

Entrepreneurs can still thrive in South Africa

While the weakening Rand is concerning, it does not mean it is all doom and gloom for South Africa's local entrepreneurs, as challenges bring new opportunities and business prospects for entrepreneurs to capitalise on.



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"South Africa faced a number of challenges over the past 12 months," says Christo Botes, spokesperson for the 2016 Entrepreneur of the Year competition, sponsored by Sanlam and Business/Partners. "Now more than ever, entrepreneurs should take charge and carve out their own futures by seizing the opportunities available to them."

Given the current tough economic conditions facing South Africa, he provides a few considerations for local entrepreneurs to keep top of mind:

Entrepreneurs should prioritise refining their product and service offerings. As consumer spending power declines due to the various economic woes, businesses ought to be conscious that spending is stretched due to the increased costs of living and consumer debt. One method to retain clients in tough times is to provide unbeatable levels of customer service. Implementing activities and measures that create a greater customer experience and improve service levels will dazzle clients and ensure they remain loyal.

Manage finances, employees

Re-evaluate the business' financial standing by reviewing your pricing strategies, and, where possible, cut prices to attract more customers and increase profits. If a specific product or service offering is resulting in a loss, it might be time to forgo this aspect of your business. A key trait of a successful entrepreneur is knowing when to walk away from deals that are not beneficial to the future growth of the business.

As the cost of debt is likely to increase in 2016, we encourage entrepreneurs to consolidate existing debt and to avoid accumulating further debt to expand the business. Given the tough trading conditions, it is important to conduct business within your means, and tighten your cost management systems.

Involving your employees in the business' outlook is key during challenging times. Be transparent regarding industry developments and any changes within the business, such as the unlikelihood of revenue growth during such a time. This is also an ideal period to encourage your employees to be more innovative with strategies that will increase turnover, cut costs and propose new product offerings that are complementary to your offering.

Keep track of market trends

Be conscious of market shifts. We have witnessed devastating effects because of the ongoing water shortages in various rural areas, with mining and agri-processing activity and profitability taking a knock. This has resulted in little to no economic activity within these sectors, and as such consumer spending is extremely low in these areas. Entrepreneurs should therefore opt for opportunities in urban cities where spending is not as reliant on mining and farming activities.

Explore the industries that are presenting entrepreneurs with growth opportunities. South Africa's weakening currency is increasingly attracting foreign tourists due to the favourable exchange rate albeit the sector experienced some challenges in 2015 due to travel policies, which have since been revised. Entrepreneurs who operate in the tourism sector, and related industries - such as retail - ought to re-engineer their offerings to target foreign tourists. Given the exchange rate, businesses operating in the manufacturing sector should also research opportunities to develop products for export markets, as well as investigate developing products that have previously been popular in offshore markets.

Go green

Implement cost-cutting strategies by making use of energy efficient resources in your business. Going green within your business processes can also prove to be a great cost-cutting strategy. While there is an initial cost for implementation, this will save the business money in the medium and long term. Such initiatives include low energy equipment that makes use of the sun or wind to operate and rechargeable batteries. Better waste management is another opportunity to not only cut costs, but generate revenue. Sorting waste, such as paper and bottles, in your business is a reality, and instead of paying for waste removal, business will be paid for their waste.

"While the year may have started on a gloomy note given the headlines in the media, we encourage entrepreneurs to remain positive and continue working towards achieving their dreams and aspirations, remembering that one can still find opportunities to build on, even at a time when things seem dire," concludes Botes.

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