

The rise of the pre-tenders

The next generation of tenderpreneurs is waiting in the wings, and we should all be very worried

 By [Anton Ressel](#) 26 Sep 2013

In his article in Engineering News, Terry Mackenzie-Hoy defines tenderpreneurship thus: 'A 'tenderpreneur in this country is a person who has made an extraordinary sum of money from a contract (usually a national government, provincial government or municipal tender) that has been awarded for some sort of service. The reason why such a lot of cash flows from the contract is that the award value significantly exceeds the cost of the services, and the surplus goes into the pockets of the contractor and the officials who award the contract.'

I think that about sums it up. In other countries it is called graft, payola, skimming or just plain corruption, but here in SA where it has been perfected and elevated to a national pastime, tenderpreneurship seems to work just fine.

It doesn't only involve sums in the many millions

When we hear talk of tenderpreneurs, images of the likes of Kenny Kunene, Julius Malema and Shawn Mpsane spring to mind, well-connected individuals (usually with some struggle credentials or 'comrade cred') that have leapfrogged the queue to cash in on one lucrative government contract after another. While it is true that a lot of tenderpreneurial activity happens at the stratospheric level, involving contracts worth many millions of rands, the reality is that there is an equal amount of activity (and potentially a more negative trend for our economy and future growth as a nation) happening at a far more grassroots level.

I am referring to what I have come to call the Pre-tenders (or the Young and Tenders, if one wants to be cute). These are young South Africans, mostly Black males, who were born around the time of the fall of apartheid and the changeover to a democratic SA. They are a generation that, while certainly faced with challenges of poverty and limited opportunities, has not suffered under the yoke of apartheid and its evil ideology to the degree their parents and grandparents before them did.

A sense of entitlement

They are the Born Free generation, and while Julius and his cronies rightly point out that many of these young men and women are still suffering from a form of economic oppression (although our opinions differ as to the causes behind this state of affairs), 20 years of the ANC's ham-fisted attempts at 'redistribution of wealth' has had an unintended side-effect. We have bred a generation of entitled young Pre-tenders who firmly believe that the Government owes them a living.

A touch dramatic, you may say. Well, let me back that statement up with some facts. In my role as a mentor and participant selector for a number of small business and entrepreneurial support programmes, I have travelled across the country for much of this year interviewing potential candidates to join these various initiatives. The criteria for consideration are usually quite straightforward - Black, under the age of 35, possessing sound entrepreneurial capabilities and/or a proven business model. Not too complicated, there should be thousands of youngsters fitting the bill surely, especially when one considers that the Government has pumped literally billions into the development of the SME sector and the support of organisations like

DTI, SEDA and Red Door?

Business? What business?

Imagine my surprise then, to find that over 80% of the applicants for these programmes are solely reliant on government tenders for their existence. Digest that statistic for a moment. For every ten applicants interviewed, eight of them had absolutely no business beyond the artificial economy that was a government tender. If the tenders stopped, the business stopped. To make matters even worse, many of those who were fortunate enough to have access to a steady stream of tenders were not even remotely qualified to deliver the services for which they were being contracted.

Consider the case of one young man from a town outside East London who, when plotting his future as or does, heard that there were tenders available for grass cutting in his municipal area. Having never so much as switched on a lawnmower in his life, he promptly went out and registered his business (Ubuntu Garden Services or some other such twaddle), and proceeded to win a R65,000 tender within a week of registration, no doubt beating out others who had been performing landscaping and grass cutting for decades. Something is wrong with this picture.

They want a free start-up

I have a fundamental problem with somebody registering a business in a sector that he or she has had no interest and even less experience, and then being rewarded with a chunk of taxpayer's money to perform a job for which he or she is patently unqualified. It amounts to a dumbing down of our whole entrepreneurial process. No wonder we have so many problems around effective service delivery - if the people being contracted (and paid large sums of money) to do the work are grossly unqualified but still rubber-stamped by government as an acceptable supplier, what chance of becoming a world-class economy do we have? Exactly none.

This dependency and expectation on the State coffers extends even further when one considers that the most common question I have to answer in my role as a contributor on business websites like Fin24 and Entrepreneur online, by a very long way, is how to access a government grant to start a business. In other words, about 85% of all budding entrepreneurs in SA see themselves as patently incapable of starting any form of business, even one as modest as a car wash or a lemonade stand, unless government dishes out a few hundred thousand rands to them, for free, to get going.

What ever happened to bootstrapping? To starting small and growing organically? To the entrepreneurial spirit? It has been squashed by a nanny state that teaches people that success can be fast tracked - provided you are the right colour, know somebody of influence or are quite comfortable to deliver sub-standard work because hey, your client doesn't care either way as long as you fill in the paperwork and tick the boxes. In the end, what it all adds up to is more inefficiency, corruption and wasted millions that could have been so much better spent for the benefit of all.

Stop rewarding incompetence and inexperience, at all levels

To be fair, I do not lay the blame for this state of affairs at the door of the recipients of such governmental generosity. If I was in their shoes and someone was offering me R65,000 to cut some grass, I would go and buy a lawnmower too. I also find it difficult to completely vilify the ruling regime who, while misguided and clearly clueless when it comes to the creation of a thriving, sustainable small business sector, probably do

have the right intentions (and nobody can argue with more equitable distribution of wealth) when dishing out tenders and money to anyone with a business plan.

The solution is quite simple - stop rewarding incompetence and inexperience, at all levels. If you want a tender, show us your track record of projects successfully completed - even if they are only that you mow lawns in your school holidays to earn extra cash. If you want start-up capital for your business idea, show us more than a business plan drawn up by some faceless 'consultant' for SEDA or Red Door who has never even met you face to face, let alone run their *own* business. Show us your passion, your commitment, your willingness to make the kind of sacrifices that budding entrepreneurs the world over are prepared, and expected, to make.

The latest Global Entrepreneurship Monitor (GEM) report ranks SA at the bottom of the ladder in just about every measure of entrepreneurial activity, in spite of the fact that all quarters agree that the SME sector is where the bulk of our jobs will be created in the years to come. We are getting our butts kicked properly by countries like Zambia and Ethiopia, and I mean properly.

Tenders and free money are very hard to come by in those countries. You do the math.

ABOUT ANTON RESSEL

Anton Ressel is an experienced business development consultant, mentor and SME specialist. He is the Senior consultant at ED and CSI specialist agency Fetola (www.fetola.co.za), winning mentor on the SAB Kickstart Entrepreneur Competition, and a published author across multiple publications. His passion is helping small businesses become big ones. Follow @antonres on Twitter.
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