



Information



Accommodation



Attractions & Events



Service Levels
& Skills



Transport



Safety & Security

HOW TO START AND GROW YOUR TOURISM BUSINESS



**environment
& tourism**

Department:
Environmental Affairs and Tourism
REPUBLIC OF SOUTH AFRICA





LIMITATIONS

This handbook is based on information provided by the appropriate institutions, either directly or via their websites and publications. The researchers have assumed that all information has been supplied in good faith and is accurate. We cannot be held responsible for accuracy or completeness of information supplied to us.

*Should you wish for your organisation to be included in future updates of this handbook please email:
callcentre@deat.gov.za*

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MINISTER'S FOREWORD

2008

Tourism has been identified as an immediate priority sector within the Accelerated and Shared Growth Initiative for South Africa (ASGISA). When the tourism sector is viewed from a perspective of accelerated service delivery, it should be cognisant of the requirements of the 2010 FIFA Soccer World Cup and encompass the longevity of the tourism sector beyond the Soccer World Cup. The Department of Environmental Affairs and Tourism (DEAT) has developed a 2010 Tourism Organising Plan that will ensure that the areas that need intervention are addressed, thereby bringing the sector to a state of readiness for the event.



Small, Medium and Micro Enterprises (SMME's) are the engines of development in this sector as they contribute to job creation and economic growth. It is therefore critical that the tourism SMME's are supported to ensure further growth and sustainability. Through ASGISA, Cabinet has also emphasized the importance of SMME development in the future economy of the country. A core focus and vision of DEAT is to ensure that this growth is accelerated, shared and that it benefits the majority of our people.

This handbook is particularly important as it provides a one-stop point of access to information – specifically for tourism entrepreneurs – on the various types of business assistance that is available to these SMME's. The handbook will also assist existing businesses as well as emerging businesses. The organizations that are mentioned in this booklet play a pertinent role in facilitating the broader participation of SMME's in the tourism industry.

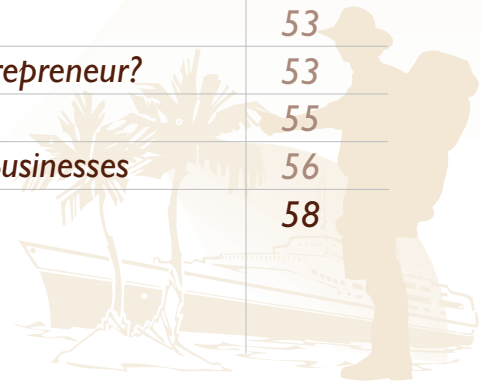
Due to the continuous demand, we have developed the sixth and updated edition of the handbook. I hope you will find it to be a useful tool in your business endeavours and I sincerely wish you every success in establishing and growing your profitable tourism businesses.

We look forward to your recommendations for improvements.

Marthinus van Schalkwyk
Marthinus van Schalkwyk, MP
Minister of Environmental Affairs and Tourism

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I. How to use this Handbook

Dear Reader

Welcome to the wonderful world of tourism. We hope that you find this publication useful. This book will provide you with useful information to help you in your efforts to set up a tourism-related business. It covers topics ranging from writing business plans to sourcing funding and even provides important contact details. Please remember that this is an overview and we strongly recommend that you also look at other sources of information.

One of the most important features of this book, is that it provides information on all the initiatives available to help you with setting up a new business or growing an existing one. Use the contacts list to find who would be best to help you and contact them directly.

Remember that many of the institutions offer a lot of different services and assistance. In order to save space in this handbook, we have not repeated their information but have rather referred you to the appropriate page.

Most of the provinces have their own initiatives and some great publications. Contact them directly on the contact details provided in Chapter 5. Setting up your own business is not an easy task and takes a lot of hard work and dedication. Tourism is no different from any other industry in this way. We have included a fun quiz in Chapter 5, to give you an indication of whether you have “what it takes” to go into business for yourself. It is also important that you gain as much knowledge as possible. Read as much as you can – this includes newspapers, journals and websites.

It is important to view this handbook as a starting point and not the definitive guide to having a successful tourism business. Use the contact listings to find further information, and never stop learning about your business and the tourism industry.

For a more comprehensive guide, ABSA has produced a complete guide to business in 10 booklets which are available as a free download from their website at www.absa.co.za/business. Click on the option of the Small Business Toolbox. We recommend that you access these for more detailed information, if required.

Good luck and welcome to the wonderful world of tourism!



2. What is a Tourist?

2.1. Definition of a Tourist

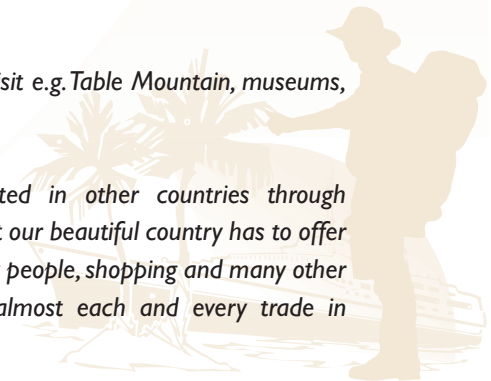
There has been debate around the definition of a “tourist” and exactly what businesses deal with tourists. The World Tourism Organisation defines tourists as people who “travel to and stay in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited”.

2.2 The Tourism Sector

Over the years tourism has developed into a thriving business in South Africa. Tourism in South Africa includes many sectors which all work towards making a visitor’s experience in our country a positive and memorable one. These sectors include:

- **Transport Sector:** which deals with transporting tourists (both domestic and international) in and around South Africa, e.g. air lines, shuttles, trains, buses, ships, taxis, etc
 - * **Travel Agents:** whose main function is to sell the temporary use of transport (air, rail, road and water), accommodation, tours and other associated services
 - * **Tour Operator:** who is a person that owns a business which transports paying tourists on scheduled itineraries and makes arrangements for their clients in terms of accommodation, transport and excursions
 - * **Tour Guide:** which is any qualified person who, for monetary or other reward, accompanies people who are travelling through or visiting any place within the country and furnishes those people with information or comments regarding the places or objects visited
- **Hospitality (accommodation):** deals with provision of accommodation, e.g. bed and breakfast, guesthouse, self catering, youth backpacker hostels, motel, hotel, etc
- **Hospitality (food and beverages):** are establishments that primarily provides food and beverage services to domestic and international guests e.g. restaurants, pubs and taverns, fast food outlets, etc
- **MICE (Meetings, Incentives, Conference and Events):** is a sector whose primary objective is arranging and / or hosting meetings and other events such as exhibitions and often arranges tea and lunch to delegates attending the meeting
- **Tourist attractions:** are places or objects that tourists visit e.g. Table Mountain, museums, Cango Caves, etc.

Together we build a tourism product which can be marketed in other countries through international exhibitions, encouraging visitors to come and see what our beautiful country has to offer e.g. great climate, wildlife, stunning beaches, historical icons, friendly people, shopping and many other sites and attractions unique to South Africa. Tourism involves almost each and every trade in the country in some way or other.

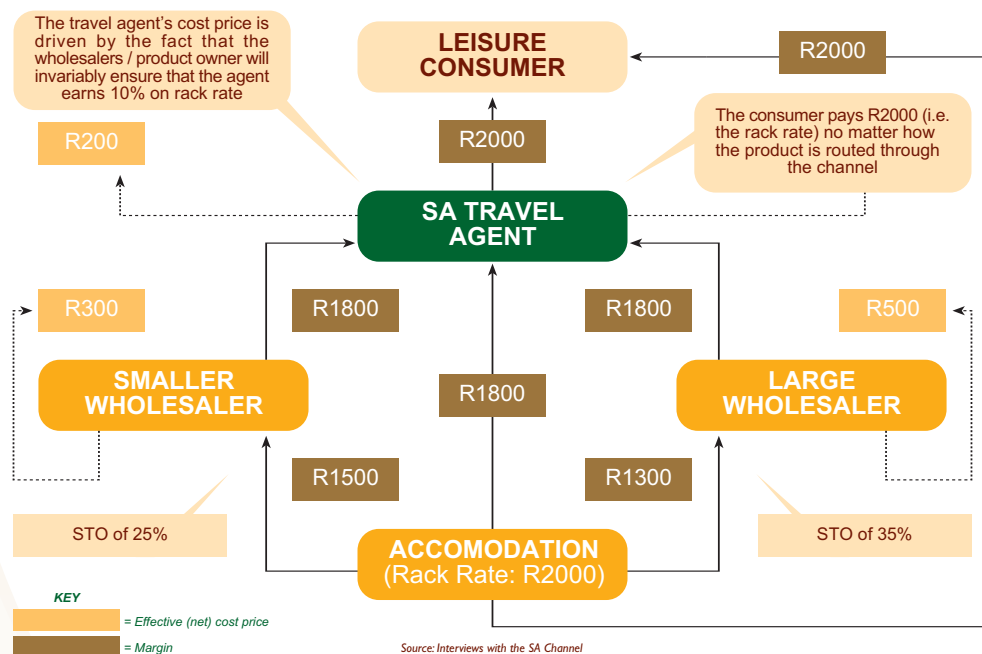


2.3. The Tourism Channel and how it works

One of the challenges of the tourism industry is that often the sale of a product or service is not directly between the supplier and the consumer, but using one or more intermediary (middle-man).

We call this the “channel”, which simply refers to the various organizations, and the way in which they work together, to bring tourists from wherever they are located in the world to South Africa. It is, therefore, important for you to get a clear understanding of not only who will be the end-user of your product or service, but who you need to deal with in the channel to promote your business. We have included below a diagram of how the channel might work for an accommodation provider, and who earns what from this process. You will notice that the intermediaries are all earning commission from the accommodation supplier – in essence, they are suppliers of a marketing service to the accommodation owner.

Example: How is the channel configured and how does a consumer purchase a holiday.



If a consumer wants to travel to a destination he or she will approach a travel agent who will put together a package using prepackaged tours offered by a wholesale tour operator. The wholesale tour operator would approach an inbound tour broker / tour operator in South Africa to arrange or propose a tour. The inbound tour operator would make reservations directly with products. These all work on a commission basis.

Talk to your Provincial Tourism Organisation for advice on how best to go about promoting your business. More information is included in the section on Marketing in Chapter 4.

3. Getting Started

3.1. I have a Great Idea!

There has been a lot of publicity recently about the tourism industry in South Africa and we are very proud of the growing number of tourists visiting our wonderful country. Important events like the 2010 Football World Cup will also have a huge impact on our industry, and there should be opportunities for the resourceful entrepreneur.

Often you will hear someone say something that sparks an idea in your head. You might be really proud of this idea, but the important thing is to get a sense of whether this idea will work in real life, and will result in a profitable business.

This is the stage where a quick feasibility study should help you decide whether to take this idea further in more detail. “Feasible” just means practical, achievable or easily done. Selling tour packages to the moon is not feasible (at the moment!!!).

Okay, so how should you do this study?

- Ask a lot of questions
- Find out if anyone is doing something similar and ask them to share their experiences with you
- Do some rough financial calculations. Again, if people are only prepared to pay R1.00 for some thing that has cost you R2.00 to produce, then this is not a feasible idea
- Do some rough market research. Identify who your potential market is and ask them if they would consider supporting a new business. Ask people what sort of goods and services they want
- Another useful tool is the SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities and Threats, and is really useful to help in the decision-making process, especially if you are trying to choose between a number of different ideas. Write each of the headings on a piece of paper and list all your strengths, weaknesses, etc and those of your idea/potential business

We have included an example of a SWOT analysis in Chapter 5.

If after all this, you think that your idea is still a good one, then it is time for the Business Plan.

3.2. Putting the Idea on Paper

The Business Plan

The business plan is used to take your ideas for a new business and put them down in writing, expanding on the detail. Try writing your own business plan, as these are your ideas. However, if you feel that you need help with this important document, there are many companies out there to assist. We have listed them at the end of this section.

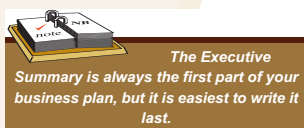
Your business plan will contain valuable information regarding your product or service and will not only serve as a document with which you can obtain financing but can also be used as a guide line for you to follow when setting up your business. It will also clarify questions such as what business structure to use, whether you will need staff and where your business should be located. A business plan usually has four main sections:

1. Feasibility or viability study – How will my idea work?
2. Strategic planning and focusing guide – How will my business grow and what is my target market?
3. Operational guide – A day-to-day plan of action.

4. Financing tool – A detailed business plan made up of points 1,2 and 3 will show investors that you know what your aims and objectives are and that your business is a good investment.

The contents of your business plan should include the following:

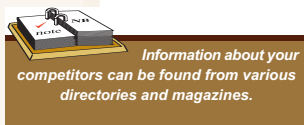
- **Executive Summary**



This summary contains the most important aspects of your business plan as detailed under the various headings below and at a glance should provide financiers and investors with enough information about your business strategy

- **Business Structure**

The overview includes information regarding the physical/street address of your business, the type of business, for example: guesthouse or tour operator etc, whether the business is a Closed Corporation (C.C.), Sole Proprietor or Company (Pty) Ltd. It is important to choose the right structure for your purposes. An explanation of the different types of business structures is listed in Chapter 5. Other information to be included under this heading is that of whether the business is a brand new concern or whether it has been

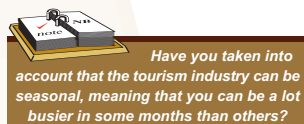


bought as an existing business. You should also include the goals and objectives, product or services provided to the client and how you foresee competing with organizations in the same field. Also include the technology which you will require to operate your business effectively, for example: computers, telephones, fax machines etc

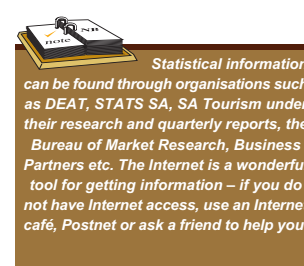
- **Staffing Structure**

You need to explain who you will employ (if any apart from yourself) and what their roles and responsibilities will be. If necessary, draw up an organogram showing who does what and to whom they report

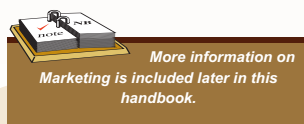
- **Industry and Market Analysis**



Industry and Market analysis is very important information required to assess your business's future. The industry analysis should include information about the general tourism industry in South Africa – the important players, the national and international trends and events and the various pieces of legislation which may influence your business. The market analysis, on the other hand, includes specific information about the actual part of the tourism market in which your business lies, for example: travel agent, conference venue etc. – the trends of the existing market, pricing of product and services provided, potential clients / guests and how you will make sure that you are competitive



- **Marketing Plan**



Your sales & marketing plan explains how you will promote your business. The pricing structure (income) of your product should be included here together with marketing opportunities which will help you reach the income you have aimed at receiving. The marketing opportunities can include: existing industry publications for advertising, leaflets, exhibitions or direct visits to potential customers. Try and set target dates for what you want to achieve. Fortunately, a marketing plan is something that you will always use and will grow and change with your business. So don't be intimidated by your first attempts

- **Financial Plan**

Setting up financial plans can be quite scary, but it is a really important part of your overall plan. For your business to succeed, you need to know how much income you will get and what your expenses will be. A business



will not survive in the long term if your expenses are greater than your income. Usually financial statements include operating budgets, cash flow statements and estimated balance sheets for a minimum of three years

- **Legal and Regulatory Information**

All businesses need to adhere to the appropriate laws and regulations. Some of these laws and regulations are the same for all types of businesses (for example SARS registration for taxes) and some are specific to the kind of the business. For example, a tour operator needs to have a public driver's permit and a bar must have a liquor license. Find out from the appropriate trade association what is needed to run your business.

- **Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis**

The SWOT analysis is as discussed in the previous section, but should now be looked at in more detail (see chapter 5 for example)

- **Relevant Supporting Documentation**

Any documentation which you refer to in the body of the business plan for example: financial statements, environmental impact studies, employee CV's, brochures and publications must be included in your business plan.

Listed below are organisations that can assist with the writing of a business plan:

Khula Enterprises, through its **Thuso Mentorship Programme**, offers assistance in the development of business plans to be presented as part of a loan application.

Business Plan Development (pre-loan):

- Loans from a bank between R50 000.00 and R300 000.00 -
Thuso pays 75% of cost of Business Plan
- Loans from a bank greater than R300 000.00 –
Thuso pays 50% of cost of Business Plan

A full list of contact numbers, as well as the process of applying for assistance from Khula, is available on page 19 of this handbook.



3.3. Support Services

The Department of Environmental Affairs and Tourism (DEAT) continuously seeks new ways and means to improve its contribution to the sustainable socio-economic development of South Africa. Through the limited resources and mandate over the natural environment, marine resources and the tourism sectors, we make meaningful interventions that are making positive changes to the lives of all South Africans.

All the interventions of the department are informed and advised by the government's over-arching goal of providing a better life for all. It is for this reason that we place highest on our agenda: the development of mechanisms that ensure acceleration and sustainable economic growth and development in the country.

- Our **VISION** is to be a prosperous and equitable society living in harmony with our natural resources.
- Our **MISSION** is to lead a sustainable development of our environment and tourism for a better life for all by:
 - creating conditions for sustainable tourism and development for the benefit of all South Africans
 - promoting the conservation and sustainable utilization of our natural resources to enhance economic growth
 - protecting and improving the quality and safety of the environment
 - promoting a global sustainable development agenda and
 - transformation and good governance.
- Our **VALUES** (PIPS) are guided by the following principles:
 - to become a truly **people-centred** organisation that responds to the needs of all South Africans
 - to achieve the highest level of **integrity** premised on professionalism, quality, service excellence, honesty, transparency and trust
 - to enhance organisational **performance** through productivity, efficiency, effectiveness, innovation and continuous improvement and
 - to ensure **sustainability** of the organisation and its sectors through maximised impact, return on investment, continuity, knowledge management, amongst others.

Tourism Branch

The aim of the branch is to fulfill the national government's role towards creating the conditions for responsible tourism growth and development by promoting and developing tourism, thereby increasing job and entrepreneurial opportunities and encouraging the meaningful participation of previously disadvantaged individuals. The focus will be on facilitating the growth of the tourism industry by providing support to the public and private sectors, and the broader community.

Services offered by the branch:

- Offers training on foreign languages to tourist guides from previously disadvantaged communities countrywide
- Training of black tourist guides in identified areas of learning
- Convening preparations for the celebration of tourism month
- Popularising tourism events by running roadshows in less visited provinces

- Monitoring performance and progress of the Grading Council in respect to transformation targets in the tourism industry
- Monitoring the transformation of the tourism sector guided by the Tourism BEE Charter; and
- Assisting SMME's with marketing, training and development through the Tourism Enterprise Programme.

The branch has the following Chief Directorates:

- **Tourism Industry Development** focuses on supporting the transformation of the tourism industry, particularly in respect of providing opportunities for black business participation in the industry. It also facilitates the implementation of tourism investment programmes that supports the development of South Africa as a leading international tourism destination and undertakes focused research towards promoting tourism development and transformation
- **Tourism Support** focuses on the management of the tourist guide registration process, promotion and awareness of tourism, human resources development and quality assurance in the tourism sector. It promotes tourism services internationally and facilitates capacity building in the tourism industry and monitors the implantation of skills development program.

International Co-Operation and Resources

The aim of this branch is to manage and direct international co-operation and related resources and to render administrative support in the execution of branch functions and coordinate international travel arrangements with DFA and other relevant departments and stakeholders.

Services offered by the branch:

- Engaging internationally on marine and biodiversity co-operation agreement
- Coordinating national implementation of internal biodiversity commitments
- Signing of agreements on international priorities and
- Facilitating the Global Sustainable Development Priorities to reduce poverty.

The branch consists of three Chief Directorates:

- **Environment and Sustainable Development Co-operation** focuses on engaging internationally in environmental and sustainable development cooperation agreements and coordinating national implementation of international biodiversity obligations. It manages, plans, coordinates and leads South Africa's engagement in multi-lateral sustainable development and environmental sector trade agreements and related international cooperation. It also engages nationally and internationally in climate change, chemicals and waste management programmes and negotiations and coordinates integration of outcomes into national implementation
- **International Marine and Biodiversity Co-operation** focuses on engaging internationally in marine and biodiversity cooperation agreements and coordinate national implementation of international biodiversity obligations
- **International Governance and Relations** focuses on managing and coordinating international multilateral governance relations, cooperation and related resource mobilisation. It provides high-level policy advice, guidance and technical support in the area of international environmental governance. It also manages and coordinates policy position research, prepares for, negotiates, lobbies, monitors and reports on international African, South-South and South-North and bilateral co-operation and related bi-lateral resource mobilisation.

Social Responsibility Projects

Promote job creation through the expanded public works programme by implementing projects in areas such as sustainable land-based livelihoods, coast care, people and parks, growing the tourism economy and keeping South Africa clean.

Services:

- The department funds projects on the following categories:

Working for Waste:

- Create mechanisms for the protection of environmental quality

Sustainable Land Based Livelihoods

- Rehabilitation of wetlands
- Fresh water farming (aquaculture)
- sustainable utilization of natural and cultural heritage.

Working for Tourism

- Creation of opportunities to increase the share of SMME / BEE involvement in the tourism industry
- Development and upgrading of tourism infrastructure
- Creation of tourism routes; establishment of tourism information centres and signage.

People and Parks

- Focus on protected areas to conserve natural resources and cultural heritage
- Development and upgrading of infrastructure in and around protected areas
- Development of benefit sharing models for communities living around parks and protected areas.

Working for the Coast

- Rehabilitation of coastal dunes & estuaries
- Cleaning up of beaches of upgrading of tourist facilities
- Projects in the area of fish farming in a marine environment (Mari-culture).



Tourism Enterprise Partnership (TEP)

What is the Tourism Enterprise Partnership?

TEP is a public-private partnership between the Department of Environmental Affairs and Tourism and the Business Trust. TEP facilitates the growth and development of SMMEs in the Tourism Economy, resulting in income generating opportunities and job creation.

TEP was initially launched by the Business Trust in July 2000 as a four-year job creation programme in the tourism industry. Following good performance TEP was extended and expanded with additional funding from the Business Trust and DEAT until March 2008. To ensure an institutional base for the long term support of enterprise development TEP was converted into a fully fledged Section 21 company on 01 April 2008.

Who will TEP assist?

TEP's primary beneficiaries are SMMEs, which are categorised as follows:

- **Direct Tourism Enterprise:**

SMMEs that fall directly within the tourism industry, such as tour operators, travel agents, crafters, small hotels and B&B's

- **Indirect Tourism Enterprises:**

SMMEs that are not directly related to tourism but supply a range of goods and services to tourism organisations.

How does TEP assist?

TEP's services consist of Non Financial and Financial Assistance, which is explained as follows:

- **Non Financial Assistance:**

TEP's first and foremost service is helping Tourism SMMEs identify viable business opportunities or business linkages. Once this is achieved, TEP mobilises its resources to make this opportunity a reality.

- **Non Financial assistance includes:**

- Introductions
Matching buyers and suppliers of goods and services
- Mentoring / Aftercare
- Ensuring that SMMEs have the necessary capacity to successfully conclude more and better business transactions.

- **Information sharing**

TEP has developed several practical information toolkits to assist SMMEs in the tourism industry. One day workshops on each toolkit are being conducted on a national basis. These toolkits include:

- * Legalities and Compliance
- * Business Planning in the Tourism Industry
- * Website Planning and Development
- * Marketing in Tourism
- * Quality Assurance and Customer Care in Tourism
- * The Tourism Channel
- * Communication in Tourism
- * Business Administration in Tourism

Toolkits can be downloaded from the TEP website www.tep.co.za.

- * Training for Tourism SMMEs
- * In respect of skills development and training requirements, TEP can provide training on Business Skills specifically aimed at tourism enterprises.

- **Financial Assistance:**

TEP does not offer a menu of services but rather tailor-make the support according to each SMMEs needs. TEP assists SMMEs by assessing their constraints to growth and then jointly identifying appropriate ways of addressing these constraints. Many of the solutions required to overcome the identified constraints are provided through independent fee charging service providers. TEP is not a funding agency. However, TEP does have a Training and Technical Assistance Fund (TTAF), which can be used to contribute to the cost of any approved assistance on a cost-sharing basis. In such cases where independent fee charging services providers is required TEP may access the TTAF fund. TEP may provide UP TO 50% of the cost of the activity and the SMME is expected to contribute the balance.

Types of services TEP offers include (but are not limited to):

- **Professional Services Assistance:**

Business Plans, Feasibility Studies, Marketing Strategies, Research, Assistance with Securing Investments, etc

- **Operational Assistance**

Accounting, Legal, Tendering, Certification, Licensing, etc

- **Marketing Assistance:**

Exhibitions, Brochures, Websites, Advertising, Memberships, etc

- **Quality Assurance**

TEP is committed to ensure that SMME accommodation providers are able to take advantage of signing up with MATCH to be an approved accommodation provider for the 2010 FIFA South Africa World Cup™. In order to assist the TEP offices will help accommodation owners to complete the necessary documentation as well as providing financial assistance for previously un-graded establishments in terms of star grading fees. The following assistance is available only to un-graded accommodation owners:

Year 1 & 2 * TEP will contribute up to 50% of fees

Year 3 * TEP will contribute up to 25% of fees

- **Training**

Assistance with attending approved tourism related training courses

- **Business Development Services**

Assistance with improving the quality of services provided, by independent fee charging service providers, in the SMMEs market.

What will the TEP TTAF fund not do?

- Whilst TEP assists SMMEs in identifying suitable finance, be it from banks or non-bank financial institutions, the TTAF fund cannot be used as a bridging mechanism or in any other way to provide such funding
- Be used to provide finance (debt or equity) or purchase assets of any kind. This includes vehicles, computer hard-ware and software, equipment, buildings, etc
- Be used as a loan or investment fund in any manner nor take equity in a SMME
- Be used to fund costs of a working capital or recurrent nature.

It is important to know that:

- SMMEs must be registered with TEP and must apply for each activity / assistance separately in advance
- TEP does not make any TTAF payments in advance of a service being provided
- TEP cannot get involved after the service has already been provided or the event has taken place
- TEP is required to maintain good governance regarding the use of donor funds and as such TEP requires very comprehensive documentation from our SMMEs and we spend much time in the proper validation of information.

What will it cost?

Registration and receiving assistance from TEP is free of charge. However the TTAF fund works on a cost sharing basis.

Criteria for support:

To be eligible for participation, an enterprise should be:

- An SMME (direct or indirect tourism enterprise)
- Already in business or with a viable and sustainable business idea
- Able to demonstrate growth potential

- A legal entity (TEP can assist the enterprise to become legal)
- Willing and able to share costs of the assistance
- Willing and able to provide monthly information on turnover and jobs
- It is a requirement that 75% of SMME assisted by TEP be owned and managed by historically disadvantaged South Africans (HDE's exclude white females and the white disabled).

TEP CONTACT DETAILS			
PROVINCE	TEL	FAX	E-MAIL
Eastern Cape	043 705 6500	043 743 7954	easterncape@tep.co.za
Free State	051 444 0070	051 444 0579	freestate@tep.co.za
Gauteng	011 832 2014/5	011 832 2030	gauteng@tep.co.za
Kwazulu-Natal	031 305 7006	031 301 7912	kwazulunatal@tep.co.za
Limpopo	015 295 7287	015 295 7294	limpopo@tep.co.za
Mpumalanga	013 752 2300	013 752 3496	mpumalanga@tep.co.za
North West	018 381 1660	018 381 1667	northwest@tep.co.za
Northern Cape	053 832 2799	053 832 3006	northerncape@tep.co.za
Western Cape	021 422 0203	021 422 0220	westerncape@tep.co.za

Small Enterprise Development Agency (SEDA)

The Small Enterprise Development Agency (SEDA) was established in December 2004 in terms of the National Small Business Act. This act merged the previous small enterprise development agencies Ntsika Enterprise Promotion Agency, NAMAC Trust and the Community Public Private Partnerships (CPPP) into a single small enterprise support agency. The mandate of SEDA is to design and implement a standard national delivery network that must uniformly apply throughout the country. Its role includes the support and promotion of co-operative enterprises, particularly those located in rural areas.

The work of SEDA is carried out in line with the Department of Trade and Industry's Integrated Small Enterprise Development Strategy, which aims to:

- Strengthen support for SMME's access to finance
- Create an enabling regulatory environment
- Expand market opportunities for specific categories of small enterprises
- Localise small business support through a grid of SEDA-coordinated information and advice access points
- Initiate a national entrepreneurship drive and expand education and training for small business
- Co-fund minimum business infrastructure facilities in local authority areas across the country.



– SEDA BRANCHES

GAUTENG BRANCH OFFICE (PRETORIA)

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Chris Hani branch (Queenstown)

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Amathole branch (East London)

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Trompsburg Branch Office (Xhariep)

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Sasolburg Branch Office (Metsimaholo)

Thabang Mpalami (Acting Manager)
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SEDA BRANCHES –

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Bethlehem Branch Office (Thabo Mofutsanyane)

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Pietermaritzburg Branch Office (uMgungundlozu)	Richards Bay Branch Office (uThungulu)
Mr Bisson Girran (Manager) Physical Address: 10 Ebenezer St, Pietermaritzburg, 3201 Postal Address: PO Box 3492, Pietermaritzburg, 3200 Tel: (033) 345 3017 Fax: (033) 345 3042 Cell: 083 254 4770 Email: bisson@sedakzn-pmb.org.za	Mr Cedric Mnguni (Manager) Physical Address: ZCDF Community Park, Gate 5, South Central Arterial Alton, Richards Bay Postal Address: PO Box 1431, Richard's Bay, 3900 Tel: (035) 797 3711 Fax: (035) 797 4346 Cell: 082 920 5154 Email: cedric@sedakzn-rb.org.za
Port Shepstone Branch Office (uGu) Mr Sibusiso Manana (Manager) Physical Address: Reef View House, 1451 Princess Elizabeth Drive, Port Shepstone, 4240, Postal Address: PO Box 1574, Port Shepstone, 4240 Tel: (039) 682 6222 Fax: (039) 682 1564 Cell: 082 827 8007 Email: manana@sedakzn-sc.org.za	Kokstad Branch Office (Sisonke) Ms Nomfundo Dlatu (Manager) Physical Address: 109 Main St, Kokstad Postal Address: PO Box 1357, Kokstad, 4700 Tel: (039) 727 1428 Fax: (039) 727 5049 Cell: 083 294 0780 Email: nomfundo@sedakzn-ks.org.za
Ladysmith Branch Office (uThukela) Mr Reginald Mpanza (Manager) Physical Address: 33a Dimiara Rd, Ladysmith Postal Address: PO Box 2480, Ladysmith, 3370 Tel: (036) 631 3325 Fax: (036) 631 3553 Cell: 083 278 2807 Email: reginaldm@sedakzn-ls.org.za	Newcastle Branch Office (Amajuba) Mr Themba Simelane (Manager) Physical Address: 33 Voortrekker Street, Newcastle Postal Address: PO Box 1627, Newcastle, 2940 Tel: (034) 312 9096 Fax: (034) 315 2768 Cell: 082 299 5130 Email: simelane@sedakzn-nc.org.za
LIMPOPO PROVINCIAL OFFICE	Polokwane Branch Office (Capricorn)
Mr Koenie Slabbert (Provincial Manager) Physical Address: Suite 6, 2nd Floor, Maneo Building, 73 Biccarrd Street, Polokwane Postal Address: PostNet Suite 32, Private Bag X9307, Polokwane, 0700 Tel: (015) 297 4422 Fax: (015) 297 4022 Cell: 083 378 6289 Email: kslabbert@seda.org.za	Mr Muthuhandini Madzivhanidila (Manager) Physical Address: 1st floor, Pharmarama Building, 68 Hans van Rensburg Street, Polokwane, 0699 Postal Address: Postnet Suite 32, Private Bag X9307, Polokwane, 0700 Tel: (015) 290 8720 Fax: (015) 290 8736 Cell: 084 633 0725 Email: amolala@seda.org.za
Vhembe Branch Office (Thoyandou) Mr Marcus Mukumela (Manager) Physical Address: Old Mutual Building, Old Group-scheme Offices, Mphephu Rd, Thohoyandou Postal Address: PO Box 7342, Thohoyandou, 7950 Tel: (015) 962 1679 / 4284 Fax: 086 631 2234 Cell: 082 851 8617 Email: mmukumela@seda.org.za	Tzaneen Branch Office (Mopani) Mr Mandla Sibiya (Manager) Physical Address: 27 Peace St, 1st floor Prosperitas Building, Tzaneen, 0850 Postal Address: Postnet Suite 438, Private Bag X 4019, Tzaneen, 0850 Tel: (015) 307 1735 Fax: (015) 307 2233 Cell: 083 455 0047 Email: msibiya@seda.org.za

– SEDA BRANCHES

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Brits Branch Office (Bojanala East)

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SEDA BRANCHES –

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– SEDA BRANCHES

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De Aar Branch Office (Pixley ka Seme)

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SEDA BRANCHES –

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Upington Branch Office (Siyanda)

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Cape Winelands branch

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Email: hlagrange@sedawc.org.za



3.4. Tourism Grading Council of South Africa

The Tourism Grading Council of South Africa (TGCSA) adopted a vision that will contribute toward sustainable Tourism Growth in South Africa by managing an internationally recognised Star Grading System that assesses, monitors and brands SA Tourism products.

The TGCSA has a responsibility towards national and international tourist to uphold quality assurance, primarily ensuring that all travelers are exposed to good quality accommodation in South Africa.

Currently the TGCSA grades two sectors; Accommodation establishments and Meetings, Exhibitions and Special Events Venues (MESE). The TGCSA have also embarked on the development of a new and improved Customer Feedback Mechanism to include SMS technology. This will enable TGCSA to deal with any compliment or complaint in a more efficient and effective manner. Any feedback mechanism is only as good as the feedback it gets and tourists are encouraged to give honest feedback either via the website www.tourismgrading.co.za or by SMS “star” to 31649. Feedback is a very valuable tool in ensuring standards are adhered to and it gives establishments the opportunity to benchmark themselves against industry norms.

As the grading system is market-driven and voluntary, it stimulates improvement across all levels of service offering. This process continuously encourages the industry to re-invent, re-value and grow itself while developing and transforming tourism in South Africa.

GRADING PROCESS

What is involved?

In order for any establishment to be even considered for grading they need to satisfy the minimum requirements listed below:

- Insurance covering the business which includes public liability insurance
- Safety and security- of clients and staff
- Health and safety certificate-fire and building regulations
- Registered as a business with the provincial authority and or Municipality. Need to work very closely with Municipality to understand their zoning criteria and regulations on how to operate a business
- No unlawful discrimination on the basis of race, gender, citizenship, physical and mental conditions, etc
- Smoking regulations

The establishment owner will be responsible for indicating on the application form general compliance with minimum requirements, providing proof where necessary.

Assessors carry out the actual grading process of establishments in South Africa using two core documents i.e. that which covers the Minimum Requirements required and a more in-depth one covering the actual Grading Criteria. Both these documents can be downloaded from the TGCSA website www.tourismgrading.co.za

Once the management or owner of an establishment is satisfied that they can match the standards covered in these documents then application for grading can begin.

The establishment chooses the category they want to be graded in, the Star grading they want to apply for as well as the Assessor they want to assist them with the grading.

A property is not being penalized for what they don't have but are rather assessed on what is

available and will be given the opportunity to upgrade when grading criteria for the higher star grading is achieved

CATEGORIES

Establishment owners must be very clear which category they want to be graded in and their name should not be misleading i.e. ABC Guest house should not be graded as a Bed & Breakfast

Backpacker

- An establishment which provides communal facilities including a dormitory
- May also offer a range of alternative sleeping arrangements
- Only establishments which cater for transient guests (traveling public) will qualify for grading

Bed & Breakfast

- Accommodation is provided in a family (private) home
- The owner/manager lives in the house or on the property.
- Breakfast must be served.
- Bathroom facilities may or may not be en-suite and/or private.
- In general, the guest shares the public areas with the host family.

Country House

- Is a large Guest House,
- Usually situated in natural, peaceful surroundings such as near a nature reserve, a forest, a lake etc.
- It offers all the services of a Guest House, including dinner on request.

Guest House

- Can be an existing home, a renovated home or a building that has been specifically designed to provide overnight accommodation.
- Public areas for the exclusive use of its guests.
- A commercial operation enterprise and as such the owner or manager may live on the property.

Lodge

- An accommodation facility located in natural surroundings.
- The rates charged are usually inclusive of all meals
- The experience offered includes game drives, battlefield tours, etc.
- Each property is assessed at least once a year to ensure that standards are adhered to
- A grading is only valid for a 12-month period.
- Tourists are encouraged to give feedback on their experience which can result in a property being audited



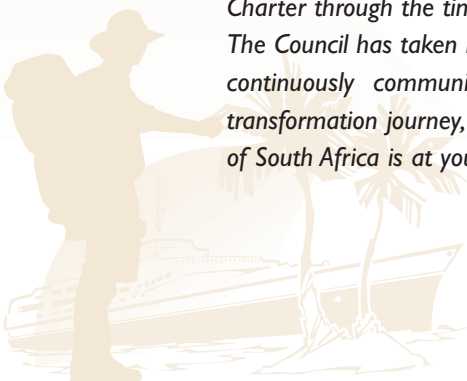
MEANING OF THE STARS	
1 ★	<ul style="list-style-type: none"> Acceptable quality in the overall standard of the furnishings, service and guest care Clean comfortable and functional accommodation Guests should expect a continental breakfast or quick, cooked and simple breakfast Soap and bath towel in bathroom
2 ★★	<ul style="list-style-type: none"> Good quality in the overall standard of the furnishings, service and guest care Guests should expect a continental breakfast and limited variety of cooked items could be available Soap as well as hand and bath towel in bathroom
3 ★★★	<ul style="list-style-type: none"> Very good quality in the overall standard of the furnishings, service and guest care Guests should expect a breakfast with an extensive variety of cooked food The bedrooms should be more spacious with additional furniture such as a desk The bathrooms should have at least shower gel, wrapped soap, shampoo and both a hand and bath towel
4 ★★★★	<ul style="list-style-type: none"> Superior (excellent) quality in the overall standard of the furnishings, service and guest care A fully cooked breakfast must be served over an extended period Guests can also expect to be served at the table if desired The bedrooms must have a working area with a desk Guests can expect to have eighteen hours of room service available in hotels Bathrooms should have amenities such as shampoo, shower gel, wrapped soap, hair conditioner, body lotion, hand towel, bath towel, shower cap, bath sheet and face cloth
5 ★★★★★	<ul style="list-style-type: none"> Exceptional quality and luxurious accommodation matching best international standards Highest standard of furnishings, flawless service and meticulous guest care Guests should expect 24-hour room service in hotels. Guests should expect a fully cooked breakfast usually available all day and can also be served to the guests in their room. Must be served over an extended period Eating area must provide a service to the guests at the table Bedrooms must have a working area or a desk. Bathrooms should have a full range of amenities such as shampoo, shower gel, wrapped soap, hair conditioner, body lotion, hair conditioner, body lotion shower cap, hand towel, bath towel, bath sheet and face cloth Most five star hotels have health and beauty facilities on site or at least can provide them to the guest at a nearby facility. Most five star establishments will also provide business facilities such as internet access as well as fax facilities.

3.5 The Tourism Empowerment Council of South Africa

The Tourism Empowerment Council of South Africa, formerly the Tourism BEE Charter Council, has been operational since October 2005 and was formally launched nationally on May 29th 2006 by the Minister in Pretoria. The Council is going full steam ahead, driving the Tourism Sector Codes implementation in the sector, branded as “Your Transformation Partner and Your Enabler.”

As your Transformation Partner, the Council aims to support the industry on its transformation journey through the development of a myriad of projects and tools to promote the realization of the Charter through the timely achievement of the set targets.

The Council has taken it upon itself, to ensure that transformation is not cumbersome, as well as to continuously communicate on progress. Should you encounter any problems during your transformation journey, do not hesitate to contact their offices. The Tourism Empowerment Council of South Africa is at your service as partners.



Umsobomvu Youth Fund

Umsobomvu Youth Fund was set up in 2001 by the South African Government to address the challenge of high youth unemployment in South Africa.



Business Development Support Voucher Programme:

The Umsobomvu Youth Fund has launched the first Business Development Services Voucher Programme in the following provinces: Eastern Cape, Gauteng, KwaZulu-Natal, Limpopo and Western Cape. A voucher is a document given to selected clients entitling them to buy business support services (technical assistance) from a list of approved service providers. The voucher programme is mainly for youths between the ages 18 and 35, and will assist young entrepreneurs to access the following business development support services:

- Accounting
- Business plans
- Marketing plans
- Company registration
- Contract drafting
- Tax advisory services
- Tendering

3.6. Where do I get Money to start my Business?

Once you have your business plan, you can use it to get funding for your business. Be aware that although there are several programmes available, they all fund specific areas of your business. Make sure that you have read and understood all the criteria prior to contacting these funders or you may waste time and energy. We have listed the organisations which could assist you with funding, detailing their specific criteria and also what aspects of the business they finance.

The Department of Trade and Industry (the dti)

Two divisions of The Department of Trade and Industry (**the dti**), The Enterprise Organisation (TEO) and Trade and Investment South Africa (TISA), assist SMMEs. This assistance is in the form of different types of incentives, mostly financial, that tourism businesses can access. They apply to the cost of capital expansion, marketing assistance, training and development. Currently the dti is reviewing a number of these incentives to increase their suitability for tourism related businesses. These incentive schemes are listed in the various relevant chapters.

The Industrial Development Corporation (IDC)

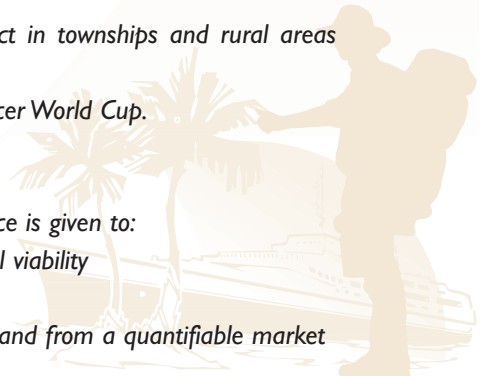
The Industrial Development Corporation's Tourism Strategic Business Unit (SBU) focuses on asset-based finance, with the bulk of the portfolio invested in the accommodation sector. The SBU seeks to:

- contribute to government's strategy for the tourism industry
- participate in the establishment of good quality hotels in South Africa and the rest of Africa
- diversify its portfolio into other subsectors such as cultural and heritage products, arts and crafts and business tourism
- support BEE projects with significant development impact in townships and rural areas whilst adhering to the Tourism BEE Charter requirements
- increase participation in projects related to the 2010 Soccer World Cup.

Who should apply for finance with IDC

While each proposal is considered on its particular merit, preference is given to:

- Projects that show profitability and sustainable commercial viability
- Financing of fixed assets and capital expenditure
- A product or facility for which there is an identifiable demand from a quantifiable market



- Projects which have a significant developmental impact ie job creation, empowerment and rural development.

Our minimum requirements:

- A reasonable financial contribution from the owners is expected – generally 40% to 50% of the total project costs. BEE applications may qualify for a reduction in owner's contribution
- The minimum loan amount is R1 million
- Security is required and could include bonds over fixed and movable assets as well as personal security
- Financing of takeovers of existing undertakings or facilities, or the replacement of existing sources of finance generally falls outside the scope of the unit's financing activities
- However, takeovers or acquisitions of existing facilities may be considered for BEE applications.

In the case of take-overs and buy-ins by HDP partners we require:

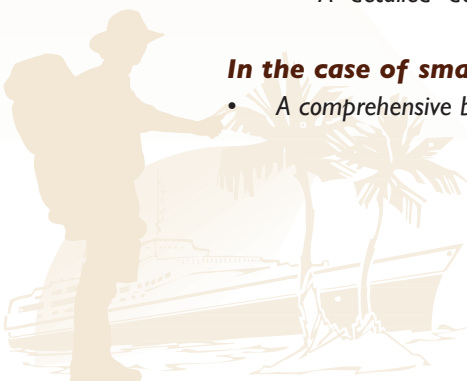
- A signed "Offer to Purchase" agreement between the seller and the buyer or a signed Letter of Undertaking from the seller indicating the buyer's preferred bidder status
- Offer to purchase should be valid for at least 3 months and give the IDC an exclusivity period of at least 2 months
- Detailed information on the partners, such as the group structure and business activities
- An independent valuation (including underlying assumptions) of the target company
- Details of IDC funding and the application thereof
- Details of the contribution by the purchaser
- A signed draft plan explaining involvement by the HDPs in the operational and/or executive management
- Proof of limited scope of due diligence performed by HDPs on the seller's business
- A business plan
- Latest audited financials, management accounts and financial projections for the target company
- A covering letter with details of the finance required from the IDC.

In the case of expansions by existing businesses IDC require:

- Latest audited and actual financials (signed by the Finance Director, MD or CEO)
- Your updated business plan focusing on the proposed project/expansion
- A detailed description of the nature of expansion, its related costs and revenues.

In the case of small, medium and start-up businesses IDC require:

- A comprehensive business plan.



Eskom Development Foundation

Eskom's Small Business Development (SBD) initiatives are managed by the Eskom Development Foundation.

The objectives of the SBD are:

- Developing project packages that support the creation and enhancement of small and medium enterprises
- Developing small and medium enterprises in support of Eskom's procurement policy
- Providing assistance in the establishment of black business that uses electrotechnologies
- Forming of strategic partnerships and alliances
- Facilitating entrepreneurial skills training
- Facilitating the acquisition of finance and other resources
- Stimulating entrepreneurial spirit among the previously disadvantaged
- Encouraging the establishment and revamping of business premises
- Electrification of targeted small and medium enterprises
- Enhancing the skills and knowledge of project managers in the field of business management.

Promoting and supporting the acquisition of capital equipment for targeted small and medium enterprises. The Small Business Development Department's mission is to establish small, medium and micro enterprises (SMMEs) that will promote Black Economic Empowerment (BEE) and increase electricity sales in the Eskom supply areas. In order to realise this goal, support for SMMEs is offered in the following areas:-

- Assistance in establishing businesses
- Assisting Agro businesses
- Strategic Partnerships
- Entrepreneurial Skills Training
- Acquisition of finance.

Support for Small Business

- Assistance in establishing businesses
- Franchises and manufacturing are businesses we help establish.

Assisting Agro-businesses

We assist with the establishment of small-scale farming businesses as follows:

- Assistance with the sale of produce
- Small-scale manufacturing concerns such as canning and rural cheese processing etc.

Strategic Partnerships

Through joint ventures with other corporate players, both locally and internationally, Eskom helps prospective entrepreneurs establish/develop SMMEs, including business premises.

We have also developed an information data network system that acts as a support structure for small businesses who need to know service providers for their specific initiatives.

Contacts with Government Support Centres for SMMEs and local business chambers have also been established to facilitate contact between entrepreneurs and these business structures.



Entrepreneurial Skills Training

Formal courses on both technical and business skills including on-the-job training can be facilitated for businesses assisted by Eskom.

Acquisition of finance

Through our partnerships with certain financial institutions in the establishment of SMMEs, Eskom is able to help entrepreneurs by facilitating the acquisition of finance.

Ground rules

- Eskom SBD does not provide finance to entrepreneurs, but guarantees a portion of the loan acquired through our Leveraging Fund
- Eskom SBD will not purchase capital equipment for entrepreneurs or pay for working capital.
- Applicants should be from the disadvantaged communities
- Proposed businesses should use electricity OR support Eskom's strategic initiatives e.g. Demand Side Management and Energisation
- The development of businesses is undertaken in line with Eskom's BEE procurement policy on SMMEs.

Possible financial assistance for Eskom-supported businesses can be considered in the following areas:

- Entrepreneurial skills training (both technical and business)
- Feasibility, market study and business plan facilitation
- Electrical infrastructure and connection
- Concrete slabs for containerised ventures
- Sourcing of business opportunities and partnerships
- Promotion, marketing and launching of Eskom supported business
- Signage of business premises
- Legal and administration costs for transference of facilities.



Head Office BE Yafele Tel: (011) 800 2322 Fax: (011) 800 2340	Gauteng G Botha Tel: (011) 711 2929 Fax: (011) 711 2646	Kimberley M Mogotsi Tel: (0531) 80 5741 Fax: (0531) 80 5829	Klerksdorp G Motsemme Tel: (018) 464 6515 Fax: (018) 464 6720	Cape Town F Essop Tel: (021) 915 2618 Fax: (021) 915 2066
SM Mashanyu Tel: (011) 800 4040 Fax: (011) 800 2340	Mpumalanga H de Kock Tel: (013) 755 9025 Fax: (013) 755 9263	Southern Cape R Webster Tel: (044) 801 2305 Fax: (044) 801 2646	Bloemfontein V Rantsoareng Tel: (051) 404 2992 Fax: (051) 404 2006	N.Province J Lechelele Tel: (0152) 29 1410 Fax: (0152) 29 1488

The Business Partners Tourism Fund

The Business Partners Tourism Fund is a R200 million specialist investment fund that has been created to enable and empower entrepreneurs in the travel and tourism industry. Business Partners provides integrated investment and added-value solutions for small and medium enterprises, from single owner businesses to partnerships and multi-owner ventures. Services offered include:

- Customized investment financing
- Asset management

- Property broking
- Property management
- Specialist industry advice
- Business consulting and mentorship.

Business Partners Tourism Fund sees enormous opportunity in assisting entrepreneurs who have a viable business opportunity.

Investment finance is available to qualifying entrepreneurs requiring funding for, but not limited to, the establishment or buying of hotels, guesthouses, game lodges, starting or expanding a travel agency, tour operating business, tourist information centre, or curio shop, and other entertainment facilities for tourists. With South Africa becoming a destination of choice for sporting and cultural events, including the upcoming Soccer World Cup in 2010, a wide range of opportunities exist for entrepreneurs in the travel and tourism industry - opportunities which the Business Partners Tourism Fund can empower them to take up.

Investment criteria

Applications for investment financing through the Business Partners Tourism Fund are assessed primarily on business viability, as well as on the vision, integrity, drive and experience of the entrepreneur. Should a business be considered viable on this basis, a customized investment and added-value solution is developed for it. Applications are considered from entrepreneurs who have capital or security to contribute to the venture, as well as from those who do not, and individual deals are structured accordingly.

Investment options

Investments made by the Business Partners Tourism Fund are structured using equity, shareholders' loan accounts, royalties and term loans or any combination of these. Individual solutions are structured after having assessed the level of risk and potential return of the venture.

Repayment of investments

In consultation with the entrepreneur, an appropriate repayment period is established during the initial investment negotiations. This is usually five years and is never longer than ten years. In some cases, the fund takes a minority shareholding in the business for the duration of the repayment period, after which Business Partners may wish to sell its shares in the business at market value. The entrepreneur is always offered the right of first refusal on these shares. Some of the many services the company offers to assist and enable entrepreneurs include:

- A free business planning model, which is accessible on the Business Partners website at www.businesspartners.co.za
- Easy access through a nation-wide network of offices
- A range of information leaflets, available free at all Business Partners offices
- A free initial consultation for entrepreneurs with a viable business plan at any Business Partners office
- The best expertise and experience in the small and medium enterprises sector that the country has to offer
- Personal service from a team of dedicated Portfolio Managers
- A database of over 400 business consultants, mentors and sector specialists that are available to entrepreneurs
- A property broking service to assist entrepreneurs in finding rental premises or suitable properties to purchase for their businesses



- A property management service both for entrepreneurs with their own large premises to manage or with investment premises that require intensive management.

SBD National Offices					
BELLVILLE Tel: 021 919 3242 Fax: 021 919 3333	EAST LONDON Tel: 043 721 1525/6/7 Fax: 043 721 1528	NELSPRUIT Tel: 013 752 3185 Fax: 013 752 4669	QUEENSTOWN Tel: 045 838 1004 Fax: 045 838 1008	BENONI Tel: 011 422 2640 Fax: 011 845 3005	EAST LONDON (Arcadia Park) Tel: 043 743 5485 Fax: 043 743 0596
POLOKWANE Tel: 015 297 1571 Fax: 015 297 1461	RICHARDS BAY Tel: 035 789 7301 Fax: 035 789 6727	BETHLEHEM Tel: 058 303 7842 Fax: 058 303 6801	EAST RAND (Jet Park) Tel: 011 397 2616/7/8 Fax: 011 397 2619	PORT ELIZABETH Tel: 041 582 1601 Fax: 041 582 2297	SPRINGBOK Tel: 027 712 1120 Fax: 027 712 3519
BLOEMFONTEIN Tel: 051 446 0536 Fax: 051 446 4978	GEORGE Tel: 044 873 6112 Fax: 044 873 3397	PRETORIA (Centurion) Tel: 012 664 3397 Fax: 012 664 2641	STELLENBOSCH Tel: 021 809 2169 Fax: 021 809 2187	CAPE TOWN Tel: 021 464 3600 Fax: 021 461 8720	JOHANNESBURG Tel: 011 470 3000 Fax: 011 470 3123
	PRETORIA (Waterglen) Tel: 012 993 5513 012 993 5515 Fax: 012 993 4493	UPINGTON Tel: 054 331 1172 Fax: 054 332 2334	DURBAN (Westville) Tel: 031 240 7700 Fax: 031 266 7286	KIMBERLEY Tel: 053 831 1778 Fax: 051 446 4978	

Commercial Banks (Small Business Units)

All commercial banks offer loans to approved clients. Contact your branch directly or the Small Business Unit as listed below. Remember that you are not restricted to only using your current bank, and sometimes you can get a better deal from another bank trying to attract your business.

FINANCIAL CONTACTS		
ABSA-HEAD OFFICE	STANDARD BANK-HEAD OFFICE	NEDBANK-HEAD OFFICE
Tel: (011) 224 8818 TOURISM UNIT Contact Person: Mr Steward Lumka Tel: (011) 350 8077 Fax: (011) 350 1775 Email: steward@absa.co.za SMALL BUSINESS UNIT Contact Person: Mr Kevin Fullen Tel: (011) 544 4500 Fax: (011) 484 3036 Email: Kevinf@absa.co.za	Tel: (011) 377 1000 SMALL BUSINESS UNIT Contact Person: Mr Roger Nelson Tel: (011) 601 4380 Fax: (011) 631 8189 Email: roger.nelson@standardbank.co.za FIRST NATIONAL BANK- HEAD OFFICE Tel: (011) 371 2111 TOURISM SPECIALIST Contact Person: Mr Wiza Nyando Tel: (011) 371 5677 Fax: (011) 371 0080 Email: wiza.nyando@fnbcommercial.co.za	Tel: (011) 377 1000 SMALL BUSINESS UNIT Contact Person: Mr Pierre Kriegler Tel: (011) 630 6767 Fax: (011) 630 6820 Cell: 083 327 2953 Email: Pierrek@nedcor.co.za or Contact Person: Mr Mervyn Govender Tel: (011) 630 7107 Fax: (011) 630 6820 Cell: 072 679 4200 Email: mervyndrang@nedcor.co.za

Khula Enterprise Finance

What is the Khula Credit Guarantee Scheme?

Getting credit facilities can often be difficult, as often the funder will want an asset such as a house to secure the loan. The Khula Credit Guarantee Scheme was established to give access to finance for people wishing to start a small to medium sized business, but who might not have had the opportunity to accumulate wealth or other assets to present as collateral (security) to a bank in order to secure a business loan. In these cases, the banks can apply to Khula for a guarantee which then acts as collateral for 80% of the total loan amount, (with a loan maximum of R1 million).

Participating banks include:

• ABSA	• African Bank Limited	• Bank of Athens	• BOE Bank Limited	• FNB
• MEEG	• Nedcor Bank Limited	• People's Bank	• Standard Bank	

Criteria for selection:

The Credit Guarantee and Support Services are available to the following individuals:

- Who want to borrow between R50 000.00 and R1 million
- Who are South African citizens
- Who will be involved in the day-to-day running of the business on a full-time basis
- Who can provide an own cash contribution of at least 10% towards the start-up or expansion of the business
- Who have a clean financial track record.

The Credit Guarantee is available both for new business ventures or existing businesses wishing to expand. The same conditions apply to both cases. Please note that the Credit Guarantee Scheme cannot be utilised for the financing of speculative deals (e.g. when an entrepreneur wants to open a second business and put a manager in charge).



If you have difficulty qualifying for credit from a bank, you can contact Khula and make use of their Credit Guarantee Scheme.

Process for Applications:

- Client approaches Khula regional Mentorship office for either a Business Plan or mentorship assistance
- A regional co-ordinator recommends a mentor after assessment for either a Business Plan or mentoring request. Khula Institutional Support Service will appoint a mentor
- The client, complete with Business Plan, will then approach a commercial bank for a loan
- Bank assesses the Business Plan and an application in terms of its lending criteria
- If satisfied, the bank will approve the loan
- If the risk is not adequately covered, the bank may require a guarantee from Khula Credit Guarantee Limited
- Once the loan has been approved, a requirement may be that a mentor be appointed to help the client with implementation of a Business Plan and loan management
- If the business experiences problems, business advice or remedial mentoring may be required to assist the business in providing specific solutions to help it achieve its goals.

CONTACT DETAILS:

Blackheath Blackheath Industrial Hive, Range Road, Blackheath Reg Co: Errol Gardner E-mail: errolg@khulawc.org.za Tel: (021) 905 6237 Fax: (021) 905 6238	Bloemfontein Business Partners Building, Cnr Henry & Eastburger Streets, 2nd Floor Admin: Irene Khoase E-mail: irenek@khulafz.org.za Reg Co: Janice Phakisi Tel: (051) 430 0275 (051) 430 2778/3203 Fax: (051) 430 0949	East London Thuso Mentorship, Pilot House, The Quarry, Quartzite Drive, Lukin Road, Berea, East London Admin: Matsepo Nxasana E-mail: matsepon@khulaec.org.za Reg Co: Mr Hylton Long Tel: (043) 721 0437 / 42 Fax: (043) 721 0445	Nelspruit Cnr Brown & Paul Kruger, 1st Floor Prorum Building Admin: Gloria Maserumule E-mail: gloriam@khulamp.org.za Tel: (013) 755 2370 Fax: (013) 755 2986	Polokwane 78 Hans van Rensburg, Old Mutual, 6th Floor, Office 503 Reg Co: Daphne Morifi Admin: Lesego Raboifa E-mail: lesegor@khulalp.org.za Tel: (015) 297 0136 / 9 / 42 Fax: (015) 297 0158	Rustenburg 32B Heystek Street, Sunetco Building, Rustenburg, 0299 Reg Co: Danny Letoaba E-mail: dannyl@khulanw.org.za Admin: Nicolene Rapoo E-mail: nicolener@khulanw.org.za Tel: (014) 592 6391 / 2 / 72 Fax: (014) 592 6385
Cape Town Thuso Mentorship, Room 109, 1st Floor Perm Building, 135 Main Road, Claremont, Cape Town Admin: Bulelwa Makeneni E-mail: bulelwam@khulawc.org.za Reg Co: Tabatani Mgudlwa E-mail: tabatanim@khulawc.org.za Tel: (021) 671 9056 / 7 Fax: (021) 671 9228 Cell: 082 714 9360	Durban Thuso Mentorship, 320 West Street, 25th Floor, Suite 2502, Durban Admin: Tembakazi Koali E-mail: tembakazik@khulakzn.org.za Reg Co: Wallace Langeni Tel: (031) 301 1916 / 17 Fax: (031) 301 1922	Midrand Thuso Mentorship, Palms Office Park, 511 Nupen Street, Midrand, Reg Co: Mokgati Mbongo Admin: Rejoice Mokgabudi E-mail: rejoicem@khulago.org.za Tel: (011) 315-0036/7 Fax: (011) 315-7436	Pennyville 114 New Canada Road Pennyville Industrial Park, Roodepoort Reg Co: Dorah Manyoni E-mail: dorahm@khulago.org.za Tel: (011) 473 1426 Fax: (011) 473 1453 Cell: 083 541 0361	Port Elizabeth Thuso Mentorship, Block 3 Sanlam Park, 2nd Avenue, Newton Park Reg Co: Lumka Mantyi Admin: Thelma Zondani E-mail: thelmaz@khulaec.org.za Tel: (041) 363 2570 Fax: (041) 363 2571	Tshwane BITTS Building, 1st Floor Western Façade Church Square Reg Co: Martin Theron Admin: Lebo Keogatlile E-mail: lebok@khulagp.org.za Tel: (012) 324 8236 Fax: (012) 324 8239

Retail Finance Intermediaries (RFIs)

Please note that this information was provided by Khula. For more information, contact them directly on (011) 807 8464.

The role and function of RFI's is to facilitate loan and equity capital to small, medium and micro enterprises by offering a range of financial resources and information to the public. Khula's mission is to ensure improved availability of loan and equity capital to SMMEs by offering loans, seed funds and guarantees to RFIs in need of capital and capacity.

RFI CONTACTS				
NAME OF RFI	TELEPHONE #	CRITERIA	LOAN AMOUNTS	LOCATION
GAUTENG PROVINCE				
Basani Business Development Services	(011) 333 3831 (011) 336 0047	Individuals with existing businesses for more than 6 months. No working capital provided.	R 6 000.00 - R100 000.00	Johannesburg
Khethani Business Finance	(011) 781 7224	Head Office		Randburg
Khethani Business Finance	(011) 832 3222	Individuals with existing businesses for more than 2 years	R 6 000.00 - R150 000.00	Johannesburg
Marang Financial Services	(012) 320 1745	Head Office		Pretoria
Marang Financial Services	(012) 804 0248 / 0819	Solidarity Groups	R 500.00 - R 3 000.00	Mamelodi/ Silverton
Marang Financial Services	(016) 422 2003	Solidarity Groups	R 500.00 - R 3 000.00	Vereeniging/ Evaton
Artpac Lending Services	(011) 838 5137 / 3895	Construction and related industries	R1 000.00 - R100 000.00	Johannesburg
New Business Finance	(011) 832 1100	Existing business & contractors	R10 000.00 - R250 000.00	Parktown
WESTERN CAPE PROVINCE				
Khethani Business Finance	(021) 683 7656	Individuals with existing businesses for more than 2 Years	R6 000.00 - R150 000.00	Claremont
Isibane Capital Partners	(021) 510 0382	Construction and related industries	Up to R 225 000.00	Maitland
New Business Finance	(021) 671 6263	Existing businesses & Contractors	R 10 000.00 - R 250 000.00	Claremont
EASTERN CAPE PROVINCE				
Business Finance Promotion Agency	(041) 487 0190	Individuals with existing businesses	R 5 000.00 - R 100 000.00	Port Elizabeth
Marang Financial Services	(039) 737 4974	Solidarity Groups	R 500.00 - R 3 000.00	Matatiele
Marang Financial Services	(039) 255 0685	Solidarity Groups	R 500.00 - R 3 000.00	Mount Frere
Marang Financial Services	(039) 253 1804	Solidarity Groups	R 500.00 - R 3 000.00	Lusikisiki
Marang Financial Services	(047) 532 3929	Solidarity Groups	R 500.00 - R 3 000.00	Umtata
Real People Views	(043) 702 4706	Individuals	R 10 000.00 - R 1m	East London
NORTH WEST PROVINCE				
Ikussasa Empowerment Trust	(018) 462 5096	Solidarity Groups	Up to R10 000.00	Klerksdorp
MPUMALANGA PROVINCE				
Marang Financial Services	(013) 755 1807	Solidarity Groups	R 500.00 - R 3 000.00	Nelspruit
Marang Financial Services	(013) 737 6723	Solidarity Groups	R 500.00 - R 3 000.00	Hazyview
Marang Financial Services	(082) 674 9476	Solidarity Groups	R 500.00 - R 3 000.00	Bushbuckridge
Marang Financial Services	(013) 790 1763	Solidarity Groups	R 500.00 - R 3 000.00	Komatipoort/
Malelane Marang Financial Services	(017) 883 1934	Solidarity Groups	R 500.00 - R 3 000.00	Elukwatini

RFI CONTACTS				
NAME OF RFI	TELEPHONE #	CRITERIA	LOAN AMOUNTS	LOCATION
LIMPOPO PROVINCE				
Small Enterprise Foundation (SEF)	(015) 307 5837 /5418	Solidarity Groups	Up to R10 000.00	Tzaneen
Marang Financial Services	(013) 262 3242	Solidarity Groups	R 500.00 - R 3 000.00	Groblersdal
Marang Financial Services	(015) 291 4830	Solidarity Groups	R 500.00 - R 3 000.00	Pietersburg
Marang Financial Services	(013) 795 5343	Solidarity Groups	R 500.00 - R 3 000.00	Acomhoek
Marang Financial Services	(015) 307 5753	Solidarity Groups	R 500.00 - R 3 000.00	Tzaneen
FREE STATE				
Retmil Financial Services	(051) 448 8954	Individuals	Up to R 150 000.00	Bloemfontein
KWAZULU-NATAL				
Ithala Development Finance Corporation	(031) 907 8784	Individuals	Up to R 2 000 000.00	Umlazi
Khethani Business Finance	(031) 261 6657	Individuals with existing businesses for more than 2 years	R 6 000.00 - R 150 000.00	Durban
Marang Financial Services	(031) 301 2295	Solidarity Groups	R 500.00 - R 3 000.00	Durban
Marang Financial Services	(033) 701 1486	Solidarity Groups	R 500.00 - R 3 000.00	Underberg
Marang Financial Services	(033) 394 1655	Solidarity Groups	R 500.00 - R 3 000.00	Pietermaritzburg
Marang Financial Services	(035) 792 1756	Solidarity Groups	R 500.00 - R 3 000.00	Empangeni
Marang Financial Services	(035) 831 0800	Solidarity Groups	R 500.00 - R 3 000.00	Nongoma

National Empowerment Fund (NEF)

The NEF was established by the National Empowerment Fund Act No. 105 of 1998, for the purposes of promoting and facilitating economic equality and transformation. The NEF operates under the umbrella of the Department of Trade and Industry (**the dti**). The NEF's objectives are:

- To redress the economic inequalities bequeathed by apartheid by providing historically disadvantaged persons (HDPs) with opportunities to acquire shares in both restructured state-owned assets and private business enterprises, and by encouraging a culture of savings and investment among HDPs and to foster entrepreneurship
- To achieve its goals of sustainable empowerment and transformation by promoting and supporting business ventures pioneered and run by HDPs
- To promote a better universal understanding of equity ownership. Each of its activities are calculated to redress the inequalities of the past, and promote a competitive and efficient economy capable of generating employment opportunities.

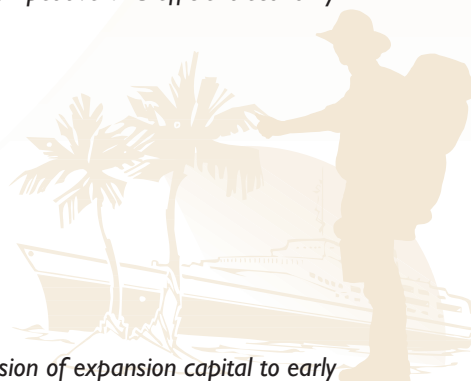
The NEF's focus is based on the following areas of business:

- Group and Entrepreneurial Schemes
- Market Making
- Operations.

Funding Offered By NEF

Imbewu Fund

This fund is designed to promote the creation of new businesses and the provision of expansion capital to early



stage businesses. The iMbewu Fund aims to cultivate a culture of entrepreneurship by offering debt, quasi-equity and equity finance of up to R20m comprising:

a. Entrepreneurship Finance

iMbewu Entrepreneurship Finance would provide risk capital to new businesses and to early stage businesses owned and managed by black people meeting its criteria

b. Procurement Finance

Imbewu's procurement finance product is a debt product aimed at financing working capital requirements associated with procurement contracts. The product enables BEE groups to access preferential procurement opportunities whilst simultaneously providing mechanisms aimed at mitigating NEF investment risk

c. Franchise Finance

The Imbewu Franchise Finance is geared towards enabling black people to leverage the infrastructure available within the franchise industry in order to gain access to economic opportunities whilst reducing investment risk

d. Rural and Community Development Projects

The rural and community development projects facilitate community involvement in projects promoting social and economic upliftment. In accordance with the BB-BEE Act, it aims to increase the extent to which workers, cooperatives and other collective enterprises own and manage business enterprises. Also it supports the BB-BEE Act objectives of empowering local and rural communities.

Corporate Fund

This fund is designed to improve access to BEE capital and has three products. These products provide capital to Black owned and managed enterprise, black entrepreneurs who are buying equity shares in established white owned enterprises, project finance and BEE businesses that are or with to be listed on the JSE. Funding ranges from R5m to R100m.

a. Acquisition Finance

This product is for BEE applicants seeking to buy equity in existing businesses and provides funding from R5m to R100m

b. Project Finance

This product provides capital of R5m to R25m per project for BEE seeking to participate in medium sized green-fields projects with total funding requests of between R10m and R200m

c. Expansion Capital

NEF will provide funding of R5m to R100m to entities that are already black empowered, but seek expansion capital to grow the business.

Funding criteria

The NEF funds entrepreneurial individuals and groups that further BB-BEE in South Africa. The merits of your application for funding will be qualified in terms of:

- Commercial viability of the project
- Compliance with all relevant laws and regulations
- Black managerial and operational involvement
- Percentage of black ownership or interest
- Return on investment
- Job creation
- Geographic location of business (rural/urban/disadvantaged area)
- Black women empowerment
- Community involvement



- Possibility of co-funding (private or public sector).

Once your application has been received it will be entered into a deal-flow pipeline when it has fulfilled the mandatory requirements and it will go through various processes towards final approval and disbursement of the funds. Application forms can be downloaded on the NEF website.

Provincial Development Funds

Most of the provinces have their own development funds. Use this listing to contact them directly for more information.

KWAZULU-NATAL

ITHALA DEVELOPMENT FINANCE CORPORATION

Ithala is active across the development spectrum within the province of KwaZulu-Natal and a key activity is the facilitation of tourism investment in the province.

EASTERN CAPE

EASTERN CAPE DEVELOPMENT CORPORATION (ECDC)

The ECDC's primary objective of the ECDC is to facilitate and support private sector development in the Eastern Cape Province.

ECDC offers a range of professional services to achieve this through the:

- Expansion of existing business;
- Creation of new business;
- Expansion of existing markets;
- Development of new markets; and
- Advocacy and lobbying for a conducive business environment.

ENTERPRISE DEVELOPMENT SERVICES UNIT

The Enterprise Development Service Units exist to facilitate enterprise development within ECDC and with relevant stakeholders through providing non-financing services in order to advance the development of the SME sector in the Eastern Cape.

The primary programmes are:

- Arts and crafts development and support programme
- Contractor development and support programme which focuses on emerging contractors in the construction industry
- Development of a network of service providers who can assist with:
 - * Skills development
 - * Consultancy and advisory services
 - * Information technology support
 - * Product and market development
 - * Business linkages
 - * SME policy support.

What are the costs?

The Unit outsources support to SMEs to services providers and may subsidise their services according to a set formula that is guided by the following:

- Value of the service



- Turnover of the SME
- Structure of the company
- Number of times ECDC has assisted the SME
- Financial profile of the SME.

The Unit will assist with close corporation registration at a nominal fee.

What do I need to apply?

Clients need to be registered on the BDS Unit's database through completing the SME Data Input Form, which is available from all ECDC offices. Individuals and companies seeking assistance need to comply with regulatory frameworks in the country. The BDS Unit will assist with compliance where needed.

How do I apply?

1. Requests for BDS Unit support maybe submitted in writing at any of the offices
2. Due to the broad range of requests for assistance, the BDS Unit staff will request the supporting documentation required
3. Before facilitating any interventions, a complete diagnosis of the business will be performed to identify areas that need attention as well as success areas that need to be focused on
4. The BDS Unit staff will then identify and contract business service providers to assist.

What is considered during the evaluation?

If the Unit engages with a business at the start up phase then it will consider the feasibility of the business and look at whether the entrepreneur can turn his/her ideas into an established service / product. The stage includes a plausibility check which interrogates what the business is bringing to the market, what need in the market it satisfies and what other facilities exist to cater to those market demands. It will also assist the entrepreneur to develop a plan of starting the business and facilitate access to services and resources needed to execute the plan and project manage the process of establishment.

With emerging businesses the BDS Unit diagnoses and identifies what will enable profitable growth of the business. Based on this it would in conjunction with the business owners develop and agree on a plan of action, facilitate access to services and resources needed to execute the growth plan and project manage the work plans. If the BDS Unit is approached to assist an expanding business it will explore with it, different growth strategies which could include the need for new technologies; access to finance or reaching markets in other areas. It assists under performing companies to identify causes for the less than satisfactory results.

ENTERPRISE FINANCE UNIT

The key purpose of the Enterprise Finance Unit is to facilitate access to finance for small, medium and micro enterprises (SMMEs) as well as to facilitate access to financial services for SMMEs particularly in the developmentally challenged areas of the Eastern Cape province.

In terms of the Unit's lending philosophy, key criteria for lending are:

- Adequate management ability or capacity
- A viable business proposal or business venture.

The Unit particularly supports transactions in the construction, agro-processing, commerce, tourism, manufacturing and services sectors, although not limited to these sectors.

The Business Finance Unit offers a range of innovative enterprise financing products to facilitate SMME development. These include the contract finance programme which supports government's huge public works

drive to meet infrastructure backlogs in parts of the province, and create jobs at the same time (R3 billion is envisaged per annum for the next five years).

The enterprise finance programme supports viable projects and start-ups with development impact

- Financial
Loans for business plans and for pilot projects
- Non-financial
Facilitation - this involves linking people with other services and is regarded a key service of the unit
- Advice.

What are the costs?

- Interest on loans disbursed
- A Project Development Fee of 2% on capital requirements for large projects depending on ECDC's involvement is levied.

What do I need to apply?

- A viable idea
- The Project Development Unit prefers to work with entrepreneurs who have already developed a business plan.

How do I apply?

- Provide a business plan or at least a concept document to the Unit
- If this demonstrates a viable idea but the applicants need business skills development then the Unit utilises the services of the Enterprise Development Services Unit, or if the applicants need assistance with accessing markets then the Trade Promotion Unit will assist.

What is considered during the evaluation?

- Viability and sustainability
- Management skills
- Due diligence investigation findings.



FINACIAL CONTACTS		
Other Offices	Tel/ Fax Number	E-mail address
Butterworth	Tel: +27(0)47 401 2700 Fax: +27(0)47 491 0443	mbuhe@ecdc.co.za
Umtata	Tel: +27(0)47 501 2200 Fax: +27(0)47 532 3548	udaniels@ecdc.co.za
King Williams Town	Tel: +27(0)43 604 8800 Fax: +27(0)43 642 4199	www.ecdc.co.za
Port Elizabeth	Tel: +27(0)41 373 8260 Fax: +27(0)41 374 4447	zmhlope@ecdc.co.za
Queenstown	Tel: +27(0)45 838 1910 Fax: +27(0)45 838 2176	lmoses@ecdc.co.za

GAUTENG

GAUTENG ENTERPRISE PROPELLER

The Gauteng Enterprise Propeller (GEP) is a provincial government agency established under the auspices of the Department of Finance and Economic Affairs to provide non-financial support; financial support; and co-ordinate stakeholders for the benefit of Small, Medium and Micro Entrepreneurs (SMME's) in Gauteng. It offers entrepreneurs sectoral knowledge assistance tailored to suit the business needs either through a full time specialist or carefully selected and accredited service providers. The support programmes caters for business in the manufacturing, service and commercial sectors of the economy.

Criteria for qualification:

- Preference will be given to black owned and managed enterprises
- Own contribution as negotiated towards project cost
- Registered with relevant statutory body
- Tax clearance certificate
- Reside in Gauteng.



Integrated Tourism Entrepreneurship Support Programme (ITESP)

The ITESP is a partnership between Cape Town Routes Unlimited, Department of Economic Development and Tourism and the Development Bank of Southern Africa. The main aim of the ITESP is to provide integrated support to tourism SME's including access to capital, access to skills and access to markets. The programme will link SME's with mainstream tourism businesses.

How to access the Programme

- Through Accredited agents who will submit applications on a case-by-case basis.
- Through the Department's mentorship programme
- Through referrals from the Real Enterprise Development project of the Department of Economic Development.



LIMPOPO

LIMPOPO BUSINESS SUPPORT AGENCY

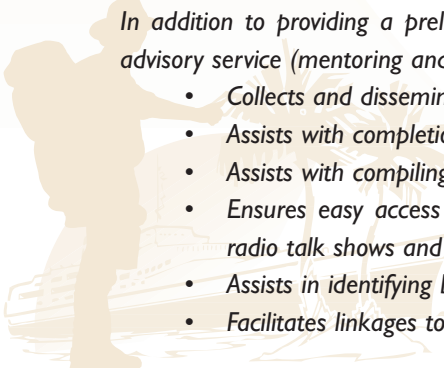
The establishment of Limpopo Business Support Agency (LIBSA) in 1999 was the directive of the Department of Economic Development, Environment and Tourism to develop and promote SMMEs and Co-operatives in Limpopo Province.

Business Information Dissemination

LIBSA utilizes a range of distribution mechanisms to disseminate information to its wide spectrum of clients. These include:

In addition to providing a preliminary feasibility analysis of business ideas and offering a general business advisory service (mentoring and counseling), LIBSA also:

- Collects and disseminates tender information
- Assists with completion of tender documents
- Assists with compiling business plans & profiles
- Ensures easy access to essential business development-related (via seminars, workshops, forums, radio talk shows and special business days)
- Assists in identifying business opportunities
- Facilitates linkages to business markets



- Facilitates access to finance
- Facilitates the establishment of manufacturing incubation centres
- Support and develop co-operatives.

LIBSA also offers Basic Business Training:

- Basic Bookkeeping
- Business Management
- Financial Management
- Project Management
- Practical Marketing
- Costing and Pricing.



FREESTATE

FREE STATE DEVELOPMENT CORPORATION

The Free State Development Corporation (FDC) is a statutory organization established in terms of the Free State Development Corporation Act 6 of 1995. The mandate of the FDC is to establish and develop sustainable SMME's in the Free State Province by providing both Financial and non-financial services.

The FDC provides equity in businesses that lack collateral but have the potential for growth and profitability.

The corporation also provides business subsidies tailored for needs of emerging entrepreneurs, such as rental rates.

Business Development services provided by the corporation include, but not limited to:

- Training
- Mentoring and Coaching
- Turnaround Services
- Market Access.

HEAD OFFICE	LEJWELEPUTSA OFFICE	SATELITE OFFICE
FDC House 111 Zastron Street Westdene P.O. Box 989 Bloemfontein 9300 Tel: 051 400 0800 Fax: 051 447 0929	Ground Floor Elizabeth House Elizabeth Street Welkom 9460 Tel: 057 357 5326 Fax: 057 357 5029	Botshabelo Office 35 Orange Street Botshabelo 9781 Tel: 051 534 1101/2/3 Fax: 051 534 1104
THABO MATUTSANYANA OFFICE	XHARIEP OFFICE	THABA NCHU OFFICE
357 Clubview Phuthaditjhaba P.O. Box 13901 Witslehoek 3870 Tel: 058 714 0060 Fax: 058 714 0071	398 Booysen Street Madikgetla Trompsburg 9913 Tel: 057 713 0342/3 Fax: 086 690 8989	102 Manyane High Way Seloshesha Thaba Nchu 9780 Tel: 051 873 2476 Fax: 051 873 3402



4. Now that I am up and Running...

4.1. On-going Business Support

Unfortunately, most new businesses fail within their first three years of operation. It is important to make use of all available assistance to ensure your success. Khula, through the Thuso Mentorship Programme, assists by paying for the services of an experienced adviser for a period of 3 months from the granting of a loan. This is subject to a contract being drawn up between Thuso and the Mentor, stipulating the objectives of mentorship with a time scale for delivery. For full information on Khula and contact details, go to page 28.

The Franchise Advice and Information Network

One business model that has become quite popular in South Africa is that of a franchise. Buying a franchise means that you have the right to use the name and copy the business model of an existing business. Wimpy, Kentucky Fried Chicken and SAA City Centre are all examples of a franchise, where each branch is independently owned.

4.2. Marketing your Business

Marketing your Tourism Business

Once you have your tourism business up and running you will need to attract customers and keep them. All tourism companies – from small guesthouses to large hotel groups with their own marketing departments – market themselves in one way or another.

What is Marketing?

So what do we mean by marketing? Usually one thinks of advertising or brochures. These are the visible aspects of marketing. But there is more to marketing than just advertising and brochures, it's a whole range of activities designed to identify and satisfy customers.

Marketing is not a once-off activity to solve business problems. It is a process and should be part of your everyday business activities. Marketing really has to do with:

- creating something which potential customers want
- offering your product in a place which is convenient and attractive to customers
- offering your product at a price which is reasonable and fair
- letting potential customers know about your product through the many forms of communication
- attending local and international exhibitions

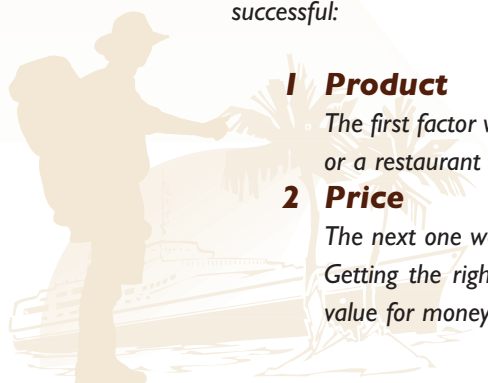
The marketing mix looks at the four main factors that need to be considered to make your business successful:

1 Product

- The first factor we call product. For example this may be a room at your guesthouse, a tour, or a restaurant meal. It is what people want to buy, that meets their specific needs.

2 Price

- The next one we call price which is one that people are prepared to pay for your product. Getting the right price is crucial. A reasonable price is one in which offers the customer value for money (VFM).



3 Place

The third factor is place which means that the product has to be accessible and available to customers so that they can actually buy it.

4 Promotion

The fourth 'P' of your marketing mix is promotion. Once you have the right product, at the right price and in the right place, you need to promote it. You must let your customers know that you have a product ready to be purchased.

Like good cooking, successful marketing mixes the ingredients together in the right proportions. It does not mean there is always a fixed recipe. At different times the marketing mix needed will be different. You will need to make decisions about your product, place, price and promotion.

Your Target Markets

The key to successful marketing of your business is to identify your customer's needs and wants. It is important to identify who will buy your products or services.

Your customers may...

- be of similar age
- have similar levels of income
- have similar lifestyles
- be in certain geographical areas

By examining your potential customers you will see that they can be grouped together. These are called target markets. Your target market is the people you are actually trying to attract to your business. As a small business you will need to focus on specific segments of the market, as you are unable to offer all things to all customers. What is your unique selling proposition (USP)? Ask yourself – what makes you different from your competitors? USPs tell the customer something about the product that makes it superior to the competition.

Promotion

Having established who your customers are and what they want, you must use different promotional tools to let them know that your business exists. There are various tools which are available to promote your business. Some are more suitable than others. The secret is to choose those tools which are likely to be the most effective.

People will not buy your product the first time they hear about it. You must try to make the promotional message interesting. One of the most common methods used to make sure that your promotion is effective is a formula known as AIDA. This stands for:

Attention- getting the attention of a potential consumer – the use of colours, humour, photographs and so on

Interest- the content of the advertisement must keep the customer's interest

Desire- the advertisement should create desire in customers to buy your products

Action- the last stage of AIDA is to show your customers how they can actually go about buying your product – in other words, action.

There are a number of different ways to promote your product, including:

Advertising

Advertising for a small business can be an expensive promotional tool. However, it may be necessary for you to carry out some level of advertising to increase potential awareness of your business.

Advertising comes in many forms, such as television, radio, posters, newspaper and magazines.

Public relations/publicity

Getting a mention in the press can be a valuable promotional tool. PR activities are cheaper and more credible than advertising. This tool is effective for building a good buzz around you and it is great for reassuring customers. Plus, there is nothing more satisfying than reading a good write-up in a local or national newspaper about your own business. Invite local radio or TV journalists to experience your product.

Brochures and leaflets

If you do not have the funds to produce a brochure or leaflet professionally then you can use a computer software package to do them yourself. However, it is worth spending money on this communication tool to produce a professional looking brochure. When devising your brochure keep it short and simple. When preparing a brochure you should be sure to include the following information:

- a description of your company
- description of local area
- directions to get there – if space permits include a map
- facilities available at the company
- any accolades/awards that you have won
- photographs of facilities/premises
- contact details (email address, telephone and fax numbers, website and physical addresses).

Including prices on your brochures can limit the length of time you are able to use these brochures. Often companies include a separate rate sheet, so that if prices change you do not have to reprint the entire brochure.

Internet marketing

You should think carefully about why you want to put your business online. Developing a website will not instantly create sales for your business; only build a website if you really need one and if so, do not spend a fortune on it. Needless to say that the Internet is great for providing information about your business, although it is not so good for directly selling your products. In a way this is good news for small tourism businesses. It is relatively cheap to create a simple website for your business. Your business website should:

- provide as much information as possible
- provide a brief description of what your business does
- include a list of products and services you offer.

Exhibitions and trade shows

There are tourism exhibitions and trade shows all over the world, such as Indaba, ITB and WTM. You can also contact South African Tourism for a list of other exhibitions. Exhibiting at shows provides a great opportunity to showcase your business and increase sales. However, you must decide if the trade show is appropriate and worthwhile attending or exhibiting at.

Networking

Networking – or ‘Notworking’ as it is sometimes called, is the art of mingling with potential customers and suppliers at an event. Be sure to be active in your community by attending all tourism product-related launches, local business clubs, tourism industry forums, talks and conferences. You should also consider attending local tourism association meetings.

Remember to have your company listed on your province’s database to ensure invitations.

Sales promotions

Sales promotions are short-term activities intended to encourage interest in your products and business. Perhaps you might decide to offer discounts or gifts such as a free tour, or a bottle of wine.



Remember you can also contact DEAT, your province and TEP for assistance.

Price reductions, entry to competitions, 'two for the price of one' are other examples of sales promotion activities.

Personal selling

It is very important that you learn how to sell your business. Tourism is a people-oriented business and you need to be a visible part of your business.

Direct marketing

Direct marketing activities include mail shots, telephone selling and/or door-to-door. You will need to get a list of potential customers. Obtaining this mail list can be expensive for a start-up business. Direct marketing also includes leaflets which can be distributed by hand, post or inserted in magazines or local newspapers. Leaflets are a useful way of passing on your message to potential customers.

Letterheads and business cards

Make it easy for customers to communicate with you. Provide minimal information on your business cards and letterheads including:

- your name - address of property - telephone/fax number
- email address - logo
- Business cards are relatively inexpensive to produce and are an effective marketing tool as customers spread them around to friends, family and colleagues. Make sure you carry a handful of business cards with you at all times to pass out to potential customers especially when attending trade shows and events.

EXPORT MARKETING AND INVESTMENT ASSISTANCE (EMIA)

The purpose of assistance under the EMIA scheme is to partially compensate exporters for costs incurred in respect of activities aimed at developing export markets for South African products and services and to recruit new foreign direct investment into South Africa.



Remember that all the Provincial Tourism Authorities offer some form of marketing assistance. Contact them directly for more information.

EMIA Schemes

1. Primary Export Market Research and Foreign Direct Investment Research Scheme

Assistance is provided to partially compensate exporters for costs incurred:

- In developing new exporting markets (PMR-Primary Market Research trip) and / or
- Cost incurred in recruiting new Foreign Direct Investment into South Africa through personal contact by visiting potential investors in foreign countries. (FDI-Foreign Direct Investment Research)

2. Individual Inward Bound Mission

Assistance is provided to South African entities organising an inward buying / investment mission to enable a prospective buyer/investor to make contact with them to conclude export orders or attract foreign direct investment

3. National Pavilions

Trade and Investment South Africa participates in selected trade fairs and exhibitions abroad by means of National Pavilions. Assistance is therefore provided to qualifying South African exporters to introduce South African products into foreign markets by participating in suitable foreign exhibitions in a cost effective manner



4. Individual Exhibitions and Instore Promotions

Assistance is granted to individual exporters to exhibit products at recognised exhibitions abroad where Trade Investment South Africa does not provide for a national pavilion

5. Outward Selling Trade Missions

Assistance is provided to South African exporters who wish to make contact with foreign buyers with a view to conclude new export orders

6. Outward Investment Recruitment Missions

Assistance is provided to South African enterprises participating in Outward Investment Missions with a view to encourage and attract foreign direct investment into South Africa

7. Inward Buying Trade Missions

Assistance is provided to organisers of inward buying trade missions to enable prospective buyers to make contact with South African exporters to conclude export orders. The group mission must be organised by a qualifying organisation, export council or Trade Investment South Africa

8. Inward Investment Missions

The purpose of the scheme is to provide assistance to organisers of Inward Investment Missions to facilitate foreign direct investment into South Africa

9. Sector Specific Assistance

Assistance is provided to specific industry sectors with the objective of:

1. Developing new export markets
2. Broadening the export base
3. Stimulating the participation of SME's in the export sector, promoting black economic empowerment (BEE) and woman empowerment (WE), with the use of backward linkages as an instrument to achieve the above
4. Increase job creation as a result of the above objectives.

Who Qualifies for the Schemes

- South African manufactures of products including SMME, HDI and other owned businesses who are registered with the South African Revenue Services;
- South African export trading houses
- South African commission agents representing at least three SMMEs or HDI owned businesses
- South African Export Councils, Industry Associations and Joint Action Groups representing at least five (5) South African entities.
- Entities/division/subsidiaries forming part of a group, joints venture or partnership will qualify for EMIA assistance at the absolute discretion of the Senior Manager: EMIA.
- Entities that are outsourcing their manufacturing process will only qualify on submission of:
 - * Formal outsourcing agreement/s between the company and the manufacturer / s or
 - * Other proof substantiating that the entity is the legal owner of the product / design or patent.

Financial assistance to services industries is limited to **the dti's** Priority Services sectors as outlined below:

- Capital equipment services
- Consulting engineering contractors
- Civil engineering contractor
- Pre-qualified Tourism services
- Pre-qualified ICT services
- Business Process Outsourcing services.

Please note that the dti updates the rules governing the various schemes on a bi-annual basis



CONTACT DETAILS:

For more information
The dti customer care centre:
0861 843 384
Or visit their website:
www.thedti.gov.za

4.3. Training

THETA

THETA, the Tourism, Hospitality and Sport Education and Training Authority is the Sector Education and Training Authority (SETA) established under the Skills Development Act (No 97 of 1998) for the Tourism Hospitality and Sport Economic Sector.

SETA's main function is to contribute to the raising of skills – to bring skills to the employed, or those wanting to be employed, in their sector. SETA's do this by ensuring that people learn skills that are needed by employers and communities.

Although THETA themselves do not provide training, you can reach accredited trainers registered with THETA. Other academic institutions such as hotel schools and universities also provide courses which are registered with the South African Qualification Authority (SAQA).

Black Business Suppliers Development Programme (BBSDP)

BBSDP is a cost sharing grant scheme whereby financial support is granted to private sector firms involved in manufacturing, service and retail industries. It can provide grants to a maximum of R100 000 per eligible firm over the life of the BBSDP.

In order to qualify for BBSDP grant, a business must comply with the following requirements:

- Majority of shares must be black owned
- Its management team must be predominantly Black
- It must have a turnover not exceeding R12 million
- It must be operating and trading for more than one financial year
- It must exhibit good growth potential
- It must comply with statutory requirements (e.g. registered with SARS and provide a Tax Clearance Certificate).

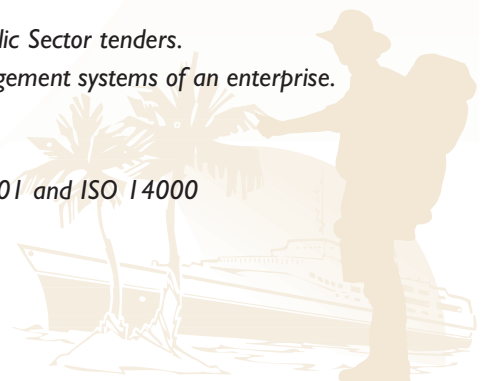
NB. Businesses operating in any sector of the economy can apply for a BBSDP grant.

ELIGIBLE PROJECTS

Eligible projects should aim at enhancing the sustainability of a business through competitiveness, capacity building and productivity improvement.

Projects that qualify for BBSDP grants may be classified into one of the following four categories:

1. Projects aimed at upgrading the capability of the management team of the enterprise through generic management training programmes. Examples of such training programmes are:
 - Executive Management Development Programmes
 - Finance for Non Financial Managers
 - Preparation of bids for Corporate and Public Sector tenders.
2. Projects aimed at improving the effectiveness of the management systems of an enterprise. Examples of such projects are:
 - Production planning and Control Systems
 - Quality Improvement Systems, e.g. ISO 9001 and ISO 14000
 - Financial Management Systems
 - Human Resources Management Systems
 - Long term business planning
 - Productivity Improvement.



3. Projects aimed imparting specialized, enterprise specific skills to employees. Examples are:
 - welding courses, computer maintenance and repair.
4. Projects aimed at assisting entry of the business into targeted markets
 - Development of Marketing plans
 - Design and limited printing of Marketing materials
 - Web Site design etc.

ELIGIBLE EXPENDITURE

The BBSDP will offer a cost-sharing grant on a 80 – 20% basis, meaning that the BBSDP would offer grant assistance to cover 80% of the enterprise training cost and the enterprise would contribute 20% of the cost. The maximum grant that can be offered by the BBSDP is R100 000.00 (One Hundred Thousand Rand) for example:

If the BBSDP approves a project whose total cost is R125 000.00 the grant will be calculated as follows:

R125 000.00 X 80% = R100 000.00 BBSDP GRANT

A enterprise can apply for multiple projects provided that the accumulative grants awarded to the enterprise does not exceed R100 000.00

The following expenditures are not eligible for BBSDP cost sharing grants:

- Rent, staff and hardware costs
- Capital and working capital investment
- Any activity that is already funded by another government scheme or parastatal or that receives any other financial support from an entity other than the business.

HOW TO APPLY FOR FUNDING

- Submit a completed application form
- Submit a detailed business plan (5 to 6 pages)
- Submit a Valid Tax Clearance Certificate
- Provide 3 proposals and quotations for each activity you are applying for as well as 3 company profiles of the services providers.



5. Useful Information

5.1. Trade Associations and Tourism Organisations or Bodies

ASATA

The Association for South African Travel Agents (ASATA) was formed on 4 September 1956. Its founders created a representative forum in the industry to promote professional service with security for both members and their clients.

ASATA's emphasis is on free trade without violating rules and regulations.

Accordingly we have entrenched a Constitution and Code of Conduct that self-regulate our industry and provide the consumer with protection and peace of mind.

DBSA

The Development Bank of Southern Africa (DBSA) is southern Africa's premier infrastructure development finance institution. The DBSA envisions an empowered and integrated southern African region free of poverty, inequity and dependency. Towards this end, the DBSA seeks to be a leading change agent for socio-economic development and economic integration in southern Africa, and a strategic development partner to the wider African region south of the Sahara.

FEDHASA

The Federated Hospitality Association of South Africa (FEDHASA) is a non-profit association and has for the past 53 years represented the hospitality industry at local, provincial and national Government level. FEDHASA currently has the expertise of a legislative consultant continuously researching proposed and new legislation and advising members of the impact thereof. FEDHASA's membership is accommodation establishments and restaurants.

FTTSA

Fair Trade in Tourism South Africa (FTTSA) is an independent project of IUCN (World Conservation Union) South Africa that seeks to facilitate improved access to tourism markets for structurally disadvantaged tourism enterprises. Qualifying businesses will be able to use the FTTSA Trademark as a marketing tool. FTTSA will thus be able to recognise and incentivise good practice by the tourism mainstream, while simultaneously linking emerging and/or small-scale enterprises to Fair Trade oriented consumer markets and business intermediaries (e.g. tour operators).

NAA-SA

The National Accommodation Association of South Africa (NAA-SA) is a national association, which brings together all local and provincial accommodation associations, looking after the smaller establishments. NAA-SA membership assures those looking for accommodation in smaller establishments that they can expect quality, reputable service and value for money - and recourse if this is not the case.

SAACI

The Southern African Association for the Conference Industry (SAACI) was established in 1987. The Association is dedicated to maintaining and improving the standards of efficiency and professionalism for the conference industry in Southern Africa.

SAT

South African Tourism (SAT) is the official international marketing organisation for the marketing of South Africa as a tourist destination. South African Tourism participates in travel shows, presents workshops for members of the travel trade, produces a variety of promotional material and initiates and co-ordinates marketing campaigns to create a positive marketing climate for the effective

marketing of South Africa's many excellent tourism products.

SATSA

Southern Africa Tourism Services Association (SATSA) is a non-profit member driven association, representing the major players and principles including airlines, coach operators, tour operators, accommodation establishments, vehicle-hire companies, attractions, conference organisers and related marketing organisations. SATSA strives to set standards in the tourism industry so that those who belong to SATSA demonstrate credibility, stability and integrity as well as providing peace of mind for those who seek to do business with companies approved as members to bear the SATSA logo.

TBCSA

The Tourism Business Council of South Africa (TBCSA) is the umbrella organisation representing the tourism business sector involved in tourism. The TBCSA was established in February 1996 by leading tourism businesses. Its primary purpose is to engage with all stakeholders in developing macro strategies that create an enabling environment for tourism development. The TBCSA does not replace the trade associations. Trade associations, representing their own interest groups and functions, are members of the TBCSA.

TGCSA

The Tourism Grading Council of South Africa was established by the Minister of Environmental Affairs and Tourism in September 2000 together with tourism industry members. The purpose of the Grading Council is to create a star grading system which leads to an overall improvement and maintenance of standards, service and quality across all areas of the tourism industry. The National Star Grading scheme gives guests the confidence that they will get good quality products and service from a star graded establishment.

THETA

The Tourism, Hospitality and Sport Education and Training Authority (THETA) is the Sector Education and Training Authority (SETA) established under the Skills Development Act (No 97 of 1998) for the Tourism Hospitality and Sport Economic Sector.

TISA

Timeshare Institute of Southern Africa (TISA) is a Cape Town based Trade Association representing the timeshare and resort development industries of southern Africa. It is TISA's mission to foster and promote the growth of the industry in southern Africa and to serve both the general public and its members through education, mediation, public relations, communication, legislative information and enforcement of a Code of Conduct.

5.2. Provincial Support and Contact Details

SMMEs can seek assistance within their provinces through either the Department of Economic Affairs and Tourism or the provincial tourism authority. These provincial authorities would assist with:

Training & Accreditation:

- Capacity building
- Skills development
- Tour guide training / upgrading and registration
- Mentoring and business skills development
- Business plan writing.

Exhibitions:

- Assistance with travel and accommodation for local, national and international exhibitions
- Participation in other national initiatives like the Welcome Host programme.



Marketing Assistance

Business Linkages:

- Businesses are actively linked to other support services and structures existing throughout the province.

PROVINCIAL CONTACT DETAILS:	
EASTERN CAPE - EASTERN CAPE TOURISM BOARD	FREE STATE - DEPT. TOURISM, ENVIRONMENTAL & ECONOMIC AFFAIRS
Keketso Kotsile Tel: (043) 701 9629 Fax: (043) 701 9622 Email: keketso@ectourism.co.za Website: www.ectourism.co.za	Mr Mfundo Ngcanga or Mr. Trevor Sibeko Tel: (051) 400 9548 Fax: (051) 400 9553 Email: mfundo@ttea.fs.gov.za or sibeko@ttea.fs.gov.za Website: www.freestatetourism.gov.za
GAUTENG - GAUTENG TOURISM AUTHORITY (GTA)	KWAZULU NATAL - TOURISM KWAZULU NATAL
Mr Thabo Masemula Tel: (011) 639 1600 Fax: (011) 639 1700 Email: thabom@gauteng.net Website: www.gauteng.net	Mr Thomas Mathibela Tel: (031) 366 7525 Fax: (031) 305 6693 Email: thomas@zulu.org.za Website: www.zulu.org.za
LIMPOPO - LIMPOPO TOURISM PARKS & BOARD	NORTHERN CAPE - DEPT. ECONOMIC AFFAIRS AND CONSERVATION
Mr Xolani Mthethwa or Mrs Fulufhelo Simeroni Tel: (015) 290 7300 Fax: (015) 291 4140 Email: xolani@golimpopo.com or fulufhelos@golimpopo.com Website: www.golimpopo.com	Yoliswa Sehloho Tel: (053) 807 7300 Fax: (053) 807 7367 Email: ysehloho@ncpg.gov.za Website: www.northern-cape.gov.za
MPUMALANGA - MPUMALANGA TOURISM & PARKS AGENCY	NORTH WEST - NORTH WEST PARKS & TOURISM BOARD
Ms Zandile Mkhathwa Tel: (013) 752 7001 Fax: (013) 752 7012 Email: zandilem@mtpa.co.za Website: www.mpumalanga.com	Ms Aggie Moheta or Mr Jeff Mabunds Tel: (018) 397 1500 Fax: (018) 386 1158 Email: amoheta@nwptb.co.za or Email: jmabunda@nwptb.co.za Website: www.tourismnorthwest.co.za
CAPETOWN - CAPE TOWN ROUTES UNLIMITED	
Mr Linda Mase Tel: (021) 487 4875 Fax: (021) 487 4802 Email: linda@tourismcapetown.co.za Website: www.tourismcapetown.co.za	



5.3 Contact Directory

ORGANISATION	TELEPHONE	FACSIMILE	WEBSITE
Association for South African Travel Agents (ASATA)	(011) 327 7803	(011) 327 7827	www.asata.co.za
Bed & Breakfast Association of South Africa (BABASA)	082 239 2111	086 602 8521 Please ask for fax	www.babasa.co.za
Black Business Suppliers Development Programme (BBSDP)	0861 843 384	0861 843 888	www.dti.gov.za
Cape Technikon	(021) 419 2833	(021) 419 2706	www.ctech.ac.za
Cape Tourism	(021) 426 5639	(021) 426 5640	www.capetourism.org
Community Public Private Partnerships Programme (CPPP)	(011) 313 3065	(011) 313 3670	www.cppp.org.za
Department of Environmental Affairs & Tourism (DEAT)	(012) 310 3911	(012) 322 7496	www.deat.gov.za
Department of Trade and Industry (the dti)	(012) 310 1029 (012) 310 9945 (012) 310 1017	(012) 322 0011	www.dti.gov.za
Development Bank of Southern Africa (DBSA)	(011) 313 3269 (011) 313 3911	(011) 313 3533	www.dbsa.org
Eastern Cape Development Corporation (ECDC) Head Office - East London Butterworth Queenstown Umtata Port Elizabeth	(043) 704 5600 (047) 491 4151 (045) 838 1910 (047) 501 2200 (041) 373 8260	(043) 743 8429 (047) 491 0443 (045) 838 2176 (047) 532 3548 (041) 374 4447	www.ecdc.co.za
Eastern Cape Tourism Board	(043) 701 9600	(043) 701 9649	www.ectourism.org.za
Federated Hospitality Association of South Africa (FEDHASA)	(011) 706 0172	(011) 706 9825	www.fedhasa.co.za
Field Guides Association of Southern Africa (FGASA)	(011) 782 8296	(011) 782 9857	www.fgasa.co.za
Free State Department of Economic Affairs & Tourism	(051) 447 7788 / 5	(051) 400 4811	www.freestatetourism.fs.gov.za
Gauteng Tourism Authority	(011) 639 1600	(011) 639 1700	www.gauteng.net
Government Communication and Information System (GCIS)	(012) 314 2911	(012) 325 2030	www.gcis.gov.za
Industrial Development Corporation (IDC) (Tourism Business Unit)	(011) 269 3509	(011) 269 3709	www.idc.co.za
International Marketing Council (IMC)	(011) 483 0122	(011) 483 0124	www.imc.org.za
Ithala Development Finance Corporation	(031) 907 8812	(031) 907 5685	www.ithala.co.za
Khula Enterprise Finance	Toll free: 0800 11 88 15	(011) 315 7436	www.khula.org.za
Limpopo Department of Economic Development & Tourism	(015) 295 3581	(015) 295 3590	www.libsa.org
Limpopo Tourism and Parks	(015) 298 7000	(015) 291 2520	www.golimpopo.com
Mice Club (Meetings, Incentives, Conferences & Exhibitions)	(011) 791 6948	(011) 791 6948	www.miceclub.co.za
Mpumalanga Provincial Government	(013) 766 4180	(013) 766 4614	www.mpu.gov.za
National Accommodation Association (NAA)	(031) 561 3795	(031) 561 2088	www.naa.co.za
National Empowerment Fund (NEF)	(011) 731 9000	(011) 447 4859	www.nefcorp.co.za
National Roads Agency (NRA)	(012) 426 6000	(012) 362 2117	www.nra.co.za
North West Parks & Tourism Board (NWP&TB)	(014) 555 5355	(041) 555 5525	www.tourismnorthwest.co.za
Northern Cape Department of Economic Affairs & Tourism & Conservation	(053) 807 7300	(053) 807 7367	www.northern-cape.gov.za
SA Tourism (SAT)	(011) 895 3000	(011) 895 3001	www.southafrica.net
SEDA (Small Enterprise Development Agency)	(012) 428 5000 Call Centre: 086 010 3708	(012) 428 5142	www.seda.co.za
South African Revenue Services (SARS)	National Call Centre: 086 012 1218		www.sars.gov.za
Southern Africa Tourism Services Association (SATSA)	(011) 886 9996 Call Centre: 086 127 2872	(011) 886 7557	www.satsa.co.za
Statistic South Africa (STATS SA)	(012) 310 8911/8600	(012) 310 8500	www.statssa.gov.za
Timeshare Institute of Southern Africa (TISA)	(011) 805 4918	(011) 805 4919	www.tisa.co.za
Tourism Business Council of South Africa (TBCSA)	(012) 654 7525	(012) 654 7394	www.tbcsa.org.za

Organisation	Telephone	Facsimile	Website
Tourism Enterprise Partnership (TEP)	(011) 718 2000	(011) 483 0049	www.tep.co.za
Tourism Grading Council of South Africa (TGCSA)	(011) 895 3108	(086) 611 2405	www.tourismgrading.co.za
Tourism Hospitality and Sports Education & Training Authority (THETA)	(011) 803 6010 0860 100 221	(011) 803 6702	www.theta.org.za
Tourism KwaZulu-Natal	(031) 366 7500	(031) 305 6693	www.zulu.org.za
Tourism Marketing South Africa (TOMSA)	(012) 654 2660	(012) 654 7394	www.tbcsa.org.za/tomsa
Umsobomvu Youth Portal	(011) 651 7000 ext 310	(011) 805 9709	www.youthportal.gov.za
Western Cape Department of Economic Development & Tourism	(021) 483 4165	(021) 483 3018	www.capegateway.gov.za

5.4. Examples and Case Studies

5.4.1 Business Plan – Key Questions

1. What type of Business do I want to start?

Describe what type of tourism business you are starting e.g. tour operator, guesthouse etc.

2. Who will my customers be?

Who will you be servicing – local / international tourists, business people?

3. Where will my business be situated?

Where will your business be? Soweto, Kayamandi and say why this location is a good one. Do you have competitors in your area? What is the cost of rental/purchase of this property? Where will you purchase your stock from?

4. What product or service will I be offering?

Will you be providing accommodation and food or transport and tour guiding?

5. What equipment, transport or stock will my business need?

What will you require to operate? Microbus, beds, linen, computers, telephones, etc. What will these cost?

6. Where will I purchase my stock from?

Johannesburg – I'm situated in Soweto and this would be the nearest city to find all my required stock at the best price etc. What will these stock

Profit Margin			
Product	Selling Price	Cost Price	Product Profit Margin
Tour of Soweto	R250.00	R100.00	R150.00
Bed (accommodation)	R100.00	R50.00	R50.00
Breakfast	R50.00	R35.00	R15.00
Dinner	R70.00	R40.00	R30.00

5.4.2 Calculating Your Profit Margin

The above chart will allow you to predict how much you have to sell in order to cover your costs and make a profit.

Calculating Your Estimated Profit Margin

Estimated Profit Margin						
Product Margin	X1 Day	Calculation	X5 Days	Calculation	X20	Contribution to fixed Costs
Tour of Soweto R150	3	3 x R150.00 = R450.00	15	15 x R150.00 = R2 250.00	60	60 x R150.00 = R9 000.00
Bed (Accom)	6	6 x R50.00 = R300.00	30	30 x R50.00 = R1 500.00	120	120 x R50.00 = R6 000.00
Breakfast	6	6 x R15.00 = R90.00	30	30 x R15.00 = R450.00	120	120 x R15.00 = R1 800.00
Dinner	6	6 x R30.00 = R180.00	30	30 x R30.00 = R900.00	120	120 x R30.00 = R3 600.00
Totals		Per day: R1 020.00		Per week: R5 100.00		Per month: R20 400.00

5.4.3 SWOT Analysis of Thandi Mhlongo

Thandi's children have left their home in Thembisa, which leaves Thandi with two bedrooms to spare. Thandi thinks opening a Bed and Breakfast would be a good idea since she now has the space to offer. She has worked for a hotel in Sandton for many years as a housekeeper and so has some experience. Here is her SWOT analysis:

STRENGTHS	WEAKNESSES
<p>Worked in a hotel in Sandton as housekeeper</p> <p>Cooks well</p> <p>She interacts well with people and her English is quite good</p> <p>Her house is situated on a major bus route in her district</p> <p>She is expecting her pension payout which could be used as part of the capital</p>	<p>She has never run her own business</p> <p>She has never done administration</p> <p>She is not computer literate</p> <p>There is no prominent tourism hook in her district</p> <p>Needs capital to upgrade the bedrooms</p>
OPPORTUNITIES	THREATS
<p>Tourism Authority is marketing other townships</p> <p>Wetlands attract birdlife and is ideal for bird-watching</p> <p>Proximity to airport</p> <p>Brother working as taxi driver</p>	<p>Security</p> <p>Competition from more established townships</p> <p>Overcapacity of B&B's in Thembisa</p> <p>Complicated regulatory environment</p>

5.4.4 A Checklist to Start and Run your own Company

Courtesy of Business Partners - www.businesspartners.co.za

STAGES	MATTERS OF IMPORTANCE	SOURCES OF INFORMATION
PRE-PLANNING STAGE	Business plan	Business Partners website, Ntsika website books, magazines, local business service centres, family, friends, other business people
	Assessing a business opportunity	Business Partners consultants, Local Business service centres
	Researching the Market	
	Market size	Bureau of Market Research, Statistics South Africa, AMPS, Business publications, South African Tourism, DEAT
	Your competitors	Commercial and industrial directories, Chamber of Commerce directories
	Training	THETA, TEP
PLANNING AND ESTABLISHMENT STAGE	Business plan	Business publications
	Business name	Registrar of Companies and CCs
	Business entity	Registrar of Companies and CCs, Business Partners service centres
	Legal & licensing requirements	Local authorities, Liquor Board, Road Transport Board, RSC, etc
	The Marketing Plan	
	Demographics	Statistics South Africa, local authorities, South African Tourism, DEAT, Provincial Tourism Authorities
	Other statistics (size of market)	Bureau of Market Research
	Names and marketing strategy of competitors	Industry and Trade Federations and Associations, Bureau of Market Research, other marketing research bodies
	The financial plan	Accountants, Business consultants, ABSA
	The Management Plan	
	Staff structure	Department of Labour, consultants
INFORMATION	Staff policy	Human resources consultants, IPM
	Registration	Receiver of Revenue
	Working conditions	Department of Labour
	Benefits	UIF, Workmen's Compensation, medical aid brokers
	Administration and record keeping system	Business Partners consultants, Business Partners publications
	Production (productivity)	NPI, Business Consultants
	Technical	CSIR, Industry federations / associations
START-UP STAGE	The Location	
	Home	Local authority (town planning and health department)
	Retail premises	Estate agent, local authority, health department
	Office premises	Estate agent, Yellow Pages

STAGES	MATTERS OF IMPORTANCE	SOURCES OF INFORMATION
	Industrial premises	Business Partners, estate agent, factory inspector
	Telephone and post office box	Telkom / post office
	Water and electricity	Local authority
	Business entity	Registrar of Companies & CC
	Finance	Banks, Small Business Units, private sector, financing bodies, Business Partners, Industrial Development Corporation, Department of Trade and Industry
	Staff	Registration at Department of Manpower, UIF(Workman's Comp), Industrial Council, Receiver of Revenue, medical aid
	Tax	Registration as provisional taxpayer with Receiver of Revenue, VAT (register as a vendor)
	Insurance (life of owner and business)	Life insurance broker
	Specific trade or industry related information and membership	Chamber of Commerce, Department of Trade and Industry, federation or association
OPERATIONAL STAGE	Suppliers	Commercial and industrial directories
	Marketing and advertising	Newspapers, magazines, direct mailing, outdoor advertising co's, pamphlets, distributors, advertising on vehicles, cinemas, Yellow Pages etc
	Management	Business consultants
	Financial / administration / tax	Accountants, technicians, bookkeepers, tax consultants
	Technical	CSIR, specialist consultants, associations
	Staff	Institute of Personnel Management, human resource consultants, Department of Manpower, labour relations consultants
	Credit control	Information trust corporations, credit management organisations

5.5. Acronyms and Abbreviations

Shortened form of the following phrases	
ACSA – Airports Company of South Africa	ASATA – The Association of South African Travel Agents
BABASA – Bed & Breakfast Association of South Africa	BBSDP – Black Business Suppliers Development Programme
BDS – Business Development Support	BEE – Black Economic Empowerment
DBSA – Development Bank of Southern Africa	DEAT – Department of Environmental Affairs & Tourism
DTI – Department of Trade and Industry	ECDC – Eastern Cape Development Corporation
ECTB – Eastern Cape Tourism Board	FEDHASA – The Federated Hospitality Association of South Africa
GHASA – Guest House Association of South Africa	GTA – Gauteng Tourism Authority
HDE – Historically Disadvantaged Entrepreneur	IDC – Industrial Development Corporation
KISS – Keep It Short and Simple	LBSC – Local Business Support Centre
LTA – Limpopo Tourism and Parks	MICE – Meetings, Incentives, Conferences and Exhibitions
NAA – National Accommodation Association	NEF – National Empowerment Fund
NWP&TB – North West Parks & Tourism Board	PAYE – Pay As You Earn
PDI – Previously Disadvantaged Individual	PTO – Preferred Tour Operator
SARS – South African Revenue Services	SAT – South African Tourism
SATSA – Southern Africa Tourism Services Association	SBU – Small Business Unit
SMME – Small Medium and Micro Enterprise	STO – Standard Tour Operator
SWOT – Strengths, Weaknesses, Opportunity and Threats	TBCSA – Tourism Business Council of South Africa
TEO – The Enterprise Organisation	TEP – Tourism Enterprise Partnership
THETA – Tourism, Hospitality & Sport Education & Training Authority	TGCSA – Tourism Grading Council of South Africa
TKZN – Tourism KwaZulu-Natal	TISA – Timeshare Institute of Southern Africa
UIF – Unemployment Insurance Fund	TOMSA – Tourism Marketing South Africa
VAT – Value-added Tax	USP – Unique Selling Proposition

5.6. Quiz - Have I got what it takes to be an Entrepreneur?

Courtesy of ABSA

Before committing yourself to any business venture, you need ask yourself - do you have what it takes to become an entrepreneur?

Answer the following questions to find out if you have the essential traits to start a business, and to keep it going successfully. In each case, ring the letter opposite your choice, then consult the scoring table and analysis at the end of the questionnaire. The questions are based on the assumption that you are in a job and are considering starting your own business! If you are already in your own business, answer as if you were still in your last job.

THE ENTREPRENEURIAL PROFILE	
1. Does your family stand by you in everything you undertake? A Yes B No C Sometimes	2. Do you have the self-discipline to carry out less pleasant tasks when you would rather be doing something else? A Yes B No C Most of the time
3. Do you work in an organised and methodical manner? A Yes B No C Most of the time D Occasionally	4. Does it frustrate you if you are unable to buy the things you want? A Yes B No C Not often D Quite often
5. Can you find anything you need in your current work environment in under three minutes? A Yes B No	6. Are you happy in your current job? A Yes B No
7. Do you achieve best when you have someone managing or directing you? A Yes B No C Most of the time	8. In your current situation at work, do you keep your head down and get on with things or do you suggest innovative changes at various levels? A Make no suggestions B Always suggesting improvements C Often suggest changes D Hardly ever make suggestions
9. How do irritations like a noisy office, cramped working conditions and a poor neighbourhood affect what you achieve in a day? A Badly B Don't notice	10. Do you feel you are A Well paid? B Paid an average amount? C Underpaid?
11. Do you want to own your own business? A Yes, yes, yes! B No C Only if I can come up with a sure-fire idea D Umm...	12. Do you handle your personal finances well? A Yes, always carefully and diligently B No, I'm useless in that department C Most of the time D I try periodically but find it difficult to live within a budget
13. Do you achieve in non-work-related areas (e.g. sport debating, community initiatives)? A No B Yes C Occasionally	14. How seriously do you take your mistakes at work (even if you are only partly to blame)? A Very seriously B Lose no sleep over them
15. Are you a 'people person'? A Yes B No C I can take people in small doses	16. Do you plan your life (both working and personal)? A No, never B Yes, always C Seldom D Sometimes, if it seems important
17. Is the money you could make your prime reason for contemplating your own business? A Yes B No	18. How flexible are you in working life, i.e. if things become difficult do you adapt and complete your task? A No, I down tools B Yes, I adapt C I am a little flexible, depending on the circumstances
19. Do you feel you can shape your own destiny? A Yes B No	20. Do you like taking risks and calculated gambles? A No B Yes C If the odds are in my favour
21. Do you keep your head in a crisis? A Yes B No C Depends on the crisis	22. If good jobs were abundant would you still want your own business? A Yes B No

The Scoring

Now refer to the following scores and ring the letter you marked in the questionnaire. Then add up your score to find out whether you are suited to owning and running a business.

SCORE BOARD				
1. A - 4 B - 1 C - 2 D - 2	2. A - 1 B - 4 C - 3	3. A - 4 B - 1 C - 3	4. A - 4 B - 1 C - 2 D - 3	5. A - 4 B - 1
6. A - 2 B - 3	7. A - 1 B - 4 C - 2 D - 2	8. A - 1 B - 4 C - 3	9. A - 1 B - 3	10. A - 1 B - 2 C - 3 D - 0
11. A - 4 B - 1 C - 3 D - 2	12. A - 4 B - 1 C - 3	13. A - 1 B - 4 C - 2	14. A - 3 B - 1 C - 2	15. A - 3 B - 1
16. A - 1 B - 4 C - 2 D - 3	17. A - 2 B - 3 C - 2	18. A - 1 B - 4	19. A - 4 B - 1 C - 2	20. A - 4 B - 1 C - 2
21. A - 4 B - 1	22. A - 4 B - 1			

RESULTS AND ANALYSIS	
Above 72: You are well suited to the task of running a business and are probably already in your own business (or seriously planning to be). However, do not neglect the paperwork in your enthusiasm.	do so, you have the necessary abilities. Are you just weighed down by commitments?
62 to 71: Self-employment is a good option for you, so go ahead. Your greatest asset is that your enthusiasm is tempered with common sense.	42 to 51: Think seriously before giving up the security of a job. If you are unhappy in your current position, consider changing to a job where you have more incentive to work. Think of looking around for a part-time salaried job and start something small on the side. Alternatively, invest in someone else's enterprise but have it (and its owners) checked out first.
52 to 61: You are a borderline case. You have some of what is required to run a business, but something is holding you back. You would be best advised to think seriously before venturing out on your own. However, should you decide to	Under 42: You have either had a severe setback in a previous venture and are still bruised, or the entrepreneurial life is not for you. Maybe you should ask your boss for a raise.

5.7. What Structure of Business should I choose?

There are a number of different options for the legal form of your business, in other words, how your business will be seen in the terms of the law. Each of these has advantages and disadvantages, not only in terms of ownership but also as to the way in which they are taxed.

1. Sole Proprietor

This is also known as a sole trader or sole owner. This means that you own everything in the business and the law does not see any difference between you in your personal capacity and the business. The business can have a different name to yours e.g. James Peterson trading as Mountain Tours. You don't have to register this business, and the Receiver of Revenue will see you and your business as a single entity. This is good in that there are no registration procedures, and no extra fees. It does mean though, that you will be responsible in your personal capacity for all the debts of the business, and you cannot bring investors and partners into the business. If you die or retire, the business stops operating.

2. Partnership

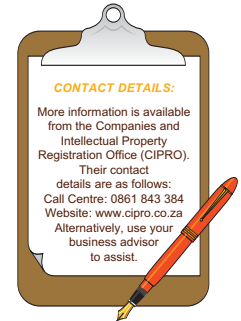
A partnership is just like a sole proprietor, except that there is more than one person involved. A partnership is also not taxed as a single entity, but each owner is taxed individually on the income generated by his share of the business, as part of his personal tax returns. It is important to set up a formal partnership agreement, to prevent any later dispute amongst the partners, but other than that, there are no registration procedures or extra fees. Again, though, it does mean that you will share equally in the responsibility of any debts incurred by the business.

3. Close Corporation

A Close Corporation or CC as it is often called, has a relatively simple structure specially created for the small entrepreneur. The most important difference between this and the first two types is that a CC is a legal entity in its own right – this means that the CC can be sued and not the owners in their personal capacity. In this way, you are not as at risk (compared to a sole proprietor) in your personal capacity should things go wrong in the business. A close corporation needs to be registered and in most cases, the CC is taxed the same way as a company. Registration forms (CK1 and CK7) are available from most stationery shops, or many accounting and secretarial firms offer the service of registering a CC on your behalf.

4. Private Company

Private companies are established under the Companies Act and consequently are subject to more administrative requirements, and stricter accounting procedures. A company has its own legal personality, with its own rights and duties, which is completely separate from its members. This means that shareholders are not personally liable for the debts of the company.



5.8. Guidelines - How to Start Different Tourism Businesses

STEPS TO FOLLOW	TRAVEL AGENT	TOUR OPERATORS (TO)	ACCOMMODATION	FOOD & BEVERAGE RESTAURANT	TOUR GUIDE
Development of an Idea	<ul style="list-style-type: none"> Identify a need for the service you want to provide Conduct a research, speak to your municipality and provincial office Draft a business plan/proposal, which will help you to identify what resources you would need to run your business Consult with established tourism business owners for industry advice and tips 				
Different Categories	N / A	<ul style="list-style-type: none"> In-bound Tour Operator Guesthouse Out-bound Tour Operator Local Tour Operator Backpacker Tour Broker Site Guide 	<ul style="list-style-type: none"> Bed and breakfast Lodge Hostel / Dometry Guide Caravan and Guide Camping Hotel Country House 	<ul style="list-style-type: none"> Tavern Eating place Restaurant Self-Catering 	<ul style="list-style-type: none"> Inbound Outbound Local National Provincial
Company	<ul style="list-style-type: none"> Register your company with the DTI @ CIPRO (you may download the relevant forms from their Registration website, www.cipro.co.za) NB! You must be over 18 years of age, have a South African identity book and an accountant/bookkeeper to register Register your business with SARS Advisable to register your business Tourism Provincial Authority's Database Establish a Business Account 				
Legal Requirements	<ul style="list-style-type: none"> Travel Agency Diploma / Experience Licensing & requirements (if issuing tickets must be IATA registered) Land use & zoning Insurance UIF / PAYE (Dept of Labour) 	<ul style="list-style-type: none"> Registration of vehicles at Department of Transport Professional Driving Permit (PDP) Use of qualified Tourist Guide (THETA / FGASA Accredited) Insurance 	<ul style="list-style-type: none"> Trading License Liquor License (if serving alcohol) Insurance UIF / PAYE (Dept of Labour) If offering transfer service, vehicles should be comprehensively insured and registered Business rights for land 	<ul style="list-style-type: none"> Land use and zoning Insurance UIF/PAYE (Dept of Labour) Liquor Licence Vat Vendor 	<ul style="list-style-type: none"> THETA Accredited Qualification
Associations	<ul style="list-style-type: none"> SATSA 086 127 2872 www.satsa.co.za IATA (011) 523 2700 www.iata.org 	<ul style="list-style-type: none"> SATSA 086 127 2872 www.satsa.co.za 	<ul style="list-style-type: none"> BABASA T: 082 239 2111 F: 086 602 8521 www.babasa.co.za FEDHASA T: (011) 467 5009 F: (011) 467 6317 	<ul style="list-style-type: none"> FEDHASA T: (011) 467 5009 F: (011) 467 6317 www.fedhasa.co.za 	<ul style="list-style-type: none"> SATSA 086 127 2872 www.satsa.co.za FGASA T: (011) 886 8245 F: (011) 886 8084 www.fgasa.org.za

STEPS TO FOLLOW	TRAVEL AGENT	TOUR OPERATORS (TO) RESTAURANT	ACCOMMODATION	FOOD & BEVERAGE	TOUR GUIDE
	<ul style="list-style-type: none"> ASATA (011) 327 7803, www.asata.co.za 		<ul style="list-style-type: none"> NAA (031) 561 3795, www.naa.co.za/guides.co.za GHASA (021) 762 0880, www.guesthouseassociation.co.za 		<ul style="list-style-type: none"> Gold Reef Guides (011) 496 1400 www.goldreef Drumbeat Academy
Operational Equipment Needed	<ul style="list-style-type: none"> Site to build office/offices to rent or buy Office Equipment (phone, fax, computer) Signage 	<ul style="list-style-type: none"> Office Equipment (phone, fax computer, vehicles) 	<ul style="list-style-type: none"> Site (on which to build) or Establishment (you are buying or converting) Catering (cutlery, plates, crockery, etc) Beds and linen Signage 	<ul style="list-style-type: none"> Site (on which to build) or Establishment (you are buying or converting) Catering (cutlery, plates, crockery, etc) Beds and linen Signage 	<ul style="list-style-type: none"> Tour Guide Accreditation
Training Required/Recommended	<ul style="list-style-type: none"> Travel Agency Diploma / Experience Galileo Training 	<ul style="list-style-type: none"> Tour Operating course / Experience Business Management 	<ul style="list-style-type: none"> House keeping Training Business Management 	<ul style="list-style-type: none"> Hospitality Training Business Management Training 	<ul style="list-style-type: none"> Site, Province or Region Guiding (Modules) Language Training



6. Definitions

Travel Agent

Main function of the travel agents is to sell the temporary use of transport (air, rail, coach, car), accommodation (hotel, motel, lodge), tours (packages) and other associated services (insurance, foreign exchange). They are involved in the planning, booking, organisation and documentation of travel arrangements for their clients.

Tour Operator

Tour operator is any person who owns a business, which transports paying tourists on scheduled itineraries and makes arrangements for their clients in terms of accommodation, transportation and excursions. They often own vehicles to transport tourists and owners often accompany tour parties.

- In-bound tour operator provides services mainly for foreign visitors to South Africa
- Out-bound tour operator provides services to clients in South Africa wishing to travel to destinations outside of the country
- Local tour operator provides services to domestic clients for tours within South Africa
- Tour Broker does not operate his / her own vehicles but sub-contracts services.

Accommodation

Refer to the Tourism Grading Council Guide on definitions for all the listed accommodation categories or visit their website on www.tourismgrading.co.za

Food and Beverage-Restaurant

Refer to the Grading Council's definition of Restaurant on the abovementioned details.

- A restaurant or other eating-houses are businesses that concentrate on selling meals and may or may not be licensed to sell liquor for consumption on the premise
- A tavern, on the other hand is primarily licensed to sell liquor for consumption on the premises and it may or may not serve meals.

Tour Guide

A tourist guide is any person who receives monetary or other rewards, accompanies people who are traveling through or visiting any place within a country, and who furnishes those people with information or comments regarding the place or objects visited.

- In-bound tourist guide provides services mainly for foreign visitors to South Africa
- Out-bound tourist guide provides services to clients in South Africa wishing to travel to destinations out side of the country
- Local tourist guide provides services to domestic clients for tours within South Africa.







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**environment
& tourism**

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REPUBLIC OF SOUTH AFRICA