



START YOUR OWN BUSINESS

A GUIDELINE FOR RURAL SMALL BUSINESS DEVELOPMENT

Acknowledgements

We gratefully acknowledge the funding and support for the programme entitled Adaptive Response and Local Scale Adaptation for improving water security and increasing resilience to climate change in selected communities in Giyani, Limpopo. The programme is funded by the Government of Flanders, managed by the Water Research Commission and implemented by Tsogang Water and Sanitation, Association for Water and Rural Development (AWARD), University of the Western Cape (UWC) and the WRC's TTO Enterprise Development.



Disclaimer

The content of this handbook does not necessarily reflect the views and policies of the WRC or its partners, nor does mention of trade names or commercial products constitute endorsement or recommendation for use. The WRC and partners cannot be held liable in any way for the damage, personal harm or any breakdowns stemming from actions related to the contents of this handbook.

The Giyani Local Scale Climate Resilience Programme (GLSCR) aims to develop and implement activities that will research, develop and demonstrate climate adaptive responses and solutions for optimising water utilisation in drought-stricken areas.

The programme will focus on the Greater Giyani Municipal area within the Mopani district and aims to impact an estimated 5000 beneficiaries over a three-year period in terms of water utilisation, improved water mix, and socio-economic opportunities as responses to climate adaptation.

A 2019 WRC study on droughts and adaptation strategies has highlighted risks to reduced productivity, livelihoods and food security, and an increase in vector and water-borne diseases in communities such as Giyani. Ultimately, climate change impacts on water resources in the Giyani area cannot be underestimated.

The programme has three key areas that will support improving local scale adaptation and resilience in Giyani.

They are:

- 1) a strengthened enabling environment whereby local authorities, institutions, communities, traditional authorities and market players are mobilised to improve climate resilience and water utilisation;*
- 2) improved energy, ground and surface water solutions developed with communities to optimise and diversify water sources;*
- 3) activities that support livelihoods and local economic development opportunities.*

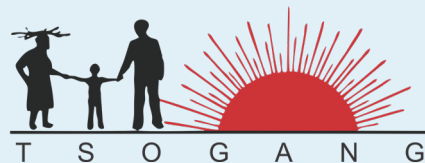
The programme will cover a spectrum of rural and rural residential areas in Giyani, working closely with the Mopani District Municipality and the Greater Giyani Local Municipality. Implementation partners include Tsogang Water and Sanitation as the lead on water projects and infrastructure; Association for Water and Rural Development (AWARD) in support of capacity development and stakeholder engagement, University of the Western Cape (UWC) as the water and energy technical partner and the WRC's TTO Enterprise Development arm on social enterprise development supporting local economic development projects.





A GUIDELINE FOR RURAL SMALL BUSINESS DEVELOPMENT

**A guideline for small business development in the rural villages
of Greater Giyani Local Municipality**



**This Guideline was prepared in collaboration with
Tsogang Water and Sanitation**

9 Saligna Street, Abor Park, Tzaneen

ABOUT THIS GUIDELINE

This guideline aims to provide key principles for individuals starting a small business in a rural residential area like Giyani.

These principles serve as guidelines rather than strict instructions, allowing you to adapt them to your specific business needs. While some principles may be more applicable than others based on your business nature, each one offers valuable insights to consider. For instance, the principle “Start small, think big” encourages you to think how it can be applied to your unique situation.

Who is the guideline for?

This guideline is designed for individuals who have ideas for generating income, whether it be through establishing a small business or simply seeking additional household income. The principles outlined in this guideline are equally relevant to both scenarios.

What does the guideline contain?

The guideline consists of a series of principles or “rules” that can prove useful when starting a small business in a rural area. It is important to note that this resource focuses on generating your own income from available resources rather than seeking traditional employment. While the principles provide a framework, it is crucial to customize and develop your skills according to the specific nature of your business or income-generating activity.

Additionally, this resource will offer an overview of local economic development (LED), its advantages and disadvantages, as well as the primary needs of local economic development.

How to use the guideline?

This guideline should be used in conjunction with the training provided by the project team. It is advisable to seek technical details to enhance your products and consider upgrading your skills to facilitate the growth of your business. By combining the principles outlined in this guideline with targeted training and personal development, you can effectively navigate the process of starting and expanding your small business in a rural residential area.

Remember, this guideline serves as a foundation, and you will need to fill in the details and adapt the principles to suit your specific business or income-generating activity. Embrace the resources available to you and strive for continuous improvement to maximize your chances of success.





LOCAL ECONOMIC DEVELOPMENT

SOME BASICS...

Local economic development refers to the opportunities and initiatives for development within your own area of residence or work. It encompasses a wide range of businesses, from small-scale services like catering and tent hire to larger ventures such as vehicle assembly plants. This resource aims to provide an overview of local economic development and highlight specific principles that are crucial for running a successful business.

LED as a Policy of Local Municipalities:

Local economic development is often supported and facilitated by local municipalities through policies and programs.

These initiatives aim to foster economic growth, job creation, and community empowerment within the area. By aligning your business with the objectives of local economic development policies, you can leverage available support and resources.



ADVANTAGES

Local is Lekker

Working within your local area reduces commuting time and expenses, allowing you to focus more on your business operations.

Strong Support Systems

Friends, family, and community members often rally behind local businesses, providing a solid support network and potential customer base.

Community Recognition

As a local business owner, you can become a respected figure in your community, fostering a sense of pride and achievement.

Job Creation

Establishing a business in areas with high unemployment rates can contribute to local job creation and economic upliftment.

Development Node Potential

Your success can inspire others to start their own businesses, leading to the formation of a development hub within your community.

Word-of-Mouth Marketing

In close-knit communities, word-of-mouth referrals can be powerful for generating sales and building a loyal customer base.

Limited Competition

Operating in a smaller local market often means facing fewer direct competitors, giving you a better chance to establish your business.

Safe and Supportive Environment

Local communities often provide a familiar and supportive environment, fostering a sense of security and collaboration.

DISADVANTAGES

Distance from Marketing and Sales Areas

Rural areas may have limited access to large populations and major marketing centers, making it challenging to reach a broader customer base.

Difficulty in Accessing Finance

Obtaining financial resources for your business can be more challenging in rural areas where funding options may be limited.

Communication Challenges

Lack of modern communication infrastructure, such as fax machines or landlines, can pose obstacles to efficient business operations.

Limited Access to Raw Materials & Suppliers

Rural areas may face difficulties in accessing necessary raw materials and reliable suppliers, potentially impacting production and supply chains.

Insufficient Police and Security Presence

Rural areas may have fewer police and security services, making it more challenging to ensure the safety of your business and assets.

Shortage of Professional Services

Finding professionals like lawyers and accountants in rural areas can be more challenging, affecting access to specialized expertise.

Limited Insurance Options

Rural businesses may face difficulties in obtaining comprehensive insurance coverage due to factors like location and limited insurance providers.

By understanding these advantages and disadvantages, you can proactively address challenges and leverage the unique strengths of local economic development in your business strategy. Remember, each local context is unique, so it is important to assess and adapt these principles to your specific circumstances.



LOCAL ECONOMIC DEVELOPMENT IN RURAL AREAS

**In this section we will present a number of key principles for
starting business in rural areas such as Giyani**

LET'S GET STARTED

PRINCIPLE I

KNOW WHAT YOU NEED

Before starting a business, it is essential to understand the requirements for its successful operation. This principle focuses on identifying the expenditures and primary needs of your business in the rural setting.

Consider the following table to assess your needs:

Item	Required	Payment System	Marketing
Water	Daily	Free in rivers and streams, paid in taps	None
Light/ power	Daily	Free firewood, paid Eskom	Very little
Shelter	Daily	Free if you use mud bricks and thatch grass	None
Clothing	Daily	Paid	A lot
Secondary needs	Infrequent	Expensive	A lot of marketing



While primary needs were previously free and easily accessible, there has been a shift where payment is now required for these essential resources. Understanding these costs is crucial for running a successful business.

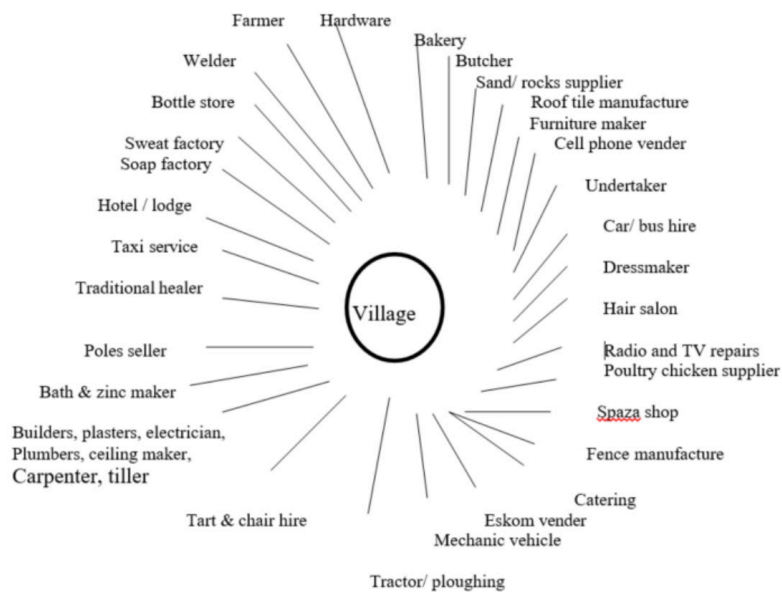
PRINCIPLE 2

LOOK AROUND!

Observing the existing businesses in your area provides valuable insights into available business opportunities and their viability. Conducting a mind map and creating a list of local businesses can help you identify profitable ventures and potential market saturation. If a significant number of businesses have closed down, analyse the reasons behind their failure, such as lack of markets or disposable income. This evaluation will guide you in selecting a business idea that is more likely to succeed.

ACTIVITY 1 |

Do a Mind Map!



ACTIVITY 2 |

List of local businesses

When you have completed this list, if ½ of the businesses have closed then look at the list again and say why the businesses closed, this is important to identify lack of markets, lack of disposable income etc. so that you don't start a business that is going to fail.

"Look for business opportunities and then access their viability"

Create your own Mind Map here.

ACTIVITY 4 |

Test your idea?

To assess the viability of your business idea in a rural setting, consider the following questions:

Does the Product/Service Suit the Rural Market?

Evaluate if your product or service is suitable and relevant to the needs of the rural community. Consider how it aligns with their lifestyle, challenges, and aspirations.

Legal Considerations

Research any specific licenses, permits, or regulations that apply to your business idea in a rural area. Ensure compliance with local laws and regulations.

Financial Feasibility

Assess the financial viability of your idea in a rural context. Consider the availability of funds, potential sources of rural financing or grants, and the affordability for your target customers in the rural market.

Design and Appeal

Ensure that your product or service design resonates with the rural community. It should be attractive, practical, and culturally appropriate to gain acceptance and generate interest.

Safety and Standards

Evaluate if your product or service meets safety standards and regulations applicable in rural areas. Consider any unique safety concerns or requirements specific to the rural environment.



Availability of Local Resources

Assess the availability and accessibility of raw materials or resources needed for your business in the rural area. Consider local suppliers, transportation logistics, and the sustainability of sourcing materials locally.

Maintenance and Service

Develop a plan for maintenance and service provision in rural areas. Consider the challenges of remote locations and limited resources, and establish strategies to ensure ongoing support for customers.

Manufacturing Capability

Evaluate if the manufacturing process can be adapted to the rural context. Determine if local skills, labour, and infrastructure are available or if adjustments need to be made for production in a rural area.

Capital and Financial Sustainability

Assess the capital requirements for your rural business and explore financing options specific to rural areas. Consider the potential return on investment, revenue generation, and long-term financial sustainability.

If the answers to these questions indicate challenges or uncertainties specific to the rural context, it is important to reassess and refine your business idea accordingly. Seek input from local experts, engage with the rural community, and adapt your approach to increase the likelihood of success in the rural market.

Remember, understanding the unique characteristics and dynamics of the rural area you're targeting is crucial for creating a sustainable and impactful business.

TEST YOUR IDEAS WITH THIS TABLE BELOW.

Criteria	Weighting	Idea 1		Idea 2		Idea 3	
Opportunities is legal		Rate	Score	Rate	Score	Rate	Score
Functional design							
Attractive design							
Durable material							
Reliable and safe product							
Product production machinery available							
Skilled business people							
Customers in lower income group							
Customers in urban areas							
Should be financially viable							
Total score							

ACTIVITY 5 | Market test

In order to test the market-readiness you will need to go through the table and answer the questions under each heading.



Competitors	Customers	Suppliers	Marketing of product
<ul style="list-style-type: none"> Pricing and competitor Low money competitors operate Will your product be competed against Does your competitor have a competitive advantage Will they be against you 	<ul style="list-style-type: none"> Who's the customer age income education Where is the customer Is there a special initial customer swap brands 	<ul style="list-style-type: none"> Have specific suppliers been identified do they exist Will the supplier assist with price, time, delivery and service Will they be partners 	<ul style="list-style-type: none"> Marketing plan required or not Marketing budget Distribution channels? Can the orders come before production

PRINCIPLE 4

REACH FOR THE SKY!

When starting a business, it's essential to keep your focus on the bigger picture and strive for success right from the beginning. This principle encourages you to set high goals and aspirations for your business. Here's an expanded explanation of the principle:

Set Ambitious Goals

Define ambitious goals that reflect your vision and desired level of success for the business. Aim for significant growth, market leadership, or making a substantial impact in your industry or community. These goals will serve as a driving force and guide your actions and decisions.

Foster a Growth Mindset

Adopt a growth mindset, which means believing in your ability to learn, adapt, and improve as you navigate the challenges of running a business. Embrace challenges as opportunities for growth and see setbacks as learning experiences.

Embrace Innovation and Creativity

Encourage innovation and creativity in your business practices. Look for unique ways to differentiate your products or services, identify unmet needs in the market, and develop innovative solutions. Embracing creativity can lead to breakthrough ideas, competitive advantages, and new opportunities for growth.

Build a Strong Team

Recognize that success is not achieved alone. Surround yourself with a talented and motivated team that shares your vision and values. Hire individuals who possess the necessary skills and expertise, and empower them to contribute their best efforts towards achieving the business's goals. Foster a collaborative and supportive work environment that encourages innovation and continuous improvement.

Develop a Strategic Plan

Create a strategic plan that outlines the steps and actions required to reach your goals. Identify key milestones, prioritize objectives, and allocate resources effectively. Regularly review and adjust your strategic plan as circumstances evolve and new opportunities arise.

Seek Growth Opportunities

Be proactive in seeking growth opportunities for your business. Explore new markets, expand your product/service offerings, form strategic partnerships, and leverage emerging trends or technologies. Stay informed about industry developments and adapt your business accordingly to stay ahead of the competition.

Monitor and Measure Progress

Establish mechanisms to monitor and measure your progress towards achieving your goals. Implement key performance indicators (KPIs) to track important metrics such as revenue growth, customer satisfaction, market share, or social impact. Regularly review and analyze data to make informed decisions and identify areas for improvement.

Stay Resilient and Persevere

Starting and growing a business can be challenging, and setbacks and obstacles are inevitable. Embrace resilience and perseverance as core qualities to overcome hurdles and maintain motivation during difficult times. Learn from failures, adapt your strategies, and remain committed to your long-term vision.

By embracing the "Reach for the Sky" principle, you instill a mindset of ambition, continuous improvement, and strategic thinking within your business. This mindset will drive you to push boundaries, seize opportunities, and strive for exceptional achievements as you work towards realizing your entrepreneurial vision.

ACTIVITY 6 |

Stairway to success

Starting a business in a rural setting requires careful planning and execution. This activity will guide you through essential steps to take when launching your rural business.

Follow these steps to increase your chances of success:

Step 1: Identify Your Business Idea

Identify a business idea that aligns with the needs and opportunities within the rural community. Consider local market demands, available resources, and your own skills and interests. Ensure your business idea is feasible and has potential for growth in the rural setting.

Step 2: Conduct Market Research

Research the local market to understand customer preferences, competitors, and potential challenges. Gather information about the target market's demographics, purchasing power, and specific needs. Identify gaps in the market that your business can fill or opportunities for differentiation.

Step 3: Develop a Business Plan

Create a comprehensive business plan that outlines your goals, target market, products or services, marketing strategies, operational processes, and financial projections. Include a section specifically focused on addressing rural challenges and opportunities. The business plan will serve as a roadmap for your business's development and growth.

Step 4: Secure Financing Assess

The financial requirements of your business and explore available financing options for rural entrepreneurs. Research local grants, loans, or government programs that support rural business development. Prepare a detailed financial plan and determine how much funding you need to launch and sustain your business until it becomes profitable.



Step 5: Establish a Legal Structure

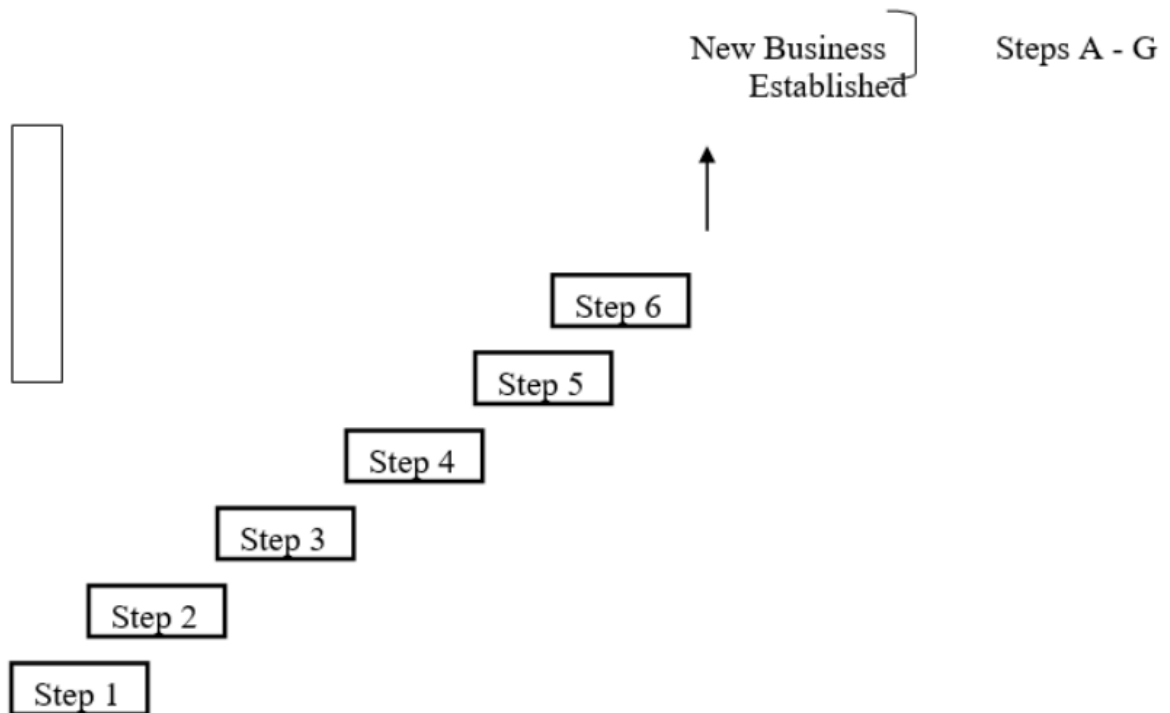
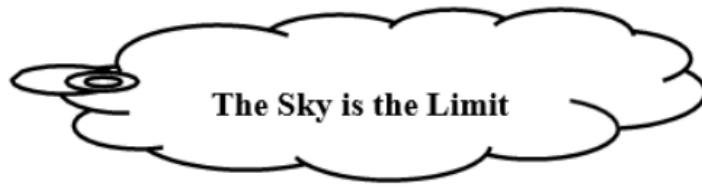
Consult with legal professionals to determine the most appropriate legal structure for your business, such as sole proprietorship, partnership, or limited liability company (LLC). Register your business with the relevant local authorities, obtain necessary licenses or permits, and ensure compliance with regulations specific to rural areas.

Step 6: Set Up Your Operations

Secure a physical location for your business, whether it's a storefront, workshop, or home-based office. Set up necessary infrastructure, utilities, and equipment. Consider any unique logistical challenges posed by the rural setting, such as transportation or connectivity limitations, and develop strategies to overcome them.

Step 7: Build Relationships with Local Stakeholders

Engage with the rural community and build relationships with local stakeholders, including customers, suppliers, community organizations, and government representatives. Participate in local events, join business associations, and collaborate with other businesses to establish a strong network of support and potential partnerships.



- Step 1 brainstorming the idea, test it with friends
- Step 2 get a business plan developed
- Step 3 take the business plan to the funders – banks, Development Corporation, Ntsika, Khula etc.
- Step 4 ensure you build relationships with the funders, suppliers and customers
- Step 5 complete the marketing, financial and operating plan
- Step 6 physically implement the plan

Step 8: Develop a Marketing Strategy

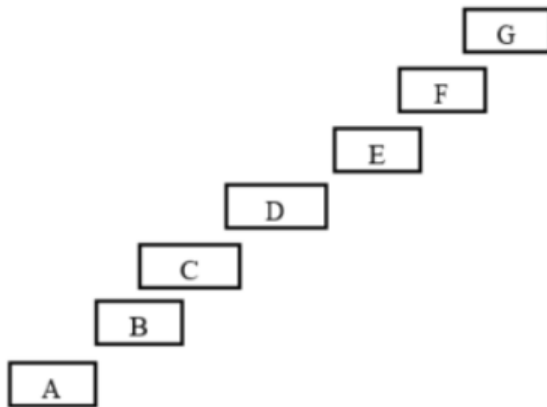
Create a marketing strategy tailored to the rural market. Utilize a mix of traditional marketing methods, such as community outreach, local advertisements, and word-of-mouth referrals. Additionally, embrace digital marketing channels, such as social media and online directories, to reach a wider audience. Highlight the unique aspects of your rural business to attract customers.

Step 9: Launch and Monitor Your Business

Execute your business plan and officially launch your rural business. Continuously monitor your progress, track key performance indicators, and gather customer feedback. Make necessary adjustments to your strategies and operations based on market response and emerging opportunities.

Activity 7|

Stairway to success



- Step A – Select the business site – location
 - Is it big enough – room for expansion?
 - Is it close to market?
 - Are people moving to the one or is it dying
- Step B – Business plan
 - Is the area zoned for business / industrial
 - Are special licenses required?
- Step C – Rent or Buy
 - Is it best to rent to lower your capital demands and ensure you have enough startup capital
 - If you purchase will the property gain value and become a valuable asset that can raise capital fee
- Step D – Design – model the business
 - Are you going to paint and clean or build the place so it attracts people and advertises itself?
 - Will the layout of the floor plan be efficient and attractive?
- Step E – Selecting equipment for production
 - Select from known suppliers
 - Get suppliers to help your business get credit etc.
- Step F – Opening the business
 - Launch the business in a big way to get marketing but do not waste business capital on expensive launch parties for friends better to have cash flow than parties
- Step G – Keeping the business going
 - not so easy many businesses fail not because the idea was bad but generally expenditure exceeds income and cash flow bearers a problem. Keep track of income, ensure that all income is recorded and ensure cost cutting keeps the product valuable

Remember that starting a business in a rural setting requires resilience, adaptability, and a deep understanding of the local community. Remain connected to the needs and aspirations of your rural customers, and be prepared to evolve your business as the market and circumstances change. By following these steps, you'll be well on your way to successfully launching and growing your business in a rural setting.

PRINCIPLE 5

CONVINCE FUNDERS WITH A PLAN

Securing start-up capital to kickstart your business can be quite challenging, but don't lose hope! It's crucial to develop a compelling business plan that showcases the potential of your venture. This principle will guide you on how to convince funders to invest in your business and provide a technique to help you stay focused.

ACTIVITY 8 |

Exploring Possible Ways to Get Money for Your Business

Grab a pen and paper, or use a digital tool, and let's create a mind map to explore various avenues for obtaining funds. Consider the following points as you brainstorm:

Traditional Funding Options

Research local banks that offer business loans or lines of credit.

Government Grants

Explore grants and funding programs specifically designed for rural businesses or small enterprises.

Microfinance Institutions

Look into micro-lenders that provide small loans to entrepreneurs.

Community Development Organizations

Investigate organizations in your community that support local businesses through funding initiatives.

Crowdfunding

Explore popular crowdfunding platforms where individuals can contribute to your business in exchange for rewards or equity.

Partnerships and Collaborations

Seek potential partnerships with complementary businesses or organizations that align with your goals. They may provide financial support or access to resources in exchange for mutually beneficial collaboration.

Local Support

Tap into the support of your friends, family, and community members by organizing local crowdfunding campaigns or events.

Business Incubators and Accelerators

Research business incubators or accelerators that offer financial support, mentorship, and resources to early-stage businesses. They often provide workspace, networking opportunities, and guidance to help you grow your venture.

Personal Savings and Family Contributions

Consider utilizing your own savings or approaching family members who may be willing to invest in your business. This can be a more flexible and accessible option, especially in rural settings.

Creative Revenue Generation

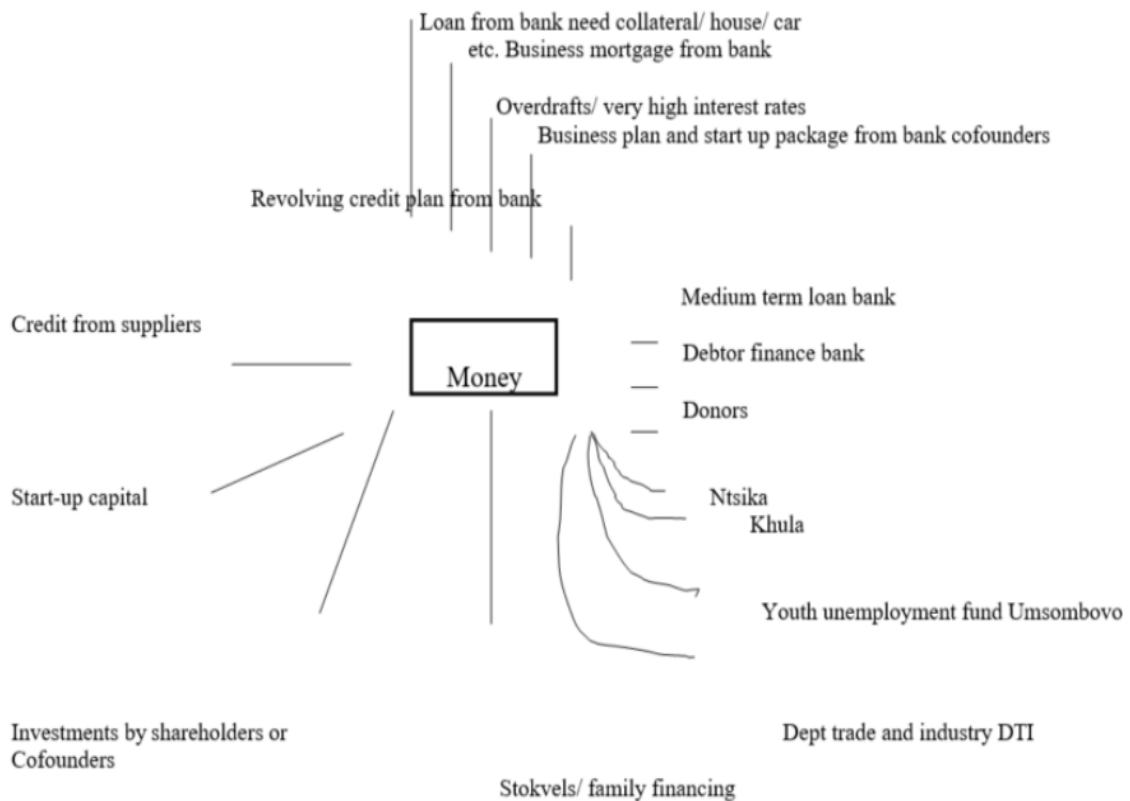
Brainstorm innovative ways to generate income that can be used as start-up capital. Explore avenues such as pre-selling products, offering specialized services, or hosting fundraising events.

Remember, this mind map is just the starting point. Let your creativity flow and add any additional ideas that come to mind. Once you have completed the mind map, you'll have a comprehensive list of potential funding sources to explore further.

By having a well-thought-out plan and exploring various funding options, you'll increase your chances of securing the necessary funds to bring your business to life. Keep your eyes on the prize and stay determined throughout the process.

Good luck!

Here is a technique that will help you keep you on target:



PRINCIPLE 6

GET YOUR PRIORITIES RIGHT!

Which comes first? Can you start your business without a priority list? Yes, some businesses started and then registered, but it is better to have a marketing plan so that you can identify your role market, supplier, financier right from the beginning.

Most local authorities require the following:

- That you register the business
- That you are inspected by the environmental health officer and labour department
- That you comply with local health and by laws
- That you comply with national laws and guidelines

Setting your priorities straight is essential when starting a business. While some businesses may have started without a priority list, it is highly recommended to establish one to ensure a smooth and organized start. Having a clear understanding of your market, suppliers, and financiers right from the beginning can significantly contribute to your business's success. Additionally, meeting the requirements set by local authorities is crucial for legal compliance and operational stability.

Here is a Priority List for Consideration:

Develop the Idea

The community plays a significant role in the development of your business idea. Engage with community members, gather feedback, and refine your concept accordingly. Their input can provide valuable insights and help shape your business's direction.

Business Plan

Creating a comprehensive business plan is essential for guiding your entrepreneurial journey. It outlines your business goals, target market, financial projections, and strategies for growth. Seek assistance from local banks or accountants who can provide guidance and support in crafting a solid business plan.

Legal/Registration

Registering your business and complying with legal requirements are fundamental steps. Contact relevant authorities such as the Department of Trade and Industry, Labour, Municipality, and Health to understand the specific regulations and guidelines applicable to your business. Ensure you complete all necessary registrations and obtain the required licenses or permits.

Marketing Plan

Developing a marketing plan is crucial for effectively reaching your target market and promoting your products or services. Identify local suppliers or cooperatives who can provide insights and assistance in formulating a marketing strategy that aligns with your business goals.

Financial Plan

A well-structured financial plan is essential for managing your business's finances and ensuring its sustainability. Work with local suppliers or cooperatives to establish financial projections, budgeting strategies, and identify potential sources of funding or financing options.

Operational Plan

Developing an operational plan helps you streamline your business operations and maximize efficiency. Collaborate with local suppliers or cooperatives to identify the necessary resources, equipment, and processes required to run your business smoothly.

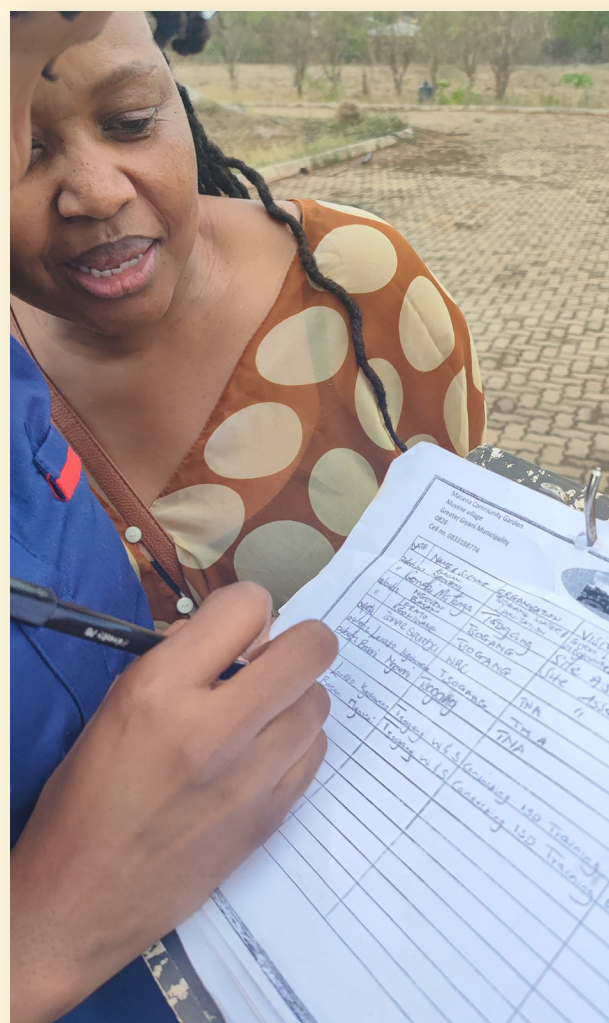
Item	Priority	Who does it / Who can help
Business Plan	2	Local bank / accountant Development <u>corporate</u>
Marketing Plan	4	Local suppliers/ corporate
Financial Plan	5	Local suppliers/ corporate
Operational Plan	6	Local suppliers/ corporate
Legal / Registration	3	Dept of Trade and Industry, Labour, Municipality, Health etc
Develop the Idea	1	The community

By arranging these priorities according to your business's needs, you can ensure that you allocate time, resources, and efforts effectively. Keep in mind that these priorities may vary depending on the nature of your business and the specific requirements of your local authorities. Seek guidance and support from relevant organizations, professionals, and community members to navigate through the prioritization process and set a strong foundation for your business. Please expand on this component and update the table with the relevant acts from South Africa such as the Companies Act

Register your company as a start!

Registering your business is of utmost importance as it provides numerous benefits and legal protections. Firstly, registration gives your business legal recognition and establishes its separate legal identity, ensuring that you can conduct business activities in a formal and legitimate manner. It enhances your credibility and instills trust among potential customers, partners, and investors.

Additionally, registration allows you to protect your business name and brand, preventing others from using it unlawfully. It also provides you with certain legal rights and protections, including the ability to enter into contracts, access funding, and pursue legal remedies if necessary. Moreover, registering your business ensures compliance with local regulations, tax obligations, and other legal requirements, helping you avoid penalties and legal complications. Overall, the process of registration demonstrates your commitment to professionalism, transparency, and responsible business practices, positioning your company for long-term growth and success in the competitive marketplace.



Types companies and the relevant acts that guide them.

Sole Proprietorship

- Single individual owner/manager
- Cannot exist independently of the owner
- Owner owns all assets and liabilities and receives all profits
- Difficult to access capital and expand the business
- Easy to sell and transfer the business
- Taxation is on the individual Companies Act (Act No. 71 of 2008)

Partnership

- Two or more partners contracted to participate in a legal business
- Ordinary and extraordinary partnerships
- Can be registered as a company or CC
- Joint control of assets and liabilities and jointly receive profits
- Easier to access capital with more people and collateral
- More difficult to sell and transfer as all partners must agree
- Dissolution of partnership requires mutual agreement between partners, retirement or death of one partner, or the joining of a new partner
- Declaration of insolvency can be individual or as a group
- Extraordinary partnership can be dormant without active participation Companies Act (Act No. 71 of 2008)
- Anonymous Partner Act (Act No. 5 of 1965)

The Company

- Governed by the Companies Act No. 71 of 2008
- Liability of shareholders (owners) is limited to the amount paid for their share capital and their profits
- Control and authority reside with the Board of Directors and Annual General Meeting (AGM) of shareholders
- AGM elections for the Board, which may delegate power and functions to the Managing Director for day-to-day operations
- Easy to access capital, particularly for public (listed) companies
- Shares in the company can only be traded as per the rules stipulated in the company's articles of association
- Companies are subject to various legal requirements, such as registration of the memorandum and articles of association, financial reporting, audit minutes, etc.
- Directors and office bearers have rights, powers, and duties as provided in the articles
- Legal requirements concerning dissolution or liquidation of the company
- Company pays tax on pre-tax profits, while shareholders pay tax on dividends Companies Act (Act No. 71 of 2008)

Close Corporation CC

- Governed by the Close Corporations Act No. 69 of 1984
- Due to changes in the law Close Corporations can no longer be registered.
- Has a separate legal personality from its members
- No division between control and ownership, as members hold interests instead of shares
- Members must fulfil fiduciary roles
- Payment to members must conform to certain criteria, such as assets exceeding liabilities and the corporation being able to pay debts first Close Corporations Act (Act No. 69 of 1984)

Franchising

- The franchisor has an established product that can be sold through a franchisee
- Legal personality separation of roles
- Franchisor manufactures or produces goods and contracts the franchisee to sell them various legal agreements and contracts for franchising arrangements



PRINCIPLE 7

BE AN ENTREPRENEUR

Being an entrepreneur is at the core of starting and running a business. It involves recognizing and seizing business opportunities for personal and community gain. In South Africa, entrepreneurs are in short supply, as many individuals prefer secure and stable jobs with minimal risk. However, entrepreneurs are the ones who take the initiative to organize, manage, and assume the risks associated with starting and growing a business.

Entrepreneurship can be pursued individually or as part of an entrepreneurial team. An entrepreneurial team can consist of co-founders, a management team, employees, consultants, or even corporate entrepreneurs within a larger organization. These individuals share the characteristics and mind-set of an entrepreneur, driving innovation and growth within their respective roles.

Entrepreneurs within organizations are motivated by a desire for independence and creativity while also seeking security. They can delegate tasks or be directly involved in various aspects of the business. They are willing to take calculated risks and view mistakes and failures as opportunities for learning and improvement. Goal-driven and driven by their dreams, they are committed to their projects and devote their time and energy to achieving success.

You can also have an Entrepreneurial Team

- Cofounders
- Management team
- Employees
- Consultant
- Corporate Entrepreneur

"Entrepreneurs are driven by their dreams"

Entrepreneurs in Organizations...

- Are motivated by independence and creativity but have security
- Can delegate or be directly involved in tasks
- Takes calculated risks
- Perceives mistakes and failures as something the corporation does not like and keeps risky project in the background
- Is goal and dream driven
- Serve all of the time



Individual entrepreneurs possess several key qualities.

They have a strong desire to achieve and are willing to overcome challenges and obstacles along the way.

Hard work is a defining characteristic, as they often invest long hours and are driven by their passion for their endeavours.

They exhibit a nurturing quality, protecting and nurturing their projects until they can stand on their own.

Taking responsibility for both successes and failures, they understand the importance of being accountable.

Entrepreneurs are reward-oriented, seeking recognition and respect for their hard work and achievements.

They maintain an optimistic outlook, seeing the potential in situations and living in the present moment.

They strive for excellence, setting high standards for themselves and continuously pushing to achieve outstanding goals.

Effective organization skills enable them to bring together all the necessary elements to design, produce, market, and sell their products or services.

Ultimately, they are money-oriented, measuring performance based on profitability and financial success.

Embracing the entrepreneurial spirit is crucial for the success of your business. It requires determination, resilience, creativity, and a relentless pursuit of your goals. By embodying the qualities of an entrepreneur, you can navigate the challenges and uncertainties of the business world while seizing opportunities and driving your venture towards growth and profitability.



PRINCIPLE 8

BE INSPIRED!

In the realm of rural, local economic development, there are numerous ways in which projects can be initiated and nurtured to foster growth and success. Here are some ideas to inspire and guide you in your journey:

Identify Local Resources and Assets

Start by assessing the resources and assets available in your rural area. This could include natural resources, cultural heritage, skilled labor, local produce, or unique tourism attractions. Understanding and leveraging these assets can form the foundation for various business opportunities.

Encourage Entrepreneurship and Innovation

Foster an environment that encourages entrepreneurship and innovation. Provide support, training, and mentorship programs for aspiring entrepreneurs in your community. Encourage creativity and thinking outside the box to generate unique business ideas that capitalize on local strengths.

Promote Collaboration and Partnerships

Facilitate collaboration among local businesses, organizations, and community members. Encourage networking events, business associations, and partnerships that can lead to shared resources, joint marketing efforts, and mutual support. Collaboration can help amplify the impact of individual businesses and create a vibrant local ecosystem.

Embrace Technology and Digital Solutions

Explore the potential of technology and digital platforms in driving local economic development. This could involve setting up e-commerce platforms for local products, leveraging social media for marketing and promotion, or utilizing online tools for business management and communication. Embracing digital solutions can expand market reach and enhance operational efficiency.

Support Local Supply Chains

Encourage the use of local suppliers and service providers to support the growth of local businesses. Promote the concept of “buying local” among community members and create linkages between different sectors of the local economy. Strengthening local supply chains can stimulate economic activity and create a supportive ecosystem for businesses.

Invest in Infrastructure and Basic Services


Advocate for infrastructure development and access to basic services in your rural area. This could include improving transportation networks, upgrading communication and internet connectivity, ensuring reliable power supply, and enhancing access to clean water and sanitation facilities. Adequate infrastructure is vital for business growth and attracting investment.

Tap into Tourism and Cultural Heritage

Capitalize on the unique tourism potential and cultural heritage of your rural area. Develop tourism initiatives that showcase local traditions, crafts, festivals, and natural attractions. This can create income-generating opportunities for local businesses, promote cultural preservation, and attract visitors to the region.

Prioritize Environmental Conservation

Incorporate sustainable practices and environmental conservation into your local economic development projects. Encourage businesses to adopt eco-friendly approaches, support initiatives that promote renewable energy, and educate the community about the importance of environmental stewardship. Balancing economic development with sustainable practices ensures long-term viability and resilience.



Remember, these ideas serve as a starting point, and it's essential to adapt them to the specific context and needs of your rural area.

Be inspired by the possibilities, engage with the community, and continue to explore innovative ways to start and grow local economic development projects.

With passion, perseverance, and a commitment to the well-being of your community, you can make a meaningful impact on the local economy and create a prosperous future for all.



Water Research Commission
Virginia Molose – virginiam@wrc.org.za
www.wrc.org.za

Association for Water and Rural Development (AWARD)
Derick du Toit – derick@award.org.za

Tsogang Water and Sanitation
Kenny Phasha – kennyphasha@tsogang.org

University of Western Cape
Prof Nebo Jovanovic - njovanovic@uwc.ac.za