

What the #SONA2020 means for SA's SMEs

 By [Colin Timmis](#),

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President Cyril Ramaphosa gave a sober assessment of the challenges that South Africa faces in his State of the Nation Address (SONA) recently. But he also set some realistic goals to move forward with, particularly around issues like the energy crisis.



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The president emphasised, however, that the government alone cannot fix the country's economic woes, which suggests that a collaborative approach is required to overcome these challenges. This means the whole business community must work together to help build a strong economy.

Small business growth

Small businesses are the lifeblood of this economy and provide much-needed employment. Their success is South Africa's success. According to estimates, formal SMEs contribute around 98.5% of the number of formal firms in the economy but only account for 28% of jobs. With the unemployment rate remaining at 29%, it's clear that this sector is going to need all the help it can get to achieve sustainable growth.

According to Xero, small business owners' mindsets are significantly affected by instability and uncertainty. In earlier reports, 68% of small business owners described economic instability as their most significant challenge. Since then, additional barriers, like the energy crisis, and limited access to digital technology and the internet, have fuelled their fears.

Education and skills

The government's commitment to assisting 1,000 young entrepreneurs with grant funding and business support in 100 days is a step in the right direction. In addition to this, a longer-term goal of assisting 100,000 young entrepreneurs over the next three years to access business skills training, funding, and market facilitation, depicts a focus on sustainable growth.

It was also good to see an increased emphasis on technology skills. We know how much technology is changing the way we work and the role it can play in boosting productivity. It requires a workforce of the future that understands these changes and has the right skills to drive a strong economy.

Tapping into new technology

President Ramaphosa also discussed the importance of the digital economy in driving job creation and business growth. The recent appointment of a presidential commission to tackle the fourth industrial revolution (4IR) is an endorsement of the Government's intention. It is promising to see the president take a firm stance on the digital economy to ensure we can compete at a national level. But there is some way to go before we are fully-fledged participants in the fourth industrial revolution.

With unreliable access to stable power (2IR), and lagging internet and cloud adoption (3IR), businesses have their work cut out to make the digital transition.

All hope is not lost, however, as the SONA echoed this sentiment with optimistic top-down proposals. While the viability of some of these proposals is yet to be tested, tools are available to assist with a digital transition. For small businesses, we know that adopting the right tools can significantly boost their productivity and profitability. Cloud technology can give SMEs the support they need to do business fast and smart. It can enable them to set ambitious growth targets and hit them consistently.

Global market forces, growing competition, and fast-paced technology trends determine how companies operate, and SMEs need to stay up to date to remain relevant. Proactive entrepreneurs who use the right technology to boost their businesses, stand a greater chance to achieve growth and success – in South Africa and globally too.

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