

Entrepreneurs will be key custodians in transition to a circular economy

 By [Hermann Erdmann](#)

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Every year, the World Economic Forum (WEF) brings together the world's business, economic and political leaders in Davos to discuss the challenges and future of the world economy. The theme for this year was Mastering the Fourth Industrial Revolution.



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Learning how humankind can benefit from this revolution while addressing its challenges was also the central aim of the WEF annual meeting this year.

"It is important that leaders and citizens work together to shape a future that works for all by putting people first, empowering them and constantly reminding ourselves that all of these new technologies are first and foremost tools made by people for people," according to Professor Klaus Schwab, founder and executive chairman of the WEF.

Entrepreneurship has been identified as one of the drivers of sustainable economic growth. Entrepreneurs create new businesses, drive and shape innovation, speed up structural changes in the economy, and introduce new competition - all of which contribute to productivity.

Common challenge

Entrepreneurs create and bring to life new technologies, products and services, building new markets and jobs along the way. And like any economy aiming to move ahead, in South Africa we need lots of them.

However, the most common challenge that many entrepreneurs face, namely funding, has not been addressed adequately. If we are to truly make a significant global change in growing the economy through entrepreneurship, then we need to look at ways of supporting and developing our entrepreneurs and small businesses.

South Africa's Finance Minister, Pravin Gordhan, mentioned during a press conference at the WEF that South Africa would be doing more to address the challenges faced around venture capital and its successful implementation. Gordhan said that in order to build a sustainable entrepreneurship culture, the government will need the help of the private sector as well.

Over the years there have been several private associations that have offered to provide venture capital for new business projects in South Africa. Venture capital advisors are available for what are known as 'capital seekers', a term that covers entrepreneurs looking to market their new product along with business owners looking to expand.

Promising market

According to a report in The Wall Street Journal, currently almost 4% of the United States' gross domestic product comes from venture capital investments, while in South Africa it is under 2%. That being said, the South African market looks promising with the number of venture capitalists and business angel investments expected to rise over the next few years.

Transforming ideas into economic opportunities is the crux of entrepreneurship and at REDISA we recognise the possibilities that lie in circular economies, specifically for all those willing to look at waste not as waste, but as opportunity.

The WEF recently hosted The Circulars 2016, the annual awards that recognise innovation and achievement in the circular economy. According to Accenture Strategy Research this is done for two reasons: companies both large and small can make a big impact with circular models across multiple sectors. And the opportunity is one of massive growth. By simply shifting from today's model of 'take, make, waste', the global economy could unlock \$25 trillion of otherwise lost revenue by 2050.

The circular economy focuses on creating and promoting new business opportunities that entail entrepreneurship and eco-innovation. I believe that entrepreneurs will be the key custodians in leading the transition to a circular economy business model and closing the loop on dwindling resources.

This is what we need to be focusing on - pairing entrepreneurial spirit and the concerted effort to finding solutions with the many challenges and problems that we face as a country and a continent.

ABOUT HERMANN ERDMANN

Hermann Erdman is CEO at REDISA (Recycling and Economic Development Initiative of South Africa). An entrepreneur and businessman, Erdmann has extensive experience in the manufacturing and retail sectors having served on a number of industry-related boards. His interest in environmental sustainability, transformation and empowerment of the previously disadvantaged resulted in the establishment of REDISA, and the development of the first approved Industry Waste Management Plan.

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