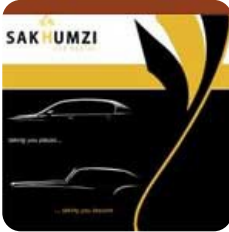


Sakhumzi's car rental model working

While 75% of small businesses fail in the first year, lightweight car rental company Sakhumzi seems to be making progress despite stiff competition.

By Mpho Sibanyoni ² May 2013



Sakhumzi has an unusual business model where it gets cars from rental companies and supplies them to different clients such as government departments, parastatals, funeral parlours, stokvels, private companies and individuals.

Sakhumzi director and founder, Thulani Makhoba, said the company was able to provide cars to clients at favourable rates because they hired them in bulk from car rental firms.

"People think that brokers are expensive as they do not own the assets but our buying power allows us to get good rates from car rental companies," Makhoba said.

"When people want to travel somewhere for business reasons, we help them to book cars," he said.

He said Sakhumzi has a partnership with the South African Funeral Parlours' Association, which allows the company to supply cars with chauffeurs for funerals.

"Some funeral parlours complain that their drivers waste petrol by using the vehicles for something that was not related to the job. By supplying the driver, this puts funeral parlours at ease about the risks associated with owning their own vehicles," Makhoba said.

He said it was challenging operating in the car rental because big rental companies muscle-in on his business.

The company plans to acquire its own fleet of vehicles but says that getting the funding from financial institutions involves a lot of red tape and this makes it difficult to raise the necessary cash.

Source: Sowetan via I-Net Bridge