

Ithala helps small business to stand strong

Ithala Development Finance Corporation is pleased that its various efforts to provide financial muscle to the entrepreneurial spirit of SMME's have been validated by the 2015 National Small Business Survey findings.



Thembu Mathe, Ithala's Acting Group
Chief Executive

The survey by the National Small Business Chamber (NSBC) found that small businesses cited access to funding as a hurdle.

Ithala has initiated tailor-made programmes for SMME's to turn people's dreams into reality.

Inflation coupled with a lower demand for goods and services and retrenchments across various industry sectors, have added to the plight of small business owners who are battling to find ways to grow their customer base.

Lack of funding, insufficient cash flow

This year's NSBC survey found that 57% of small businesses cited a lack of funding and insufficient cash flow as the biggest obstacle to their growth. The next biggest obstacle was poor sales at 52%.

Ithala Development Finance Corporation, KwaZulu-Natal's provincial development agency, has always supported the view that the future success of South Africa's economy lies in emerging markets.

The organisation has a distinct mandate to deliver development and empowerment solutions and encourage participation in all sectors of the economy, including and especially the historically disadvantaged members of society, through employment creation, skills transfer and training.

"Ithala, has for the past 54 years, been committed to ensuring that our customers in emerging markets, especially in rural

areas, have access to much needed banking services. This is something that major South African banks are only now waking up to," said Themba Mathe, Ithala's Acting Group Chief Executive.

"Unlike certain institutions that are obsessed only with their bottom line, we are committed to making a developmental impact where it matters most. We are willing to champion the cause of the previously marginalised by providing them with much-needed access to critical financial services and providing them with opportunities to upskill and better themselves."

Understanding challenges

He said the organisation listened to people in all sectors of the economy and understands their challenges.

"Ithala's catalytic role in nurturing the entrepreneurial spirit of SMME's and co-operatives and promoting enterprise development was well known long before other institutions even coined the phrase," he added.

It was reported that a recession killed close to 170 000 small businesses globally between 2008 and 2010 during the economic downturn, crushing the dreams of thousands of entrepreneurs.

However, with its many robust interventions in place, Ithala remains optimistic that the situation can be turned into a positive.

Three key programmes initiated by Ithala are worthy of endorsement for having played a pivotal role in transforming people's dreams into reality.

The "Siyasebenza" initiative consists of a series of developmental outreach programmes by Ithala aimed at uplifting youth, women and SMMEs in townships and rural areas.

"Siyasebenza" meaning "We are working" is a business development programme which involves a series of development-based sub-programmes to uplift, empower and guide aspiring entrepreneurs throughout KZN in their journey to becoming successful entrepreneurs.

"Imbokodo lyazenzela" or "Women doing it for themselves" is a unique enterprise development journey which seeks to acknowledge dynamic women making a positive impact in their communities on a public platform.

Insights to entrepreneurship

The programme has been a pillar of support to female entrepreneurs who require access to finance and the resources to grow. A series of informative breakfast workshops were held across the KZN province over a three-month period.

The workshops provide valuable insights into the challenges that entrepreneurs face when starting businesses including a lack of critical information, operating unregistered businesses, access to finance and the documentation required to be able to access finance, a lack of knowledge about how to formulate a business plan, limited business management skills, access to markets, ensuring quality standards and obtaining mentorship.

The Inkunz'isematholeni Youth in Business programme was launched in 2014 in an effort to tackle unemployment. The programme attracts youth with innovative and sustainable business concepts and provides incubation and start-up to help them launch, manage and run their businesses successfully. The programme has already seen two worthy winners being incubated by Ithala to see their business ideas come to life.

Over the past five years, 16 413 jobs have been created through lending activities, 1 053 enterprises have been assisted and loans totalling R2,03 billion have been advanced across various industries including: Agriculture: 12,8%; Construction and Tourism: 21,4%; Manufacturing: 5,1%; Trade and Services: 46,3% and Co-operatives: 14,4%.

"We saw an opportunity for people where others saw risk and took a chance on them. As pioneers of banking the unbanked, we have a 54-year legacy of enriching the quality of life of many historically-marginalised communities," concluded Mathe.

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