



**2016 Entrepreneurship
Research Study:
Voices of Entrepreneurs
in Johannesburg**

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Entrepreneurs in Johannesburg**

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2016 Entrepreneurship Research Study: Voices of Entrepreneurs in Johannesburg was an idea that grew from seeing a gap in how programmes were being created for entrepreneurs in Johannesburg. After spending many years in corporate, I have been an entrepreneur for 15 years, and have seen the city evolving since the 1994 elections. I felt it was time to speak up, to allow the voices of entrepreneurs to represent what it is we need to succeed, and to share with those who work with entrepreneurs so that this unique point of view can be heard in the places it counts. It's been a privilege to hear the voices and insights of entrepreneurs in Joburg. We look forward to your thoughts about how we can continue to grow entrepreneurship in Johannesburg.

Tamiko Sher
Founder and Director
Z.A.ZEN Consulting (Pty) Ltd

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#entrepreneursinJoburg

2016 ENTREPRENEURSHIP RESEARCH STUDY:
VOICES OF ENTREPRENEURS IN JOHANNESBURG

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Executive Summary

Johannesburg is a city that captures people's imaginations – it's a place with which most have a love/hate relationship, a place of vibe, character. It's eGoli – the place of gold - where dreams are made where people get rich or join the ranks of the unemployed. Joburg, as it's better known, is a good place to be an entrepreneur.

Like most cities borne from the discovery of gold, it has a pioneer character with some rough edges, but it's a place of abundant opportunity. *2016 Entrepreneurship Research Study: Voices of Entrepreneurs in Johannesburg* is a tribute to those who have carved their niches in the city. Joburg is a tough place to make it, but those who do can apply their learnings globally. There's no better place to be in Africa, or in the world.

It's also a great place to foster entrepreneurship. Today the news is full of negative stories – economic decline, corruption, students protesting and unable to graduate or get jobs,

businesses failing; and no one knows the solution to any of these problems. Yet it's in the darkest times that people make their greatest contribution, develop the innovations that can turn the world on its head. Entrepreneurship is like that – it's about taking something tough and turning it into gold. It's about making something out of nothing.

2016 Entrepreneurship Research Study: Voices of Entrepreneurs in Johannesburg seeks to take readers through this journey. It's the story of entrepreneurship in Johannesburg told by entrepreneurs. It's takes the voices of Joburg entrepreneurs, shares their experiences and uses their words to develop a new way of looking at entrepreneurship, redefines what small businesses are, combines that information with thought processes developed over years to create potential solutions for how government, policy-makers, influencers and enablers who assist entrepreneurs, academics and entrepreneurs themselves can create a new scenario for the future.

In the **Introduction**, we share how the study came into being; premised by the assumption that entrepreneurship has the potential to be a driver for economic growth, and that the voices of entrepreneurs need to be a guiding factor for how to accomplish this. The study is important for five key reasons:

- 1) **It is the first of its kind focusing on Johannesburg entrepreneurs;**
- 2) **It is solution-oriented;**
- 3) **It highlights the importance of Johannesburg as a key economic driver for South Africa;**
- 4) **It draws on international examples and positions learnings in the South African context;**
- 5) **It takes an entrepreneurial approach to solutions and policy recommendations.**

Chapter 1 Research Methodology illustrates the research approach, rationale and methodology employed during this study. Desktop research was employed to assist in the development of the research design and methodology. 50 qualitative interviews were conducted, of which 38 were face to face and 12 were in two focus groups from incubator organisations. 78% of the interviewees were entrepreneurs with the remaining 22% being entrepreneurship enablers, or those who assist entrepreneurs. A lead researcher oversaw the sampling approach, selection process, data management, coding and analysis, ensuring that quality control and research ethics were employed.

Chapter 2 What did Joburg entrepreneurs say? highlights the stories and thoughts of entrepreneurs, presented through ten themes that recurred throughout the research. These themes included what it takes to be an entrepreneur, the definition of an entrepreneur, thoughts on opportunities, the importance of formal and informal education, thoughts on finance and financing, thoughts on support (systems) and mentoring, thoughts on networks, what entrepreneurship programmes have worked/not worked, what government should do to assist entrepreneurs, and general thoughts and philosophies about entrepreneurship.

Chapter 3 Key insights from the research begins to draw on the insights from the voices of entrepreneurs and those who work with them. From the various interviews, seven key insights were extrapolated: 1) What is sustainable entrepreneurship? 2) The psychological and cultural issues specific to South Africa. 3) Looking at entrepreneurship as the 'silver bullet'. 4) The need to understand different levels of entrepreneurship. 5) The importance of structure in growing entrepreneurship 6) The role of funding in entrepreneurship development. 7) Re-inventing the wheel.

Chapter 4 The future of entrepreneurship in Johannesburg is a more free-thinking section that moves away from the actual research and explores how Johannesburg might look 20 years from now. This section articulates a vision for the Joburg of tomorrow, explores how tech is changing the world, the effects of the gig economy, and reflects on why entrepreneurship will be the new normal. It also shares how Silicon Valley came into being and what this means for Joburg in replicating the world's best entrepreneurial ecosystems. This chapter explores new financial options such as crowdfunding, discusses that work is no longer work as we know it, and explores concepts in education, climate change and artificial intelligence. While nobody can predict the future, this article and the mind map that follows it, provide starters for how to free-think about what the future might look like and what this means for entrepreneurs.

Chapter 5 Youth entrepreneurship explores the important theme of young people and business in Johannesburg. South Africa faces a future youth bulge, as does most of the developing world. With Joburg's high contribution to the economy of Gauteng and the country as a whole, it remains a magnet for young people and job-seekers. Young people have a positive outlook, and changes for the future offer possibilities for a better life with the right structures, assistance and thought processes on how to assist them succeed.

Chapter 6 Potential solutions wraps up the learnings from the research study, together with the free thought processes about the future and youth, and applies hypotheses and thinking from Z.A.ZEN's experience by creating six key solution categories. These include: 1) Redefine the South African and Johannesburg entrepreneur. 2) Create and support entrepreneurial ecosystems. 3) Develop a learning, mentoring and networking environment. 4) Bring entrepreneurs into the fold – as investors, mentors and networks. 5) Make young people a priority – they are the future. 6) Think like entrepreneurs – to grow them, we must think and act like entrepreneurs.

Chapter 7 Conclusions shares thoughts about the overall study, and the Appendices introduces the team behind the publication; shares the list of interviewees, provides an entrepreneur summary profile, the literature review; and provides a list of resources for entrepreneurs.

The roadmap is simple but it requires 21st century skill sets. Collaboration, partnerships, bringing different people with varying mindsets and points of view into the room is important. The ability to apply strong listening skills, to understand, instil and co-develop vision, structures, strategies, processes and systems will be critical to realising the success of developing entrepreneurship in the future.

Introduction

The 2016 Entrepreneurship Research Study: *Voices of Entrepreneurs in Johannesburg* is based on two premises: first, that entrepreneurship has the potential to be a critical factor for economic growth, and second, that the voices of entrepreneurs need to be the guiding factor in establishing what is needed for entrepreneurship to grow.

A lot of money is being spent to develop, grow and nurture entrepreneurship – government seeks to co-opt business to spend R9.1 billion to grow small businesses, and new schools of entrepreneurship have mushroomed the past 10 years, along with organisations and programmes that cater to this section. However, are all these programmes really creating the desired growth? Are the activities and funds coordinated for the maximum return, or are there pockets of excellence and lots of duplication? Most importantly, do entrepreneurs have what they need to succeed, according to entrepreneurs themselves?

The study focuses on entrepreneurs in Johannesburg as the hub of economic activity in South Africa. 50 interviews were conducted including two focus groups, one had 7 and the other had 5 interviewees, with 78 % of the interview pool being entrepreneurs themselves. Johannesburg is the second largest city in Africa and contributes 17% of the country's GDP¹. Hence, the entrepreneurs who can make the greatest economic impact, can be found in Joburg.

Entrepreneurship is well researched in terms of quantitative studies, the most notable being the Global Entrepreneur Monitor (GEM) South Africa Report 2015/2016. According to GEM, South Africa has persistently low levels of entrepreneurial activity relative to other countries. The latest study highlights that entrepreneurial intentions have dropped from 15.4% to 10.9% and halved since 2010. It doesn't help that necessity-motivated entrepreneurship is up 18% compared to the previous year, showing the effect of poor economic growth and unemployment.² Many studies highlight why entrepreneurs are failing, but greater focus is needed to find out what entrepreneurs need to succeed.

In reviewing past studies and literature, it was found that the one area that is under-represented is the Voices of Entrepreneurs. There are a large number of programmes and funding for entrepreneurs, but little qualitative feedback. What do entrepreneurs really need? What actions, efforts and types of funding do they find effective? What do they see as their biggest hurdles, their most effective enablers? What will really make a difference to entrepreneurial growth?

The voices of people who have actually been entrepreneurs, started businesses, struggled, succeeded and sometimes failed are combined to one document. This in-depth research presents to government, the private sector and others a framework for a new way of thinking about entrepreneurship in Johannesburg: a systematic and organic approach. The study presents findings, asks questions and allows for stronger interventions in support of productive, sustainable entrepreneurs.

By undertaking a multi-stakeholder, qualitative assessment, supported by a robust process of research and analysis, 2016 *Entrepreneurship Research Study: Voices of Entrepreneurs in Johannesburg* seeks to develop a body of research that identifies what entrepreneurs say about what they need. This type of research is gaining in popularity as a means for assessing government and other interventions.

Through rigorous application of fine-grained coding of data, employing thematic analysis, and drawing on the author's own 15-year entrepreneurial background and extensive experience in writing strategic documents and government case studies, an in-depth, streamlined and clear analysis is presented, offering practical suggestions for government and other enablers in the entrepreneurship development space.

This study is the first of its kind on entrepreneurship in Johannesburg, and the city's entrepreneurs are used as a microcosm of the national scenario. The study develops a robust set of theories about the types of support and interventions that entrepreneurs need to grow their businesses. The intention is that this research will inform public policy, private sector interventions and other programmes targeted at entrepreneurs.

2016 Entrepreneurship Research Study: Voices of Entrepreneurs in Johannesburg provides an entrepreneurial point of view: it is about identifying opportunities and solutions, rather than discussing problems. The study takes an entrepreneur's approach: what are the gaps that need to be filled? What choices and recommendations can be made to action solutions?

Today's entrepreneurs have answers. Not all the answers are cohesive and there are differing points of view, but the voices are powerful nonetheless. **Welcome to our world – we hope you will enjoy reading the 2016 Entrepreneurship Research Study: *Voices of Entrepreneurs in Johannesburg*.**

This study was conducted independently by Z.A.ZEN Consulting (Pty) Ltd. Z.A.ZEN is a boutique strategic consulting company, run by founder and director Tamiko Sher, an entrepreneur since 2002. The company manages various entrepreneurial ventures on a virtual basis and has worked with entrepreneurs and organisations at all levels, from global companies, government, NGOs and small businesses. Z.A.ZEN has worked with the City of Johannesburg since 2004, and has done the City's case studies the past four years, developing a case study methodology that was expanded upon for this research. A team of fifteen individuals were employed for this study: two professional researchers, three research assistants, several transcribers, a graphic designer, and seven writers/editors and proofers. We endeavour to provide opportunities to others, which is echoed by entrepreneurs throughout this document. We would like to thank all the participants who agreed to be interviewed, with special thanks to the entrepreneurs who generously shared their insights with our team.

¹ Department of Economic Development. (3 February 2015). *Considerations in City Economic Development Strategy*. City of Johannesburg, p.9.

² Global Entrepreneurship Monitor Report 2015-2016, p.7.

CHAPTER 1

Research Methodology

Introduction to the research

Across the world entrepreneurship is a topic of intense public focus. Many countries seek to stimulate lagging economic growth by focusing on the entrepreneurial sector; others still hope to emulate the success of hubs such as Silicon Valley. In South Africa, new resources emerge every day to assist entrepreneurs – new programmes, courses, networking groups, conferences and media shows. In the U.S., which is considered the hotbed of entrepreneurial activity, the fact that top educational institutions have for some time offered courses focussed on entrepreneurship is an indication of the lure of building new enterprises.

In response to this keen interest, a multitude of articles and journals have sprung up in the field of entrepreneurship. With the notable exception of the annual Global Entrepreneurship Monitor Study (GEMS), there is not a large body of research or case studies in South Africa, where the study of entrepreneurship is more recent. Most of the available South African research is quantitative, with a focus on why entrepreneurship is not growing and the challenges that entrepreneurs face. The intention of 2016 *Entrepreneurship Research Study: Voices of Entrepreneurs in Johannesburg (ERS)* is to make a valuable contribution to the literature on entrepreneurship in South Africa that will help those who work with entrepreneurs and policy-makers in shaping decisions about how to assist entrepreneurs.

5 KEY REASONS FOR 2016 ENTREPRENEURSHIP RESEARCH STUDY: VOICES OF ENTREPRENEURS IN JOHANNESBURG (ERS)

- 1 2016 ERS is the first of its kind focusing on Johannesburg entrepreneurs;
- 2 The study looks at challenges and problems to identifying solutions;
- 3 It highlights the importance of Johannesburg as a key economic driver for South Africa;
- 4 The study draws on international examples and positions learnings in the South African context;
- 5 ERS takes an entrepreneurial approach to solutions and policy recommendations.

Overview of research approach and rationale

The research applies a qualitative approach of 'listening to the voices of entrepreneurs'.

The research study comprises of a multi-stakeholder, qualitative exploration of the nature of support needed by entrepreneurs in South Africa with a focus on the Johannesburg region. This is significant given Johannesburg's role as the economic engine of South Africa, and the importance that Johannesburg entrepreneurs play in the economy.

The research is the first qualitative study in South Africa conducted by an entrepreneur about entrepreneurship, seeking the answers from entrepreneurs themselves.

Research was based on interviews with a purposive sample of entrepreneurs, primarily, with the addition of some entrepreneur enablers / developers, academics and incubators in the entrepreneurship development space. This was coupled with a review of relevant literature in the field of entrepreneurship.

2016 Entrepreneurship Research Study: Voices of Entrepreneurs in Johannesburg foregrounds the opinions of entrepreneurs themselves and the opinions of those with depth of experience in supporting entrepreneurship development. The interview format was developed to provide an open space for entrepreneurs to explore the range of challenges they experience in-depth and to give detailed suggestions for improved support. A careful and thorough process of data coding and analysis was undertaken to ensure that researchers remained open to new findings and ways of theorising the kinds of support that could boost the success rates and impact of entrepreneurs in Johannesburg.

The research involved several cycles of data collection and initial coding and analysis, which were then used to refine the sample selection, interview questions, and the subsequent coding frame and analysis. This iterative process, which drew on established qualitative research techniques, aimed to support the development of an appropriate sample, suitable interview focus and approach, and to support the development of analysis grounded in empirical data.¹

The Research Process

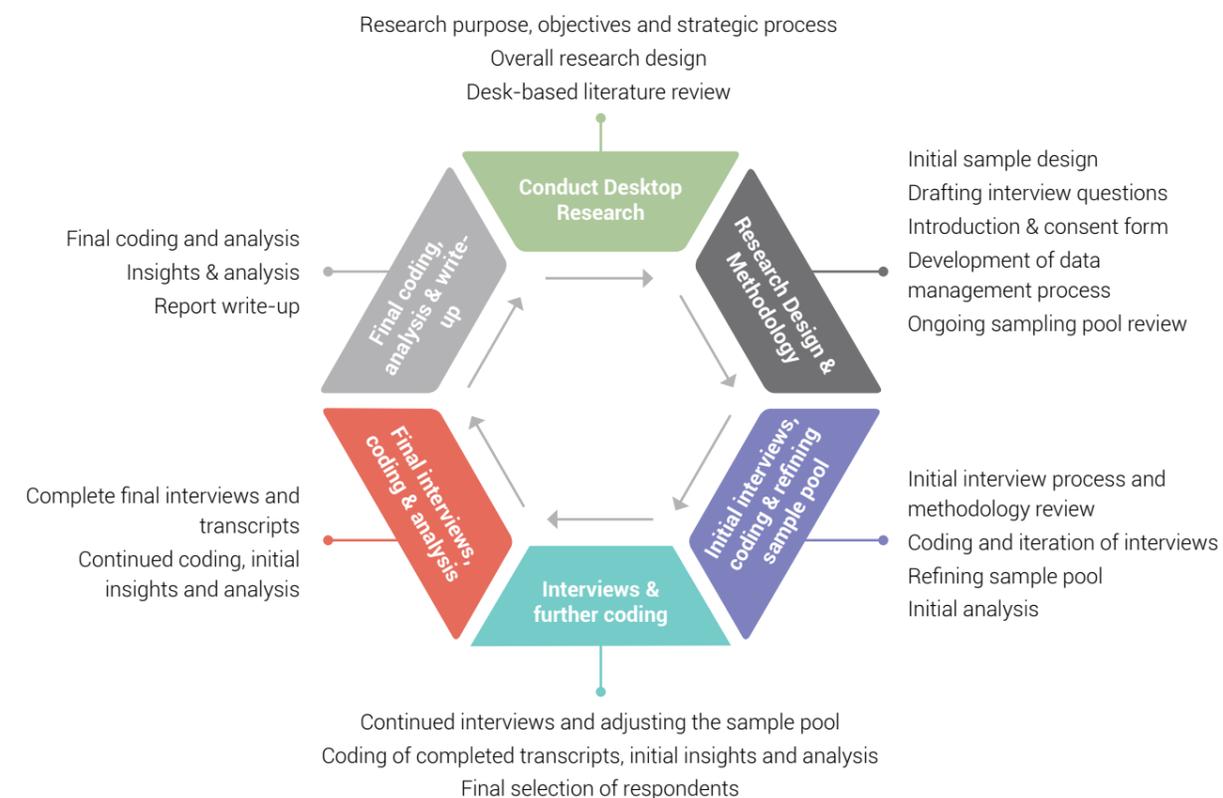
The research process comprised the following phases:

- **Phase one:** Overall research design, and desk-based review of literature on entrepreneurship in South Africa, international literature on entrepreneurship development, and information on government and other entrepreneurship development support programmes.

¹ Yin, R.K. (2011). *Qualitative Research from Start to Finish*. New York: Guilford Press.

- **Phase two:** Initial sample design, drafting of the interview questions, development of research summary and consent form for respondents, workshop with interviewers on interview content and approach, and development of the data management approach.
- **Phase three:** Initial iteration of interviews, followed by reviewing and coding the first batch of interviews, thus refining the line of questioning and sample.
- **Phase four:** Returning to the field for further interviews, further coding and review of emerging themes, followed by the final selection of respondents.
- **Phase four:** Final round of interviews.
- **Phase five:** Final coding and analysis of findings, and report write-up.

2016 Entrepreneurship Research Study: Voices of Entrepreneurs in Johannesburg Research Methodology Process



Literature Review

A short assessment identified existing research studies focused on entrepreneurship in South Africa, and sought to understand and summarise the types of research that have been undertaken to date as well as the nature of the findings. A desk-based "scan" of published papers was limited to publications from 2010 onwards, and restricted to research in South Africa. The studies reviewed included those undertaken by universities and academic research institutes, government departments, and non-governmental organisations. The literature review and references are included in the appendices at the back of this study.

The Research Team also engaged with some of the latest literature on entrepreneurship and entrepreneurship development internationally, including publications from leading institutions in this space, such as the Harvard Business Review, The Economist, The Financial Times and Entrepreneur, Fortune and other periodicals. In *Chapter 4* we draw on relevant insights from this literature for South Africa, in exploring what the future of entrepreneurship will look like – and what kinds of responses this will require from organisations and institutions supporting entrepreneurs in South Africa.

Sampling approach

A purposive sample was developed for the study. Interviews were undertaken with the following criteria:

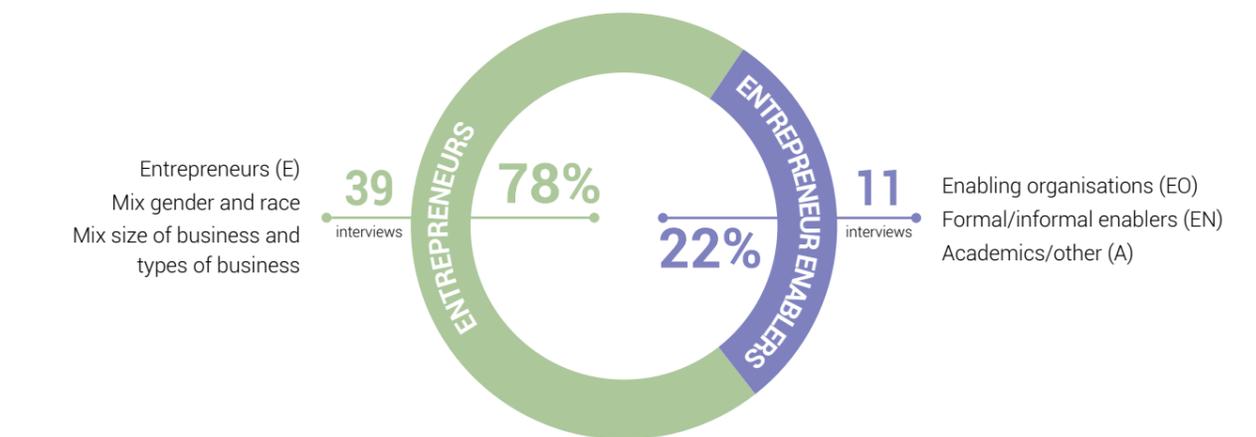
- 78% of the sample pool should be entrepreneurs based in the Johannesburg region;
- Remaining 22% split with entrepreneur enablers – i.e. those organisations and individuals involved in designing and implementing entrepreneurship development programmes run by government, non-governmental organisations, and the private sector;
- and academics and incubators in the field of entrepreneurship development.

'Entrepreneur organisations' refer to incubator programmes that formally developed programmes to assist entrepreneurs. These included government, private and corporate social investment programmes.

'Entrepreneur enablers' are defined as individuals who actively play a role in supporting the development of entrepreneurs, often developing entrepreneurs as part of their own business activity or informally in mentoring roles. It was found that nearly all entrepreneurs were involved as 'informal' or 'formal' enablers, as many provided a coaching and/or support role to others.

The first set of respondents were drawn from Z.A.ZEN's own networks with entrepreneurs and entrepreneur enablers. The interview data was then analysed, and the sample profile adjusted to enable the researchers to explore some of the key emerging themes in more depth. Further respondents were drawn from existing networks and expanded through snowballing techniques, and the careful identification of additional appropriate respondents based on information in the public domain.

2016 Entrepreneurship Research Study: Voices of Entrepreneurs Sample Pool



Since the primary purpose of the study was to 'listen' to the voices of entrepreneurs, the sampling pool remained primarily entrepreneurs themselves, with a smaller selection of entrepreneur enablers and others. A total of 50 interviews were undertaken, 39 of these interviews were undertaken with entrepreneurs. In addition, two focus group interviews were undertaken, with one group of seven young entrepreneurs and the other five at an established incubator programme in Johannesburg.

As per purposive sampling techniques used in qualitative research, the sample was developed primarily on theoretical grounds with a view to choosing research participants who were well placed to explore the issues under review, and who could confirm or challenge emerging theories in the research.

Consideration was also given to the characteristics of entrepreneurs that could plausibly shape the experiences of

establishing and running a business, and also to ensuring the sample comprised a spread of respondents with these characteristics, namely:

- Owners of new start-ups and established businesses;
- Owners of small, medium and larger businesses;
- A spread of entrepreneurs across race and gender;
- Entrepreneurs running either or both product- and service-based enterprises, as it was found that the nature of capital and resources required to establish, run and discontinue a product- versus service-based business can differ quite substantially;
- Entrepreneurs who have, and those who have not, received formal support from government and other providers of support, and spread across a range of different kinds of programmes.

Data Collection Process

Interviews followed a semi-structured format, to ensure that issues considered of core relevance to the study were covered, as well as allowing space for new themes or issues of priority for the respondents to emerge.

The core themes explored in the interviews were as follows:

- 1) the nature of the respondent's business, which provided context for interpreting responses;
- 2) whether the respondent had received formal or informal support in their business activities, the rationale for obtaining this support, and the nature and experiences of this support – what worked for them, and what did not and why;
- 3) the kinds of support the respondents considered most relevant to developing entrepreneurs in South Africa and why;
- 4) and suggestions for how existing programmes and approaches could be improved.

The two focus groups added a different dimension to the study. The first focus group discussion with young entrepreneurs from Ekurhuleni Jewellery Project focused on their experiences as start-ups and incubatees, and issues they faced. The second focus group discussion with the Johannesburg Chamber of Commerce was primarily issues faced by more mature entrepreneurs.

Interviews with enablers, academics and incubators focused on the forms of support they provided; their sense of the successes, opportunities, and challenges of these programmes in the Johannesburg and South African context; and their ideas about how support could best be provided for entrepreneurs by government and others. The interviews took place at a location that suited the respondents, usually at their place of work, and lasted anything between 25 minutes and 1½ hours.

Data management, coding and analysis

All interviews were recorded and transcribed to enable careful coding and analysis of the data. Interviews were catalogued and stored on a secure server, together with field notes and signed consent forms. Each step of the process and all strategic meetings were documented for further learnings, and analysis of each interview was summarised, discussed and captured.

A small batch of interview transcripts was coded first to identify emerging themes, which were then used to review the sample and questionnaire content. Coding was undertaken by a small team with strong familiarity with the study; all members who had undertaken and/or sat in on interviews. A sample of the coding was then checked by the lead researcher on the study, who provided feedback to the coding team. Thematic analysis was then applied to the data. The diagram below outlines the approach used in coding and analysis.

2016 Entrepreneurship Research Study: Voices of Entrepreneurs

Coding & Analysis process



¹ Adapted from: Braun and Clarke (2006). "Using thematic analysis in psychology." *Qualitative Research in Psychology*, 3 (2). p.77-101.

Quality control and research ethics

The Entrepreneurship Study team included a professional lead researcher with depth of experience in undertaking qualitative as well as quantitative research. The lead researcher's role involved informing the research design, providing advice on research best practice, and providing regular feedback to the Z.A.ZEN team to ensure the research process was rigorous, and adhered to established protocols for research ethics.

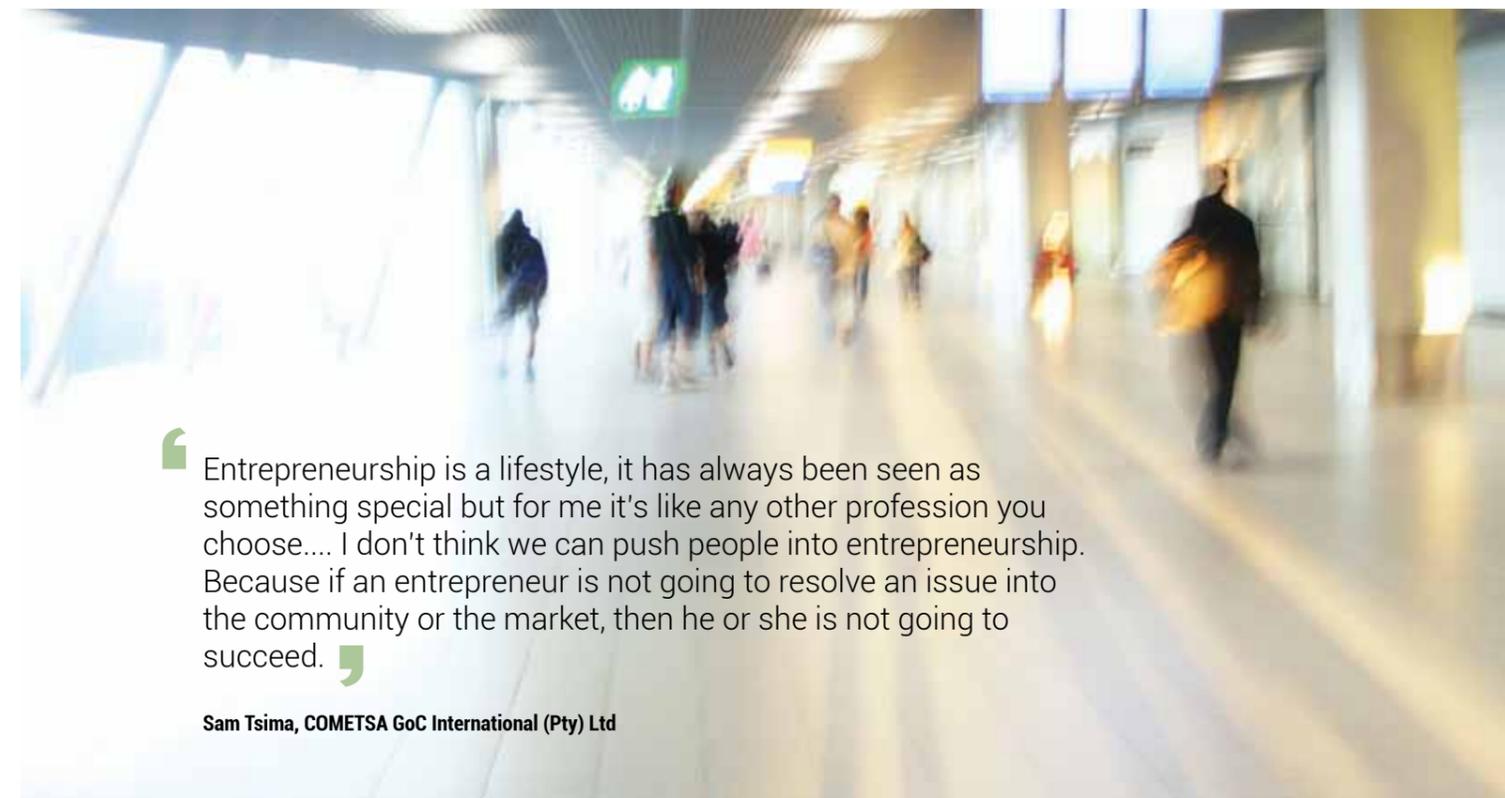
In first making the request for the interviews, Z.A.ZEN provided respondents with a two-page summary of the nature and purpose of the study and the method used in undertaking the research. On commencement of the interview, respondents signed a consent form stating that they understood the purpose of the study, could ask questions of clarification from the researchers, that they agreed to be interviewed and recorded, that their insights and opinions could be quoted in the study report, and noting whether they would like the quotes to be kept anonymous.

Respondents were interviewed by experienced interviewers. All interviews were conducted or attended by Z.A.ZEN's Director, who has been an entrepreneur for the last fifteen years, and was considered well-placed to understand the issues and concerns of other entrepreneurs. It is noted that the director's own entrepreneurial experience helped create an environment where entrepreneurs responded generously and openly with their insights.

Transcriptions were done by a team of professional transcribers and knowledge management experts who have worked with Z.A.ZEN for the past four years. The small team of four coders had familiarity with the study, having reviewed all strategic meeting materials, undertaken interviews for the study and reviewed all transcripts, as well as being part of study team discussions.

The lead researcher read all interview transcripts at the end of each phase of interviews to ensure continuous assessment of the interview approach. Checks were put in place to ensure that interviewers put respondents at ease, did not lead respondents, ensured consent and understood the process. The lead researcher also checked the coding of a sample of 16% of the final transcripts, as well as the initial analysis and recommendations process, providing verbal and written feedback to the coding team on an on-going basis. In summary, a comprehensive, well thought-out, planned and documented process was employed at each step during the study to ensure it complied with best practice in research methodology, sampling pool, coding, analysis and write-up.

A number of documents containing greater detail are in the Appendices at the end of this study, including; the literature review, a full list of interviewees and the focus group information, and a summary of the profile of entrepreneurs.



“Entrepreneurship is a lifestyle, it has always been seen as something special but for me it's like any other profession you choose.... I don't think we can push people into entrepreneurship. Because if an entrepreneur is not going to resolve an issue into the community or the market, then he or she is not going to succeed.”

Sam Tsimba, COMETSA GoC International (Pty) Ltd

CHAPTER 2

What did Joburg entrepreneurs say?

Entrepreneurs are the rock stars of today's business world. Billionaires like Bill Gates, Steve Jobs, Richard Branson and Mark Zuckerberg are admired and emulated: books are written about them, movies made and many aspire to reach their stellar status. On the other end of the spectrum, millions of entrepreneurs around the world work long hours, unknown, unheralded, yet still contributing. In Johannesburg, South Africa, they make their mark, create jobs, create opportunities, assist others, and yet their voices are seldom heard.

The use of qualitative research to understand the scenario for entrepreneurs in Johannesburg is an unusual approach – most entrepreneurial research is a game of numbers. Yet numbers tell only one story – they give a big picture, but often miss the human element, the fine detail and nuances that help policy and decision-making work for those supporting entrepreneurship. An alternative, qualitative approach is critical in that it demands a focus on listening for understanding, which is one of the most underrated, yet crucial, skills in management. In this study the art of listening was explored: we sought to hear the voices of entrepreneurs to tell real stories – stories of success and failure, of struggles and triumphs, to understand what the voices of Johannesburg entrepreneurs could offer.

These are not the Zuckerbergs of the world – these are ordinary men and women who have made the choice to become entrepreneurs; identifying opportunities, motivated, determined – those who want to make a difference.

The assumption that underpins the research is simple: who knows better what entrepreneurs need than entrepreneurs themselves? Experience has taught us that the recipients of investment, policy, programmes, processes or funding are often the best to say how well those interventions worked – or didn't. What's unusual is how seldom entrepreneurs are asked what they need not only to survive, but to thrive. When we called on entrepreneurs in Johannesburg to participate and engaged with them through deep listening, the insights, thought processes and generosity of the entrepreneurs who agreed to give us their time were astounding.

Who did we speak to?

Over a period of 15 weeks in 2016, 50 people gave their time and thoughts to assist us in compiling this study. Most participants were based in Johannesburg. They ranged in age from 22 to 60, with business turnover ranging from <R60 000 per year to R220 million. We sought to ensure a balance of race and gender to represent the demographic of Johannesburg, different types of businesses and entrepreneurial experience level. The final numbers reflected constant adjustment to the sample pool to ensure that the thought processes reflected across a broad spectrum of Johannesburg entrepreneurs.

In the final assessment, the balance of men to women was 56% to 44%: South Africa has significantly fewer women entrepreneurs. After the initial interview phase, we found that people with product versus service businesses had varying perspectives, as the requirements to start up and run each type are significantly different. Service businesses require less investment and are easy to start up and close. Product businesses, on the other hand, often require more capital intensive investment and a higher level of commitment. We sought to ensure that the sample pool represented both types. The sample pool included people with less than one year's experience to those with more than 20 years' experience, and findings of the start-ups versus the mature businesses were also marked. The names of the interviewees and more information on the sample pool can be found in the appendices.

Joburg entrepreneurs are a unique lot. Gold was discovered in 1884 and fortune seekers scrambled to build a city that today is among the most powerful in Africa. Joburg has burned to the ground, been destroyed, and invented itself again and again. This spirit and resilience exists today among the people who live and work here – an environment plays a key role in the development of its entrepreneurs.

Joburg is a frontier town and it has that authority, that power, the gold, and the city...these were colonial pioneers who became settlers who built a shining city, but what their deep idea was, I don't think we have got that yet, we don't know what South Africa's idea is.

Professor Nick Binedell, Gordon Institute of Business Science

Johannesburg alone would be equivalent to the 8th "biggest country" in Africa or 66th in the world. The city accounts for 17% of South Africa's GDP and 47% of Gauteng's GDP.¹ If Joburg works, South Africa works. And entrepreneurs are a key driver to the city's future success.

So what did entrepreneurs in Johannesburg say?

Out of a total of 50 people interviewed, of which 39 were entrepreneurs themselves, 10 key themes were identified. These included:

- 1) What it takes to be an entrepreneur,
- 2) The definition of an entrepreneur,
- 3) Thoughts on opportunities,
- 4) The importance of formal and informal education,
- 5) Thoughts on finance and financing,
- 6) Thoughts on support (systems) and mentoring,
- 7) Thoughts on networks,
- 8) What entrepreneurship programmes have worked/not worked,
- 9) What government should do to assist entrepreneurs, and
- 10) General thoughts and philosophies about entrepreneurship.

¹ Department of Economic Development. (3 February 2015). *Considerations in City Economic Development Strategy. City of Johannesburg*, p.9.

1) What it takes to be an entrepreneur

Many of the people interviewed had distinct points of view on what it takes to be an entrepreneur. Shared factors were passion and the ability to withstand hardship. Many spoke about the necessity to overcome tough times and barriers. Some mentioned the importance of resilience, dedication and having a clear vision. Few estimated that the journey would involve the level of self-reflection that was required of them.

“

Be realistic, forget the beautiful painted picture of entrepreneurship – there will be changes and challenges and you underestimate just how challenging it will be. It's about really going out and putting yourself out there and seeking opportunities, but you need to be creative and innovative on how you are going to go about getting business - it's one step at a time.

Boithumelo Makhubele, Ziphora Events

The entrepreneur often thinks that it's going to be an easy road, doesn't understand the commitment, dedication, suffering, loss of income that is required. (It's that) absolute drive to say, 'I'm going to get up over and over again.'

Anonymous entrepreneur

People who are entrepreneurial come up with ideas on an on-going basis. We are limited by what we think is possible.

Michael Scott, Leadership Pathways

If I can highlight the first challenge as an entrepreneur it is that while you build your business, you have to live, pay your bills and so my advice to entrepreneurs is to start early and travel light, because if the lifestyle demands heavy cash flow then you will have the pressure of going back to corporate.

Themba Khumalo, Innerman Corporation

I really believe that God has made all of us to be entrepreneurs, because we all are passionate about doing something. The only thing that stops people from being entrepreneurs is fear. If people deal with fear and do what they are passionate about, the money part will come later even if it's as small as teaching children how to sing.

Miriam Zwane, Rivers Foundation

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2) The definition of an entrepreneur

There are many textbook definitions of entrepreneurship and what makes an entrepreneur. There was a division between those who felt that an entrepreneur could not be made and those who felt entrepreneurship could be taught. A key take-away was that the skills of entrepreneurship were often hard-earned and learned, and many taught themselves to be entrepreneurs. The definition was simple – it had to do with recognising gaps in the market, and the ability to take advantage of those opportunities.

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An entrepreneur is a person who sees the gap in the market and takes it. It is the same concept of kissing the frogs – you have got to [go after] every opportunity.

Colin Campbell, Ekurhuleni Jewellery Project

I think that entrepreneurship is something you have got to feel, it's not taught. It can be honed and structured.

Kevin Friedman, Frankli Wild

I think the core of entrepreneurship is a sense of empowerment, not waiting for someone to do something or give you a job, but to go out and create something for yourself. Opportunity, and service: creating a business need and addressing those needs.

Pam Doughman, independent researcher

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3) Thoughts on opportunities



Many interviewees spoke about how they pursued opportunities. Some stories were remarkable – such as the story of Rees Mann who bought up 1 500 sewing machines and stock from factories that closed due to Chinese competition in the 1990s, then turned it around and made it into a haberdashery, selling machines and materials to one- and two-person businesses, setting up hundreds of microenterprises in the process.

Others mentioned having more opportunities than the capital to explore all the options. The critical stories were those in which entrepreneurs could leverage their experience, insights, skill sets and backgrounds into viable businesses by identifying niches in the market.

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When I used to go to Atlanta, as it has a lot of similarities with Joburg, I learned a lot in downtown Atlanta and realised that I can use that knowledge since Joburg is at least 15 years behind Atlanta. The first wave of development that happened in Joburg – the city was looking into hardware instead of software. If I could tell them anything about the inner city it is that the scheme should not focus on the buildings but rather on the people.

Isaac Chalumbira, Lionshare Venture Holdings

Although it has been branded a mafia business, I was intrigued by it because I love adventure. I traveled all over Africa and got even more interested, so I wanted to get involved. Previously it has been a very guarded industry, predominantly white, and a lot of barriers to entry. It's still like that so you need proper alliances, people that can vouch for you, because it is a trust-based kind of business. It is mostly family-orientated business; it is not typically big companies that get involved.

Mosibudi Jo Mathole, Kwame Diamonds

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4) The importance of formal and informal education

Interesting observations about formal and informal education emerged through the interviews. A contingent of entrepreneurs indicated that their formal education and corporate work experience made it possible for them to run businesses – these were mostly in the service industries. On the other hand, there is another breed of entrepreneur who rose by educating themselves. Others still saw new opportunities in new types of education. Everyone talked about experience being the best educator and how being 'self-taught' contributed critically to their success.

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I've never really done any courses, it's just all pick up and go. My thing is: if you know where you are going you can get there. If you focus and have direction, you just apply yourself. That's the way I have managed.

Jeunesse Park, Founder of Food & Trees for Africa

I have literally worked my way up to being in a digital space in cooperative South Africa. What I have experienced as the journey went was how formalised education in South Africa has changed. We are in a digital space; we are not required to get a structured education in order to fulfill the ambitions that we may have. I think one of the conversations that

we don't have in South Africa is how digital can help with access to education – quality tertiary education from the global perspective for people who don't have that access. You don't necessarily have to sit in a classroom to get a quality education from a university in Australia or America. So we have websites like Course Era and there are other massive open online learning centres...it's about getting people to show their perspective and to think out of the box about what formalised education is, and considering that access to education. It's so easy because of the Internet and how we can use technology for good.

Trinisha Vandeyar, Writer and Freelancer

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5) Thoughts on finance and financing

Thoughts on receiving funding versus not receiving funding were also mixed. Some entrepreneurs believed it was best to make it on their own and not accept any assistance or hand-outs from government, while others proactively sought external assistance. Many identified that receiving mentorship, support and networks were as important, if not more so, than the funding. Few mentioned getting assistance from banks, with two or three larger business owners indicating that formal financial structures moved too slowly for their needs. Several indicated there was a great deal of misunderstanding around funding received from government.

Receiving funding is probably one of the more controversial elements of entrepreneurship. There is a train of thought from many, although often not entrepreneurs, that funding is critical. The history of apartheid in South Africa suggests that many black people do not have access to sources of funds, or families and networks that could provide an initial contribution. Young start-up entrepreneurs indicated cash flow and not enough business to keep going as one of their biggest challenges. Older entrepreneurs saw funding differently – some saw it as disempowering to entrepreneurship. Three critical issues were highlighted: the need for financial literacy, developing an understanding of what it costs to run a business, and the importance of customers and driving business that can pay the bills.



People think the number one barrier to being an entrepreneur is funding. We tend to put a lot of effort into funding, as if it is the only thing. There are other aspects – fair enough, you do need funding to be operational, but not all businesses require that much capital. It depends on the type of business you want to get into. For instance, when people are given money to buy a farm, they tend to think it is their money. They don't understand that it is for the entire business to work. There is a lack of basic understanding of business.

Lebona Moleli, The Marketing Kraal

I would say when people say there is so much money in South Africa for start-ups, they are misguided. I went to an event for SEDA Academy, they also alluded to that, they keep saying there is so much money, but the reality is that no one can get it.

Stephanie Cowper, BeSpecular

A lot of retailpreneurs believe that funding will take their business forward – it does, but in the retail sector it is very hard to get startup funding because it is cash-based. The risk is high so most of the entrepreneurs I have worked with have not received funding when they started. Where it has not worked...let's say they were lucky and could afford the shop fitting and the stock, the R800 000 which is the average for starting up a shop. If the systems are not right, if the staffing is not right, if the buying processes in terms of understanding the consumer and what they want is not right – no amount of funding can solve that. It would just take it deeper and deeper into debt. In as much as I believe there should be support to start-up retailers, I think it should be specifically for getting the systems right, helping them understand who their customers are and develop concepts that are for that.

Monalisa Sam, Tungwa Retail Holdings



6) Thoughts on support (systems) and mentoring

One of the most critical and most-named issues is mentoring. While many entrepreneurs said they did not get support, for others, family support was in fact a key factor, particularly in their first three years. Some MBA-educated entrepreneurs moved back home, others were supported by their spouses or parents, or received rents at low rates that helped them meet initial costs. When the family of the entrepreneur supported the individual, this often made the hardship bearable, and family loans at times became the bridging finance to start the business.

Many entrepreneurs describe their initial start-up period as lonely and difficult, with a feeling of little support. Their family's belief in them and the help of mentors often played an important psychological role in the critical initial period. Nearly all entrepreneurs, even those with long business experience, indicated mentorship and access to other skilled entrepreneurs who could help them in their business to be incredibly important.



When I started in 2014, I didn't have a clear understanding of what I wanted to do, but just knew I wanted to use my expertise in public relations and content development. It is very tough and I think when you have that support system it helps, or people that are like-minded, it kind of releases the pressure and you don't feel as alone as you would if you were by yourself.

Phozisa Mkele, Khazimla Communications

I have had a lot of support from my parents, including financial support. Unfortunately, I never had mentoring support, which is what will always be a disability for me: not understanding the business process.

Kevin Friedman, Frankli Wild



7) Thoughts on networks

In addition to support systems, many entrepreneurs talked about the importance of networks – both formal and informal. Those who took a proactive approach to networking appeared to receive the largest gains. Critical aspects of networking included finding people outside your field and expertise, going to short courses, doing their own reading and proactively seeking people they wanted to meet. It's important to note that the South African traditional approach to networking of formal speeches and handing out business cards is not the way things are done in other markets.

Today networking is much less based on formal approaches. Often meetings take place in coffee shops and other similar informal settings. A key point in networking is seeking out people not only for their input, but also bearing in mind that their contact bases can be huge. Introductions are often a critical part of how business is done, and entrepreneurs are each other's own best source of suppliers, solutions for problems and suggestions for finding new business.

Young entrepreneurs need far more networks and mentoring than more mature entrepreneurs, but continuous networking is important for any kind of entrepreneurship. Even large businesses like those of Isaac Chalumbira require contacts – he mentioned the Young President's Organisation (YPO) as being an enormous source of assistance, and saw the monthly YPO meetings as an 'informal board meeting.' Often advice can be simple – it can be about pricing, positioning in the market, or just handing over a business contact. These can be make or break elements for entrepreneurs.



Networking is huge. Don't be afraid. I mean, I've introduced myself to a lot of really important people... And the way you do it, that's another thing...it's all about the way you do it.

Anonymous entrepreneur

It takes time to get established. If you are a one-man show without alliances, you might as well just go back and find employment. You need networks... because it's a trust issue. People want to deal with people they know. If there is no one who knows you, it is difficult.

Mosibudi Jo Mathole, Kwame Diamonds



8) What programmes/interventions have worked/not worked

While the study focused on getting feedback on elements of programmes and support that were important for entrepreneurs, many specific programmes were mentioned, as well as the type of support. Young start-ups often identified business training skills as important, as well as seed capital. Older entrepreneurs also found business training valuable, but the level of training differed. Programmes mentioned in a positive light were Umsombovu (but not The National Youth Development Agency (NYDA)), Masisizane of Old Mutual, Raizcorp, Junior Achievement and the Goldman Sach's women's programme. It appeared that the more skills and experience that the individuals brought into the programmes, the more they could get out. Fresh start-ups with little or no experience tended to have the highest failure rates.

One of biggest issues, which is mentioned again and again, is the lack of knowledge about what programmes exist, and which ones were applicable to the individual entrepreneur's needs. There is no centralised database for Joburg entrepreneurs. As can be seen from the appendices at the back of this study, there are a plethora of programmes available, and it can be daunting to determine which ones might fit an individual entrepreneur. There are many people and organisations that wish to help entrepreneurs, but there is little consolidation.

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Taking people who have just completed their training is basically setting them up for failure, because they are not qualified jewellers. They do not have basic hands skills.

Colin Campbell, Ekurhuleni Jewellery Project

I applied for funding from Masisizane, which is a section of Old Mutual. They had a programme whereby they took their retired CEOs and other executives to be mentors.

So for instance if my business is struggling with financials, they would get one of their retired chartered accountants or any financial expert to come and assist me. If you get a loan, then you get a mentor. That was helpful, but what is important is alignment with what your business needs and what is available.

Jabulile Galawe, JoyG Business Services

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9) What government should do to assist entrepreneurs

Most participants had very specific feedback on how government could assist entrepreneurs. On one level, there was a certain amount of respect that entrepreneurs had for the power of government, particularly with supply chain spend and policies, but a common theme was misdirection in the spend. Most of this, it was believed, was due to the lack of understanding of what entrepreneurs need.

Issues such as short-term approach, a tick-box mentality and a lack of understanding of the difference of the needs for a start-up versus scalable business were mentioned.

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I know that there is a programme that is part of the National Plan whereby they train people in various trades, so they help people for the local community to build a road and a person gets trained for that particular project, for instance. When the business finishes, the business dies because the guy is not equipped for running a business. So, they equip people for a job, but not to run a business. I don't think a lot of thought is being given to long-term development in that regard.

Keith Fairhurst, Unleash Consulting

My view is that government has a lot to offer to entrepreneurs, but seemingly, there is a gap between the entrepreneur's understanding of what government can do and what government can really do, which for me is a communication gap. Government is advocating entrepreneurship, but a lot of entrepreneurs don't know that such resources exist and what those resources can do for them. For instance, some government institutions offer loans that you have to pay back, some offer grants where there is no obligation to pay back.

Monalisa Sam, Tungwa Retail Holdings

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10) Philosophies about entrepreneurship and giving back

Giving back was a key theme for nearly all participants – entrepreneurs and others. The longer the person's experience in business or in organisations, the greater their desire for contribution to society. Those with long-term experience were aware of the need to contribute to communities, and many did so actively, having developed specific philosophies and thought processes about giving back after many years of being in business.

But this spirit of contribution was not for the older generation alone. Young entrepreneurs mentioned the need for partnership, collaboration and developing a framework where giving back was not only about making business, but also about making a social impact. Here, skills like leadership were felt to be critical to creating future entrepreneurs.

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We need to start making people understand that economy starts in a community, and that entrepreneurs are the servants of their communities. For them to be successful they need to be made by the communities...There is a lot of sacrifice that is expected of black entrepreneurs in South Africa – people view it as a sacrifice to your community for the sake of being supported. The reality is that it is an exchange.

Sam Tsim, COMETSA GoC International

A lot of what we do is helping [women entrepreneurs] recognise that they are leaders; helping people recognise the value they bring to the table and helping them to feel comfortable with it and celebrate it.

Zoe Dean-Smith, Vital Voices Global Partnership

I believe every skilled south African needs to put at least three years into working in the public sector. National

service is not a prescription, but a state of mind. It is an ethic that says, "I am a corporate guy making a lot of money and I can see the government needs help, my skills, and in whatever way I can spend three years of my life in a structured way, help the government to move forward." If just 10% of corporate South Africa could do that, it would be very significant. From an entrepreneurial standpoint, finding a way to structure that intervention of bridging the gap is about finding a more entrepreneurial way of harnessing the skills in the corporate sector to impact on the public sector.

Themba Khumalo, Innerman Corporation

When I looked around, I realised that the need is not only in South Africa, it is all over the world. I wanted to start something that addresses helping people have pride in little things they do.

Miriam Zwane, Rivers Foundation

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In summary, this section focuses on Johannesburg entrepreneurs being vocal and thoughtful. Each participant had been through their own journey and reflected on it; sometimes businesses had failed, but those who were interviewed were those who had picked themselves up, redefined their offerings and learned to survive.

The next step in this process of listening lies in distilling and analysing the thoughts garnered from Joburg entrepreneurs, and bringing new insights to the arena of entrepreneurship.

