback from members on some of their collaborative efforts emanating from the Members' Engagement sessions as well as successes achieved as a result.



MEMBER ENGAGEMENT:

HAMISA GROUP

For this edition of Member Engagement we spoke to a vibrant business lady and member of WOESA, Bongile Tsotetsi from Hamisa Group.

1. How long has your company been in existence?

The Hamisa Group of companies started trading in 2010.

2. Tell us more about the main business activities of your organization.

We provide products and services to clients in the mining and engineering industries.

In terms of products we supply welding, safety and cutting equipment. We also supply wholesale fuels.

In terms of services we provide mechanical maintenance of locomotives.

3. What are some of the challenges which your organisation faces?

As most organisations affected by the global slowdown of the economy, our biggest challenge is maintaining and securing business. We supply equipment to manufactures who produce products based on demand, if demand for their product declines, it has a direct impact on our business as they won't need the tools and equipment to manufacture more products.

4. How have you overcome these challenges ?

The only way we can overcome this problem is to diversify our clients. For example, if previously we had one client making up 80% of our business revenue and as a result of the economic downturn, they now make up 50%, we need to find the remaining 30% elsewhere. We have done this by signing up a variety of smaller, new clients therefore not putting all our eggs in one basket. This has been working pretty well for us lately.

5. What are some of your organisations great successes?

We have actually had quite a few successes over the years, not only in the projects and deals which we have closed but also in the opportunities afforded to us and the ability to help others.

- We recently graduated from the

Shanduka Black Umbrellas programme run by Cyril Ramaphosa to empower black Business. The 3 year programme started in 2012. During our second year in the programme we won 2nd place, regionally and nationally, as the fastest growing business financially.

- Another success we are proud of was a joint initiative with Transnet where we donated welding machines and safety equipment to the value of R250 000 to 18 FET colleges throughout the country.
- Similarly, but in our own capacity, we donated welding machines and safety equipment to a technical school named Mamello in the East Rand, who would have otherwise been shut down due to their lack of equipment.

6. How have you benefited as a WOESA member or how would you like to benefit from being a WOESA member?

WOESA has been great in terms of supporting us- we were invited by

WOESA to a meeting with NECSA which we later secured as a client. Further to that through this opportunity we have made some great business connections and met potential clients which we look forward to engaging with.

7. As an organisation who has been in the industry for over 10 years, and renewable energy for almost 5 years what advice would you give to our members who are just starting out?

As a female business owner, you are responsible for the growth of your business. Yes, organisations like WOESA exist as an enabler and to support you but ultimately, your business won't work unless you do. You are responsible to grow it and make sure that it succeeds. It's your job to close the deals and successfully provide a service to those clients.

We hope you enjoyed getting to know one of your fellow WOESA members. Contact us if you would like us to profile your organization in our newsletter.



Bongile Tsotetsi from Hamisa Group.

How a better BEE score can help Small Business

category in terms of the Codes, namely:

1. **Exempted Micro Enterprises (EMEs)** – enterprises with an annual revenue of below R10 million and
2. **Qualifying Small Enterprises (QSEs)** – enterprises with an annual revenue of between R10 and R50 million.

The Codes further provides all EMEs enterprises an automatic B-BBEE status of level 4, with enhanced recognition given to Black Owned EMEs or QSEs. If they are 100% black owned, they receive a Level 1 BEE status and if 51% black-owned, they receive an automatic BEE level 2.

In addition, both QSEs and EMEs are only required to produce an affidavit declaring that they qualify as an EME or QSE, this affidavit qualifies as their BEE certificate.

How can you benefit as a small business owner?

Customers are encouraged to procure from either an EME or QSE. Any spend from an EME and/or QSE with a high BEE status level will grant the customer an equally high BEE spend. The revised Codes have really granted great opportunity areas for small businesses, especially in the Enterprise and Supplier Development element of larger companies.

Position your business to take advantage of the opportunities presented in the B-BBEE Codes. As Preferential Procurement measures the empowerment levels of one's suppliers based on their B-BBEE Status Level. Therefore, your BEE Status will determine the number of the points your clients will earn on their Scorecard by using you as a supplier. REMEMBER, Better BEE Status level equals more BEE points for your clients!

By Julia Nzimande

Broad-Based Black Economic Empowerment (B-BBEE) is a socio-economic process that directly contributes to the economic transformation of South Africa, by increasing the number of black people that manage, own and control the country's economy.

The Department of Trade and Industry (the dti) is the custodian of B-BBEE in terms of the **B-BBEE Act No.53 of 2003**. In 2013, the dti published the Amended Codes of Good Practice on B-BBEE. The amended version is aimed to address various shortfalls of the Codes since their introduction in 2007. The new Codes replaced the previous seven-elements code structure, and the amended version places emphasis on the following five elements; ownership, management control, skills development, enterprise and supplier development, and socio-economic development. On the 30th of April 2015, the Revised Codes came into effective, which means that any company in South Africa will have to measure its BEE compliance on the new revised Codes.

B-BBEE for SMMEs

In terms of the B-BBEE Codes of Good Practice, SMMEs are classified as enterprises with a turnover of R50 million and below, per annum. The Codes define two types in the SMME



IMPORTANT REMINDERS

- Please ensure that your contact details are updated at the WOESA office and that we have the latest copy of your company profile.
- Contact the WOESA office to ensure your membership payments are up to date.
- We invite members to make suggestions of stories or information you would like us to cover in future editions.

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