

# PACE ENTREPRENEURIAL INSTITUTE

## NEW VENTURE CREATION INCUBATOR PROJECT

2006



*Sponsored by*

Joburg

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## **1. Background to the Incubator**

The PACE small business incubator is a business development support centre situated at the Central Johannesburg College in Parktown. The incubator was set up as a joint initiative between PACE Career Centre, the City of Johannesburg and the Central Johannesburg College in order to provide young entrepreneurs with support in starting and setting up small businesses.

The incubator was started in November 2005 with a selection process to identify potential candidates. Youngsters from wide range of organisations (see appendix 1) were canvassed to attend the selection process. PACE received in excess of 150 pre-referred applications. Selections were run over three days and a final selection of 23 candidates started the programme in January 2006.

A second intake of businesses was conducted in June 2007 and currently there are 19 businesses which share and operate from the premises donated by the College. Over the past year young entrepreneurs at the incubator have launched and run their businesses under the guidance of the Institute. The incubator has supported these businesses over the year by providing a range of services and infrastructure including access to vehicles, telephone, fax and internet, office space, common reception as well as support in terms of business management programme and mentorship.

Many have made good use of the opportunity over the year and will continue to run successfully into the future. Others will not be able to sustain themselves and will unfortunately exit the incubator albeit with new found skills and resources.

## **2. What is an Incubator?**

In essence an incubator is a building or a place where a small business has an office and shared access to resources such as vehicles, communications, photo-copy and reception facilities. By sharing resources businesses are able to reduce their costs. In addition businesses have access to expertise in the form of mentorship for their businesses.

Incubation allows businesses to function in a secure protected environment until they are in a position to meet their monthly commitments, at which point they then move out of the incubator. Start-up businesses traditionally have a 15% survival rate, whilst businesses under incubation show a 70% survival rate. The incubators assist new business ventures to survive and grow during their start-up period when they are most vulnerable.

In short, business incubation is simply a support structure that adds value by accelerating the start-up of new businesses and helps to maximise their growth potential.

## **2.1. Background to incubation**

Business incubation has its roots in Asia, but the concept of incubation has spread rapidly world wide. In the European Union alone there are over 800 business incubators in operation.

Business incubators overseas were designed to support the broader strategic economic objectives of countries which aim to stimulate growth and reduce unemployment. In overseas countries business incubators are inclusive organisations in that they are supported by a range of public and private organisations including tertiary institutions, private companies and local government.

The nature of business incubators overseas varies in range and type depending on the local regional and national circumstances and priorities. Some are industry specific such as those specialising in information technology or tourism, whereas others accept a variety of businesses services.

## **2.2. Business incubation in South Africa**

Although business incubation is a fairly new concept in South Africa it has the potential to revolutionise the growth of small business especially amongst young people who lack the required capital and experience to start a business of their own.

Business incubation fits in well with the government strategy of stimulating the growth of small business in the country. This is especially relevant for the growth of small black business which has been marginalised due to a lack of skills, resources, and access to markets.

Furthermore, the concept of business incubation, fits into the overall goals and aims of tertiary institutions such as FET Colleges which aim to produce students able to find employment or as an alternative measure create their own employment once they have finished their studies.

### **3. Current incubation model adopted**

In South Africa there are very few business incubators that can be used as examples from which to learn. This required starting from scratch to develop model of incubation that would be most appropriate for the South African environment.

#### **3.1. Partnerships**

The model adopted was inclusive of different public and private role players and stakeholders. In this case the chief role payers were PACE, the City of Jo'burg and the Central Johannesburg College. The Central Johannesburg College made a significant contribution through making available premises to host a business incubator. The City of Johannesburg agreed to provide part of the funding for the programme and PACE provided funding, infrastructure and management of the programme onsite. PACE also received considerable support from a number of private companies who donated equipment and materials. Of significance is a contribution of Dell computers courtesy of the Dell foundation in South Africa. Other partners which have contributed through resources and other means include, Brait and Momentum life.

#### **3.2. Youth focused**

The high rate of unemployment amongst young people is a concern in South Africa. Many for those leaving school or tertiary institutions are unable to find employment in the formal economy and need to create their own jobs as an alternative. For this reason the incubator targeted young people between the ages of 18 and 26 who in most cases do not have formal work experience.

#### **3.3. Seed capital**

One of the key differences between the South African model and overseas models of incubation is access to finance in order to set up and run a business. For this reason it was decided to provide each business with a small amount of seed capital to assist with the purchase of equipment and operational requirements to set up and run a small business.

#### **3.4. Skills transfer**

The incubator is geared to provide additional support and assistance through mentorship and through the transfer of theoretical skills. The need to provide both theory and practical was considered necessary considering the target market which was primarily young black entrepreneurs who in all likelihood would not as yet have had formal business training or the practical experience of having run a small business. The theoretical training is discussed below.

## 4. Theoretical training

Those selected for the incubator are required to undergo theoretical training as part of the incubator programme. The theoretical component includes the completion of a one year certificate in new venture creation - a programme accredited with the services SETA.

The business unit of which each learner forms a part is the ideal complement to the theoretical component because it allows each learner to try out the theory that they have learned in *real life* within the small business context.

### 4.1. Theoretical outline

The course itself divided into six major sections covers a variety of modules. All candidates are required to attend weekly classes on a Wednesday during which lectures are delivered on various topics. The curriculum is based on unit standards registered on the National Qualifications Framework. The PACE programme is guided by these unit standards.

The programme has been unpacked into themes and clustered into six workable *Sections*. The themes are broken down into different headings which are covered in a *workbook* – one workbook per topic (See appendix 3 for a more complete breakdown).

Each learner receives a file which serves as a portfolio. The file is broken down into 6 sections as follows:

- Section A - Personal information
- Section B - Developing an entrepreneurial profile
- Section C - Business Planning
- Section D - Financial Management
- Section E - Business Communications
- Section F - Ongoing Management



## **4.2. The New Venture Certificate**

Part of the requirements of the programme is that learners undergo a theoretical training programme – New Venture Creation.

Learners are assessed on their performance in completing the tasks assigned to them covered in the workbooks. Each unit standard in each module is assessed formatively through assignments included in the workbook. Each workbook is assessed summatively through using an integrated approach. Assignments and tasks for each workbook are used for the summative assessment. Learners are assessed formatively and summatively throughout the presentation of the programme.

Learners undergo their final lecture for the year on the 06 December 2006. The programme has been extended into the new-year to accommodate for and extension of the communications lectures. Lectures will be completed on 01 February 2007 following which all portfolios will need to be handed in for assessment. The summative assessment is performed once the learner is ready for this assessment after this date following which the assessor will certify that the learner as competent or not competent.

## **5. Mentorship**

Whilst undergoing the theoretical classroom-based training, learners are practically involved in setting up and running their own small business.

Mentorship has been identified as a central aspect in the role of the small business incubator in developing emerging businesses. Mentorship involves weekly meetings with mentors at a set time or by special arrangement as and when the business requires assistance. Communications may also be telephonic or in some cases via e-mail.

One of the key roles of the mentor is to compile a detailed profile of the individual businesses (see appendix 5). Having gained an intimate knowledge of the business, mentors play a key role in assisting the business to assess and streamline their business processes, to provide strategic input and to serve to motivate individuals within a business. In the case of the PACE incubator, one of the functions of the mentor is to assist the business to secure at least one new contract during the year.

The current mentor to business ratio in the PACE incubator is 1 mentor to 9 individuals. This is too high considering the amount of work required in assisting the business especially in the South African context. In Europe and the US the mentor to mentee ratio is 1:6. We believe that the ideal ratio in South Africa should be 1 mentor to 4 businesses.

PACE has been fortunate to have secured sponsorship of an additional mentor in 2007. This person will be dedicated in assisting four of the new businesses.

### **5.1 Performance reviews**

Mentorship is complemented by a performance review process which is a formal review undertaken between individuals within the businesses and the mentor. The overall aim of the review is to assess and gauge the standing of the learner with respect to expectations of performance over the year. Performance reviews also serve as a high level assessment of each learner in order to identify the "gaps" in the progress to date, to identify objectives and new goals. Action steps are discussed and agreed to between mentor and learner. The review is broken down into two main components:

### **5.2. Coaching**

One of the core needs of the individuals within the incubator is one-on-one coaching on specific skills relating to certain topics, For instance it was identified that communication in English was a weakness in many of the businesses. A number of individuals at the Incubator felt that their poor

communication skills affected their confidence to market themselves effectively. For this reason PACE employed a specialist communications lecturer, to work one-on-one with the students at the incubator. Communication skills both written and verbal are foundation aspects of the PACE business skills programme.

## 6. Business incubator performance in 2006

In 2002, the European Union commissioned a study to benchmark business incubators both in Europe and the United States. In the study data was collated over three year period and performance of the incubators was assessed based on a number of key indicators.

The report states that the performance of the business incubator should be judged primarily on the impact that these businesses have on wider economic development. The report outlines a number of key performance indicators that can be used as a comparison when judging business incubator performance some of which are outlined below in Table 1.

### 6.1. International comparison

The results extracted from the PACE programme are difficult to compare with European and US data - the PACE data is taken over an average of ten months whereas the international data is taken over a three year period. Despite this however, the data reveals a number of areas relating to size of the premises and the mentor to business ratio that bear some attention.

**Table 1: International comparison using key indicators**

Key Indicators	EU Data	US Data	PACE Data
Occupancy Rate	85%	81%	140%
Survival rate	84.2%	87%	52.6% *
Equity Position (ownership)	Yes – 7.7%	Yes – 34.6%	No
No. of businesses	24	14	19
Jobs created per Business	1.5	2	.3 *
Physical Incubator Size	5000 sq/m	3000 sq/m	450 sq/m
Graduation Policy	Yes – 79.5%	Yes- 90.4%	Yes
No. of Incubator Staff	6	-	4
Cost per Job Created	4 383 euros	-	R21 302 **
Mentor to Business Ratio	1:6	1:6	1:9 ***
Jobs Created per incubator	1:40	-	1:19

\*Survival rate could only be taken over the 10 month period for PACE data whereas the survival rate for EU and US data is taken over 36 months.

\*\* PACE data includes seed capital within the cost per job

\*\*\* It would be ideal to have a mentor ratio of 1 to 4 for South African conditions

## 6.2. PACE Incubator performance using key indicators

The performance of the businesses at the PACE incubator are summarised in individual business profiles in Table 2 below. The results are an average of business performance over 10 months and performance is measured primarily according to the contracts that businesses have secured, employees they employ, and overall turnover.

**Table 2: Key business performance indicators**

*\* Sustainability of these businesses requires further support*

#	Name of Business	Sponsor	Type of business	Business Start date	Business Owners	Employees	Contracts	Approx Income for 2006 * (see appen
1	Bravo	CoJ	Food Service	March	3	2	1	R 104 050
2*	Precious Promo's	CoJ	Marketing	March	1	-	-	-
3	Beat-by-Beat	CoJ	Entertain	March	2	-	1	R 21 900
4*	VPlay Graphix	CoJ	Media	March	2	-	1	R 25 245
5*	Pako Designs	CoJ	Clothing	March	2	1	1	R 13 400
6*	Igcokama cleaning	CoJ	Cleaning	March	1	-	-	R 7 100
7*	W & S Bookkeep	CoJ	Accounting	Feb	2	-	-	R 27 550
8	Easy-Tech Elect	CoJ	Trade – Elect	Feb	1	1	1	R 22 277
9	Vum-Vum Trans.	CoJ	Transport	Feb	1	1	3	R 52 590
10	Melting moments	CoJ	Health & Beaut	Feb	1	-	-	-
11*	SWAM Internet C	PACE	Communic	Aug	-	1	-	R 6 816
12*	Trio Talent	PACE	Entertain	Sept	2	-	-	R 1 170
13*	Call-a-Pub	PACE	Catering	Aug	2	-	-	R 1 500
14*	Mchajo	PACE	Pest Control	Aug	1	-	-	-
15	Sign-shine	PACE	Lithography	Jan 2000	1	-	-	R 40 400
16	TnK	PACE	Tourism	July	1	-	-	R 9 700
17*	Natif	PACE	Marketing	July	2	-	-	-
18*	Siyathami Carper	PACE	Trade - Carpentry	Sept	1	-	-	R 790
19*	Size 7	PACE	Commun	Sept	1	-	-	R 2 500
<b>Total</b>					<b>27</b>	<b>6</b>	<b>8</b>	<b>R 336 688</b>

### 6.3 Performance using non-key indicators

The non-key indicators provide an indication of the development requirements of individuals. A lot of time and input goes into the development of unskilled resources.

**Table 3 Non-Key Indicators**

<b>Courses attended by individuals</b>	<b>#</b>	<b>Paid</b>
Trade Test	1	Fully paid for
Pest Control	1	Fully paid for
Cleaning	1	Fully paid for
Aromatherapy	1	Fully paid for
Learners Licenses	7	Fully paid for
Drivers license	3	Fully paid for
Job shadow	1	Sponsored

### 6.4 Individual business performance in 2006

The performance of businesses individually is recorded under the profiles below. Each business has been profiled and report provided for each business in appendix 5 below.

## 7. Challenges and recommendations

The PACE Incubator served as a unique experiment for testing out a job creation model for the country. Certainly there are a number of challenges and learning experiences which we can learn from. The report which follows highlights these learning points and challenges and attempts to identify best practices that can be applied in any future project of this nature.

### 7.1. Business incubation functions

**7.1.1. The provision of business incubation space is central to the business incubation model.** In overseas countries there are standard requirements for the provision of space. European incubators (Table 1) have around 5000 sq metres of space for 18 businesses. In the PACE model the space allocated to the same number of businesses is around 450sq metres. As a result of the space shortage the PACE incubator was operating at 140% over capacity with very little space for common or shared facilities and very little office space for staff. Pressure to increase the number of businesses as a requirement for funding is a problem when considering the needs of the businesses. Future incubation models should aim to have around 3000 sq metres for the same number of businesses.

**7.1.2. The use of FET colleges as a centre for setting up of incubators countrywide.** The Central Johannesburg College from where this incubator was run served a unique partnership between a tertiary institution and PACE. On the one hand, the College served to benefit by having its students economically active, whereas on the other hand PACE stood to benefit from the generosity of the College. The businesses at the incubator benefited because they had immediate access the student market as a source of business. Furthermore, the incubator served to showcase entrepreneurship which is a key focus of the college. Other students at the College have been inspired by the work of their peers who have demonstrated what can be achieved through initiative and hard work. A downside of operating from the College however is the security problem created by having commercial enterprises operating from the College premises. As a small business operating without restriction on hours the access to and from the College can be a problem. The increase in demands on the College in terms of access rights for supplies and customers for the various businesses is a consideration that must be confronted when making a decision to host an incubator at a FET College. The businesses operating from the incubator

**7.1.3. The provision of shared resources such as vehicles and communications is central to small business incubation because of the reduced cost impact to the businesses.** At the start of the project PACE secured two vehicles for the specific use of the businesses at the incubator. PACE also installed a PABX system and a common receptionist together with other communication facilities such as ADSL lines and a single common network infrastructure. It is interesting to note that at the start of the programme both vehicles were underutilised because of the fact that most businesses were not busy. As the year progressed however there was an increasing demand for use of the vehicles due to the increased business generated and the number of incubatees who received their licenses. In our opinion the businesses need more vehicles perhaps a ration of 1 vehicle to 3 businesses.

**7.1.4. The provision of a formal business skills training in the form of a New Venture Creation certificate as an attempt to develop individual capacity outputs.** One of the problems identified at the start of the year was the need to develop the standard of business management skills of the individuals. For this reason PACE developed a small business management programme based on the New Venture Creation programme underwritten by the Services SETA. The programme did assist the businesses to improve their business management skills. Language skills are a major component of this programme. Most of the businesses at the incubator agreed that they battled to communicate in English and that this affected their confidence in marketing their business effectively. For this reason PACE hired the services of an expert in English language practitioner. Every week the lecturer worked on different aspects including, presentation skills, assertiveness skills, and conflict management. The importance of business communication skills in English, particularly for young black entrepreneurs cannot be overemphasised underemphasised.

**7.1.5. The use of business mentors in assisting emerging black business to secure and maintain contracts.** The nature of business in South Africa is such that whites still dominate in terms of ownership. This may make it difficult for small emerging black businesses to access contracts and more still to maintain those contracts. Networking plays an important role in acquiring contracts and even with BEE legislation small emerging black businesses such as those at PACE express frustration in breaking into the market due to their lack of credibility and contacts. The unique nature of our economy emphasises the need for experienced and well connected mentors who are able to support emerging businesses in acquiring a first contract. It

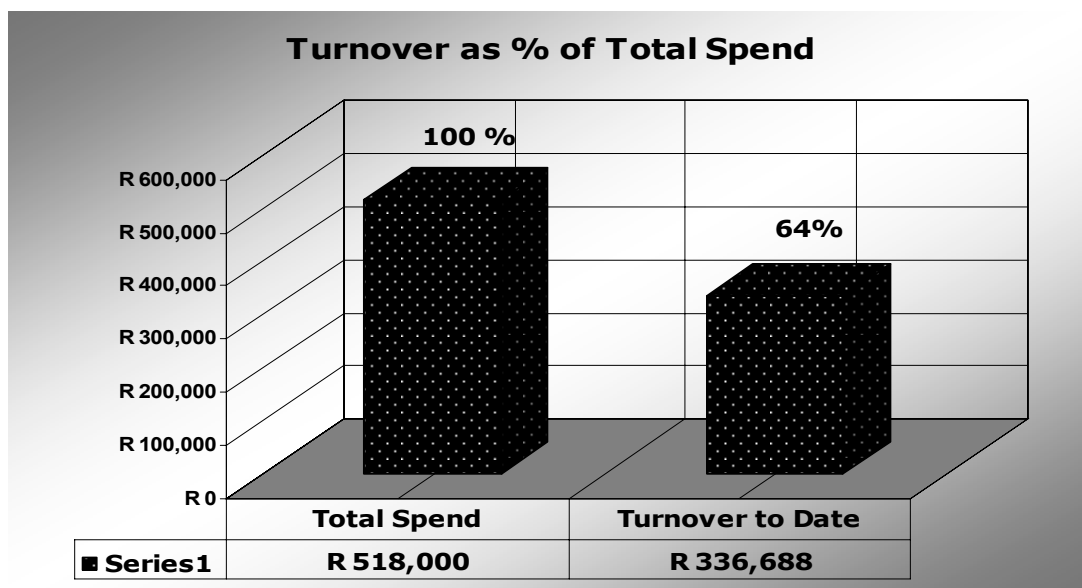


further emphasises the need for mentors with general business knowledge as well as industry specific knowledge relating the product or service provided by the business they are mentoring.

## 7.2. Business incubator performance (services and impacts)

**7.2.1. The performance of business incubators should be judged primarily on the impact of the incubator on the wider economic development of the country.** The results of overseas studies indicate that long term impacts such as turnover of the businesses, contracts obtained and employment created by businesses are significantly more important indicators of success than short term indicators like occupancy rates and failure rates. A key message is therefore to judge an incubators success by its long term results. Direct comparisons with other types of schemes are difficult to make but this incubator has already demonstrated that jobs are being created and skills have been developed. In total the incubator has created 33 jobs and combined total of 8 contracts have been awarded to individual businesses.

**7.2.2. Overall the results suggest that the PACE incubator has so far been a very cost-effective instrument for creating jobs.** The relatively low cost per job (Table 1) and the other non-key performance criteria (table 3) demonstrate that the PACE incubator has been a very cost effective means for developing skills and creating jobs. In addition the total rand value generated by the businesses at the end of November was R336 688. This represents 64% of the investment to get those businesses up and running. Most of the income was generated in the last 4 months which suggests that turnover is increasing as the businesses mature.



**7.3. There are a variety of factors affecting personal performance of those on the incubator programme.** South Africa unlike Europe and the US has unique conditions for incubation. This is no less true when one considers the personal needs and requirements of individuals, particularly the young black entrepreneurs who make up the programme. Basic needs for transport money and food affect the performance of individuals and as such the overall performance of the businesses they represent. One of the biggest reasons for the drop-out of individuals from the programme was lack of finance especially at the start of the programme. Lack of finance relates to the need for transport money. A number of individuals travelled every day from the East Rand, Tembisa and Kempton Park which inhibited their daily management. Many of these individuals were supported by the incubator to achieve

## **8. Going forward**

On the surface the PACE Incubator has proved successful in assisting young people to set up and sustain a business - the key indicators of success as outlined in table 2 include, total cash turnover of the combined businesses (R336 688), contracts obtained (8) and the number of new jobs created (33).

The European Union study on business incubators (2002) warns however against judging the success of a business incubator over a one year period. Businesses themselves require ongoing mentorship support and assistance for a minimum of 18 months to 3 years. With regards to the PACE incubator we would suggest that this time period may be extended due to the fact that the target group is young people from poorly resourced communities.

However despite the challenges a number of businesses have flourished. From here on forward these businesses will still require assistance based on the needs identified within the profiles (appendix 5). PACE will continue to provide mentorship and assistance to these businesses until June 2007.

The PACE incubator is however dependant on funding to survive. New means are being sought to reduce the dependency on funding so that the incubator itself is in some ways a sustainable and viable business in its own right.

**Appendix 1: Guidelines for the selection of learners** (list of character traits and work ethics common to successful entrepreneurs).

QUALITY	DESCRIPTION
Passion	Entrepreneurs have a strong passion for their idea or concept, so much so that their work is their play. If you don't like what you do, you won't stick it out when challenges come along, as they inevitably will.
Curiosity	Entrepreneurs need to understand how things work. They ask a lot of questions. Curiosity therefore triggers innovation. They devour information about their industry and always current on new and emerging trends and technologies, not only in their specific industry but in closely related industries.
Optimism	Entrepreneurs think of problems as opportunities for improvements and new ideas.
Money focus	Entrepreneurs are money motivated. However they have a firm grasp on what things cost and their value to the business. This allows them to recognize a true bargain when they see one.
Started earning at a young age	Entrepreneurs commonly displayed Entrepreneurial leanings as a teenager seeking out entrepreneurial activities such as buying and selling things, doing casual jobs for pay etc.
Competitive	Entrepreneurs are naturally competitive and don't let the grass grow under their feet.
Productive Time conscious	Entrepreneurs know the value of time and how to make the best use of it. You won't find entrepreneurs spending much time on non-productive activities.
Risk takers	Take calculated risks. They typically trust their hunches and act on them.
Professional	Entrepreneurs are professional in their approach to work. They operate as they would in a corporate environment and don't allow themselves to be distracted by outside influences.
High energy	Entrepreneurs have a plan and a vision and they work it. Entrepreneurs are often health-conscious too, recognizing that the fitter they are, the better their minds work. So entrepreneurs will take time from their schedule to work out and eat well.
Responsive to change	Although they appreciate the importance of having a plan and working that plan, they allow themselves room to react and respond to opportunities that may suddenly reveal themselves.
Confident goal-setters	Entrepreneurs are confident and set long-term goals, both for themselves personally and their businesses. They view money and financial security as a measure of accomplishment and a source of peace of mind.
Persistent	Entrepreneurs never give up. They persist until they succeed. Entrepreneurs learn from their failures and those of others.
Internal locus control	Entrepreneurs don't believe in luck. They firmly believe that success and failure lies within their personal control or influence.
Innovative	Has done creative things Not conventional think out the box. Is able to generate original ideas Is able to turn an idea into a practical plan.

**Appendix 2: Source of referrals** (only based on the initial intake of 23 candidates\*)

<b>Institution</b>	<b>No of candidates referred</b>	<b>% of total</b>
CJC Marketing Dept	3	13
CJC Accounting Dept	2	8
CJC Engineering Dept	2	8
CJC Graphic Design	1	4
CJC Fashion Design	2	8
CJC (referral)	1	4
SAGDA	5	22
The Business Place	4	17
Greenside College	1	4
Eldorado Park Woman's Centre	2	8
<b>Total</b>	<b>23</b>	

\* As second intake occurred around June. Most of the new candidates heard about the incubator and can be considered walk-in candidates.

### Appendix 3: Theoretical training - Workbooks

#	WORKBOOK	√
1	What is an entrepreneur?	
2	Creativity and innovation	
3	Formulating your product or service into words	
4	Develop a marketing plan	
5	Costing and pricing	
6	Mobilising resources	
7	Create media	
8	Submitting bids (tenders) & suppliers databases	
9	Managing the finances of a new venture	
10	The Business plan	
11	Making sales	
12A	Financial Management (Projections)	
12B	Financial Management (Budgeting)	
13	Identifying risks and taking action	
14	Ethics in business	
15	Quality Management	
16	Human Resources Management	
17	Market Forces	
18	Performance Management	
19	Small Business Administration	
20	Communications - oral	
21	Communications - written	
22	Communications - non-verbal	
23	Communications - assertiveness	
24	Communications - conflict management	
25	Communications - negotiating	

## Appendix 4: Final list of candidates and their ID numbers

### Businesses COJ

#	Name	Business	ID Numbers
1	Sifiso Moyo	Bravo	8202105635084
2	Mbuso Radebe	Bravo	8209305641085
3	Sabelo Ntshangase	Bravo	8405026097082
4	Pusoletso Ramashala	Precious Promotions	8602020482084
5	Bonke Msubo	Beat-by-Beat	8001125846089
6	Lebohang Dichaba	Beat-by-Beat	8402255955080
7	Mafa Serero	VPlay Graphix	8405315869084
8	Alfred Sekhakhane	Axle Grafix	8504135627084
9	Kopano Segaecho	Pako Designs	8105190692086
10	Robert Paledi	Pako Designs (Old Fella)	7802285565083
11	Fezile Ntumba	Igcokama cleaning services	8009280323083
12	Wisani Mukansi	W & S Bookeeping	8308156716084
13	Sakhi Sithebe	W & S Bookeeping	8212095970086
14	Monaheng Siease	Easy-Tech Electrical	8408106214080
15	Lulama Sithole	Vum-Vum Transport	7611155509083
16	Leonora Market	Melting moments	8206160234089

### New Businesses

17	Sibusiso Zondi	Trio Talent	8207035688087
18	Norman Mntambo	Trio Talent	7206135696082
19	Tshepo Letwaba	Call-a-Pub	8406115691082
20	Khaya Shongwe	Call-a-Pub	8103075964084
21	Moses Molawa	Mchajo	7812075582081
22	Nicholas Mogabe	Signshine	8101175443082
23	David Mabitsi	Natif	7306245549088
24	Lefty Makalela	Natif	
25	Siyabonga Tharmsanga (Thami)	Siyathami Carpernty	8612166294086
26	Xolo	Size 7 Promotions	7711175340087

## Appendix 5: Business Profiles


### Bravo Grilled Chicken

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Bravo Grilled Chicken is a mobile chicken rotisserie enterprise that has its own custom made gazebo and branding. Bravo sells grilled chicken and provides catering for promotional activities, sports derbies and festivals. Bravo are successfully trading at the Central Johannesburg College. They also have temporary sites operating at Protea shopping centre in Soweto.

This business was started with the idea of going into chicken farming and then extending from farming into retail. Lack of finance and practical difficulties however have meant that Bravo begin with the retail outlet first.

Bravo are already operating with very little support from the incubator. They are however dependant on transport and communications from the incubator.

<p>Sifiso &amp; Sabelo Ntshangase &amp; Mbuso Radebe</p>	<p><b>Bus Reg.</b> 2005/129204/23</p>	
	<p><b>Date started:</b> March 2006</p>	
	<p><b>Recruited from:</b> SAGDA</p>	
	<p><b>Vision:</b> The short term goal is to establish the Bravo brand at tertiary institutions throughout Gauteng. Longer term Bravo wish to extend their interests into agriculture and farming.</p>	
	<p><b>Successes:</b> Bravo has successfully created a brand amongst students at the Central Johannesburg College. They aim to have at least 3 new outlets by the end of 2007.</p>	
	<p><b>Competitive advantage:</b> Bravo's ability to travel with their mobile grillers enables them to trade throughout Gauteng.</p>	
	<p><b>Equipment:</b> Mobile Chicken Griller, Chip fryer, Portable Generator, Sound system, Portable branded gazebo.</p>	
	<p><b>Current needs:</b></p> <ol style="list-style-type: none"> <li>1. Lack of formal catering experience or training. They would benefit by having a mentor (from the catering industry)</li> <li>2. No vehicle –currently are dependant on the incubator for transport.</li> </ol>	
	<p><b>Contracts</b></p>	<p>1 (Trading at Protea in Soweto)</p>
	<p><b>Income:</b></p>	<p>R 104 050 (April to Nov)</p>
	<p><b>Additional employees</b></p>	<p>Bravo employ 2 casual assistants</p>
	<p><b>Business plan</b></p>	<p>√</p>
	<p><b>Business cards</b></p>	<p>√</p>
	<p><b>Pamphlets</b></p>	<p>√</p>
	<p><b>Sustainability / Potential</b></p>	<p>Excellent √ *****</p>

“The best grilled chicken for the best price”

Plotted Income for 2006

# Precious Promotions

Precious Promotions was started by Pusoletso Ramashala with the vision of creating a successful corporate gifts company. The focus is to sell locally made products with an ethnic Southern African flavour. So far so good! As a small business in a highly competitive market, Pusoletso is currently working on building up a client base. Pusoletso has already established a network of suppliers for all sorts of corporate gift products. Pusoletso will need ongoing mentorship and support for another year before she is ready to exit the incubator.

Pusoletso Ramashala



“You think it then I’ll make it”

<b>Bus Reg.</b> 2006/053466/23	
<b>Date started:</b> January 2006	
<b>Recruited from:</b> Central Jo’burg College (Marketing Dept)	
<b>Successes:</b> 1. Established a database of suppliers 2. Acquired a range of sample products 3. Marketing materials including a website is of a high standard.	
<b>Competitive advantage:</b> Precious Promotions has differentiated itself by emphasising gifts that are produced in South Africa and that have a ethnic flavour.	
<b>Equipment:</b> Laptop computer	
<b>Current needs:</b> Pusoletso is struggling to establish a formal client base. Mentorship in this area is crucial.	
<b>Turnover to date</b>	-
<b>Contracts</b>	0
<b>Additional employees:</b>	0
<b>Business plan</b>	√
<b>Business cards</b>	√
<b>Pamphlets</b>	√
<b>Website</b>	√
<b>Sustainability / Potential</b>	Will require support for another year to become sustainable




# Beat-by-Beat

Beat-by-Beat is a mobile disco. They operate in and around Gauteng acting as DJ's and playing music for parties, events, gigs and nightclubs. They also hire out sound equipment and hire out their PA system for addressing large groups.

It is interesting to note that DJ Crush and DJ Bonke had completely different ideas of what businesses they wanted to do at the start of the incubator programme. DJ Crush originally wanted to start a computer repair shop. DJ Bonke originally wanted to create a chemical manufacturing business. However after long discussion at the start of the year they were both encouraged to start a business which they had some experience in, namely DJaying (which they both did in their spare time). They now run a successful business and have already acquired two contracts.

Their business is however dependant on transport provided by the incubator. Their immediate need is for a panel van in order to promote their business and transport their equipment.

<p>DJ Bonke &amp; DJ Crush in action</p> 	<b>Date started:</b> March 2006	
	<b>Recruited from:</b> The Business Place (Johannesburg)	
	<b>Successes:</b> Beat-by-beat services are used by the Central Jo'burg College for formal events such as prize-giving. The business is also a regular feature at Atrio City nightclub in Benoni.	
	<b>Competitive advantage:</b> 1. State-of-the-art equipment 2. Talent and experience in the field.	
	<b>Equipment:</b> Turntable, Speakers (2 X Super-woofer, 2 x sub-woofers), lights, smoke machine, mikes etc.	
	<b>Challenges:</b> 1. Trade during the week is quiet as opposed the weekend 2. Reliance on transport provided by the PACE incubator. 3. Poor administration and financial management systems. 4. Conflicts between the partners due to differences of opinion.	
	<b>Turnover to date:</b>	R 21 900
	<b>Contracts</b>	2
	<b>Additional employees</b>	0
	<b>Business plan</b>	No
<b>Business cards</b>	√	
<b>Pamphlets</b>	√	
<b>Sustainability / Potential</b>	Good √ ****	


## V-Play Graphix

Sponsored by:



Web.com is a graphic design and media company that services small emerging businesses with business cards, pamphlets and internet services. They also provide a web design service and have developed three websites for various clients. Many of the clients that they service are businesses from the incubator. They produce business cards and pamphlets for all of the businesses at the incubator and they use the incubator equipment to produce their products.

The owners of the business Mafa and Alfred have no formal training in graphic design or computers. This has been a major challenge for them when working with the higher end clients who demand a good service and high quality product. As a result, Alfred was placed on a job shadow programme with a printing company in Midrand in order to improve his skills. Both Alfred and Mafa still require formal computer graphics training in Corel Draw and Photo-shop. Mafa would benefit from undergoing a formal web design and computer graphics course as well.


<p>Mafa Serero &amp; Alfred Sikhakhane</p> 	<p><b>Bus Reg.</b> 2006/053447/23</p>
	<p><b>Date started:</b> January 2006</p>
	<p><b>Recruited from:</b> The Business Place (Mafa) &amp; Greenside College (Alfred).</p>
	<p><b>Successes:</b> Web.com provides business cards and media materials for most of the businesses at the incubator. They have acquired a number of jobs from external clients and have developed the following websites: <a href="http://www.turnhill.co.za">www.turnhill.co.za</a>, <a href="http://www.summat.co.za">www.summat.co.za</a>, and <a href="http://www.logyminds.co.za">www.logyminds.co.za</a>.</p>
	<p><b>Equipment:</b> High powered laptop and desktop for computer graphics, computer graphics software, guillotine etc.</p>
	<p><b>Challenges:</b> 1. A highly competitive market makes it difficult for them to keep and maintain clients for very long. 2. Lack of formal computer training and computer graphics skills.</p>
	<p><b>Turnover to date:</b> R25 245</p>
	<p><b>Additional employees:</b> 1</p>
	<p><b>Contracts</b> 2</p>
	<p><b>Business plan</b> ✓</p>
<p><b>Business cards</b> ✓</p>	
<p><b>Pamphlets</b> ✓</p>	
<p><b>Sustainability:</b> Fair (✓) ***</p>	

# Pako Designs

Sponsored by: 

Pako Designs is a fashion design business run by two talented individuals who were graduates of the Central Johannesburg College Fashion Design faculty. Both individuals have a vision of establishing their brands in the fashion market.


Robert is extremely creative - he trades under the brand name *Old-Fella*. Robert graduated as the top student from the design school in 2005. His focus is on men's fashions. Kopana is a more pragmatic and less idealistic than Robert as she focuses on making money as opposed creating a brand. She has an interest in ladies clothing and is currently working on a contract to supply large quantities of wedding dresses to a larger outlet.

Name of business	Name of entrepreneurs		
<p data-bbox="138 787 581 829">Kopano Segaecho &amp; Robert Paledi</p> 	<b>Bus. Reg.</b> 2006/047573/23		
	<b>Date started:</b> January 2006		
	<b>Recruited from:</b> Central Jo'burg College (Fashion Design)		
	<b>Successes:</b> Pako have demonstrated adaptability in servicing a wide range of clients; from those requiring individual tailoring for instance wedding dresses to clothing for commercial purposes, such as shirts and badges for take-away outlets.		
	<b>Equipment:</b> Over locker, Heavy duty sewer, embroidery machine, light duty sewing machines (2), Cutting table, rails etc.		
	<b>Challenges:</b> The competition in the fashion market is extremely tight and requires adaptability and commitment.		
	<b>Sustainability</b>	Longer term commitment is required (√) **	
	<b>Turnover to date:</b>	R 13 400.00	
	<b>Contracts</b>	1	
	<b>Additional employees:</b>	1 additional part-time person	
	<b>Business plan</b>	√	
	<b>Business cards</b>	√	
<b>Pamphlets</b>	√		
<b>Sustainability / Potential</b>	Fair √ *****		


Igcokama cleaning services is a commercial cleaning operation that focuses on the spring cleaning of newly constructed buildings.

The owner of the business, Fezile Ntumba studied science at Technikon. After completing her studies she saw a gap in the cleaning industry for a contract cleaning service. Since being on the PACE programme Fezile has completed an accredited cleaning service programme through the services SETA. She has an excellent knowledge of cleaning materials and methods.

Fezile's progress has been slow but steady. She has done a considerable amount of cold-calling in order to market herself. She needs one contract and continued support and assistance if she is to be successful.

<p>Fezile Ntumba</p>  <p>Igcokama– means cleanliness in Zulu</p>	<b>Bus. Reg.</b> 2005/138349/23	
	<b>Date started:</b> January 2006	
	<b>Recruited from:</b> SAGDA	
	<b>Successes:</b> Fezile has recently completed a commercial cleaning course and was recognized as the top student on the course.	
	<b>Challenges:</b> The business has started off slowly, due to Fezile being on training. Igcokama requires additional contracts in order to continue her business	
	<b>Turnover to date:</b>	R 7 100.00
	<b>Additional employees:</b>	0
	<b>Business plan</b>	√
	<b>Business cards</b>	√
	<b>Pamphlets</b>	√
<b>Sustainability / Potential</b>	Currently no prospects. Fezile will need to consider this as a long term commitment of more than 2 years to get established.	


## W & S Bookkeepers

Sponsored by: 

W & S is an accounting service targeting small and emerging businesses. Their core services include business plan development, business registration and accounting services.

Accounting services are based on credibility and relationships developed with customers over time. As such Wisani and Sakhi have undertaken a business strategy to develop a small loyal client base to start with, then to grow their business on a referral basis.

One of the downfalls of this business is the lack of experience in working with high level corporate clients. Both Sakhi and Wisani have grown tremendously in their experience and knowledge, however they would benefit from professional development and training possibly through the services of a specialised mentor.

Name of business	Name of entrepreneurs		
<p data-bbox="207 821 618 852">Wisani Mukansi &amp; Sakhi Sithebe</p> 	<b>Bus. Reg.</b> 2005/138388/23		
	<b>Date started:</b> January 2006		
	<b>Recruited from:</b> Central Jo'burg College (Accounting Dept)		
	<b>Successes:</b> W & S have registered most of the businesses at the PACE incubator.		
	<b>Challenges:</b> 1. W & S is reliant on transport provided by the PACE incubator.		
	<b>Equipment:</b> Both have laptop and pastel software.		
	<b>Sustainability</b>	Not good outside of an incubated environment (√) **	
	<b>Turnover to date:</b>	R 27 550.00	
	<b>Contracts</b>	1	
	<b>Additional employees:</b>	0	
	<b>Business plan</b>	√	
	<b>Business cards</b>	√	
	<b>Pamphlets</b>	√	
<b>Sustainability / Potential</b>	Poor chance of success without the incubators support!		



# Wireless Electrical


Wireless provides an electrical installation and repair service to households and businesses. The owner of the business, Siease Monaheng has an extremely good work ethic and demonstrates a great deal of pride in his workmanship. The success of Easy-Tech can be attributed more to Siease's work ethic than to any other factor.

In addition to running a business Siease has completed a number of training programmes sponsored through the incubator. In May, Siease completed an electrical wiring course and in August he obtained his heavy duty driver's license. Siease has only recently been able to focus on marketing his business and recently acquired his first permanent contract with Aida properties. Well done! This is an excellent business with excellent prospects!

Siease Monaheng	
	
<i>"We do the best because we are the best"</i>	
<b>Bus. Reg.</b>	06/047461/23
<b>Date started:</b>	January 2006
<b>Recruited from:</b>	Central Jo'burg College (Engineering Dept)
<b>Successes:</b>	Wireless has secured a number of jobs during the year. Siease recently passed his trade test and has booked to write his wireman's license in March 2007.
<b>Challenges:</b>	Transport is not always readily available at the incubator. Siease needs his own vehicle.
<b>Turnover to date:</b>	R 22 277.00
<b>Additional employees:</b>	1 (part-time). Wireless employs an additional person to assist him when necessary.
<b>Equipment:</b>	Drill, cutters, step ladder, crimping tools, hot gun, tool box, etc.
<b>Business plan</b>	No
<b>Business cards</b>	√
<b>Pamphlets</b>	√
<b>Sustainability / Potential</b>	Excellent √ *****


# Vum-Vum Transport

Vum-Vum is a transport company that offers personalized collection and deliveries of furniture, parcels and packages. Vum-Vum owner, Lulama started out with PACE hoping to set up a coffee bar. He was persuaded to start a business in a field of interest and passion, namely cars and trucks. Lulama has purchased his own Nissan bakkie and is currently considering the purchase of a Kia truck. Lulama is such a success that his colleagues call him by his business name, “Vum-Vum”. Vum-Vum also offers driving lessons to individuals on weekends. Vum Vum-Vum **pumps!!!**

<p>Lulama Sithole.</p>  <p>“Get a life”</p>	<b>Bus. Reg.</b> 2006/047477/23
	<b>Date started:</b> January 2006
	<b>Recruited from:</b> Central Jo’burg College
	<b>Successes:</b> Vum-Vum is extremely busy and cannot cope with his current work load.
	<b>Challenges:</b> His current challenge is to take his business to the next level by setting in administration procedures and policies. Vum-Vum desperately needs to obtain finance for an additional vehicle.
	<b>Sustainability</b> Outstanding (√) *****
	<b>Turnover to date</b> R 52 590.00
	<b>Contracts</b> 4 (Including, Telkom, Momentum, Joshua Door and PACE)
	<b>Additional employees:</b> 1 part-time person
	<b>Equipment:</b> Nissan Bakkie
	<b>Business plan</b>
	<b>Business cards</b> √
	<b>Pamphlets</b> √
	<b>Sustainability / Potential</b> Excellent √ *****

## Melting Moments

Leonora provides a health and beauty service to individual clients. She specializes in de-stress techniques such as massage therapy and aromatherapy. She also does beauty treatments including waxes and facials. Leonora started at PACE with no experience in beauty therapy. The incubator placed Leonora on a development programme and she is currently completing a full-time beauty therapy diploma at Madge Wallace Beauty School. Leonora aims to set up her own practice once she qualifies.

<p>Leonora Market</p> 	<b>Date started:</b> January 2006	
	<b>Recruited from:</b> Eldorado Park Women's Centre	
	<b>Successes:</b> Leonora achieved high marks on her beauty course.	
	<b>Challenges:</b> Despite her achievements, Leonora has been under immense pressure. She is, however making excellent progress. Leonora needs assistance in obtaining a bed and initial cosmetic stock.	
	<b>Turnover to date:</b>	Leonora earns money by freelancing for two established beauty therapists.
	<b>Additional employees:</b>	0
	<b>Business plan</b>	✓
	<b>Equipment:</b>	Most of Leonora's capital went into her beauty course. She is currently working as an employee but needs equipment to start her own business.
	<b>Business cards</b>	✓
	<b>Pamphlets</b>	✓
<b>Sustainability / Potential</b>	Good	





## **New Businesses (Started after June 2006)**

### **Trio Talent (Music talent scout service)**

**Owners:** Sibusiso Zondi & Norman Mntambo

**Bus. Reg.** 2006/047477/23

**Description:** Trio Talent Scout (TTS) is a music talent scout service that focuses on developing up and coming artists in township and urban areas. Trio has identified a gap that exists between up-and-coming artists and the recording companies.

**Date started:** September 2006

**Income:** Sept to Nov R 1 170.00

### **TNK Events Management**

**Owners:** Calvin Mabona

**Bus. Reg.** 2006/047477/23

**Description:** Events & Catering (tourism industry). Calvin has already picked up his first contract as consulting marketing products in Alexandra.

**Date started:** July 2006

**Income:** Sept to Nov R 9 700.00

### **Call-a-Pub (Mobile cocktail and Bar service)**

**Owners:** Tshepo Letwaba & Khaya Shongwe Sithole

**Bus. Reg.** 2006/158367/23

**Description:** Call-a-Pub is a mobile cocktail and bar service that provides onsite catering at all sorts of events including, parties and business functions. Call them if you are having a party or a function!

**Date started:** August 2006

**Income:** Sept to Nov R 1 500.00

## **SWAM Internet Café**

**Owners:** Wisani Mukansi, Sakhi Sithebe and Mafa Serero  
**Description:** Internet Café Service to students at the Central Johannesburg College  
**Date started:** August 2006  
**Income:** Sept to Nov R 6 816.00

## **Mchajo Pest Control**

**Description:** Mchajo is a pest control business that focuses on domestic and household pest prevention and extermination.  
**Owners:** Moses Molawa  
**Date started:** August 2006  
**Income:** 0

## **Natif Communications**

**Owners:** David Mabitsi & Lefty Makalela  
**Bus. Reg.** 2006/047477/23  
**Date started:** July 2006  
**Description:** Events & Catering (tourism industry)  
**Date started:** July 2006  
**Contracts:** 1  
**Income:** 0

## **Siyathami Carpentry**

**Owner:** Siyabonga Tharmsanga (Thami)  
**Bus. Reg.** 2006/047477/23  
**Description:** Events & Catering (tourism industry)  
**Date started:** July 2006  
**Contracts:** 1  
**Income:** R 9 700.00

## **Size 7 Communications**

**Owner:** Xolo Ncanywa  
**Bus Reg.** 2005/  
**Description:** Integrated marketing and communications  
**Date Started:** August  
**Contracts:** 1  
**Income:** R 2 500.00

## **9. References**

Lavelle Nomdo  
City of Johannesburg  
Tel: 082-515-3080

Jenny Adams  
Brait Foundation  
Tel: 011-507-1000

Jenny Findlay  
East Rand Youth Fund  
Tel: 083-381-1518

Pat Telela  
City of Johannesburg  
Tel: 082-416-1153