

# SMMEs to take their challenges on hand

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**A**s stated by BOCCIM President, Leta Mosienyane, the Private Sector Development Programme (PSDP) is well under way.

The first phase of the programme, dedicated to the diagnosis of 100 selected SMMEs, is finalized. The selected beneficiaries are committed to take their businesses to the 'next level', by improving their competitiveness through tailor made assistance from the PSDP. Several partner entities were involved in the diagnosis of the beneficiary businesses, which included among others, the Local Enterprise Authority (LEA), Botswana National Productivity Centre (BNPC), Citizen Entrepreneurial Development Agency (CEDA) and Botswana Innovation Hub (BIH).

The diagnostic revealed significant constraints faced by SMMEs on a daily basis and also emphasized on the work that needs to be done for SMMEs to attain the basic requisite for conducting business. In general, there were a number of challenges that cut across

the different businesses that include business management, marketing and human resources management. Surprisingly, some SMMEs do not have basic bookkeeping resources and skills which is the minimum expectation for any business. The lack of entrepreneurial spirit and the inability to prepare a credible business plan explains why banks are reluctant to provide financing to SMMEs.

The diagnostic of SMMEs by BNPC revealed that the transition of local companies to becoming innovative global players in the region and in the international arena has to begin at the core of the business itself. BNPC auditors recommended having growth projections, marketing plans in place such that SMMEs are able to track progress on whether they are reaching their targets or not, and if not, how they would remedy the situation.

Some of the businesses that were audited had a lot of systems in place, including quality control, HR and sales management systems, but these tended to be disconnected from each other. BNPC also recommended that before their businesses could grow any further, they needed to consolidate those systems and have them 'communicate' with each other.

BIH was appointed to participate in the PSDP SMME Diagnostic Audit focusing primarily on the ICT companies participating in the Programme. It became evident that the majority of the ICT based SMME companies in Botswana are following the same business model, which is reliant on the Government tendering system. BIH auditors noted that a change in mind-set is required from "how things have always been done" to cultivate a corporate culture of innovation where

performance is gauged by contribution and implementation of innovative ideas and processes.

LEA's diagnostic of SMMEs stressed three challenges which hinder growth amongst these SMMEs including difficulties with book-keeping, stock taking and pricing and compliance issues (failure to file tax returns).

CEDA indicated that the knowledge and experience acquired by their team during the audits, will directly be translated into skills transfer internally thus enhancing the agency's business advisory and mentorship services.

The PSDP is broader than just audits. It takes a holistic approach in engaging and improving the growth of businesses, and understanding their core needs. The Programme is assisting businesses, enabling them to have

independent and viable, sustainable structures that will ultimately lead to positive impact in the economy of Botswana, in line with the Economic Diversification Drive.

The programme started the second phase in February 2015 by fully taking into consideration the results of the SMME diagnostic. With a strong need for basic business fundamentals, SMMEs participated in workshops addressing general business management, finance, accounting, value of business planning and environmental awareness. The SMMEs will then be further assisted through hands on mentoring by management experts for a period of six to nine months. Specific coaching of SMMEs will target a range of advanced business aspects including marketing and sales distribution strategy, management tools, Human Resource, productivity and environmental awareness.

To effectively implement the individual coaching, PSDP is working in partnerships with the Tokafala Programme, established by the Government of Botswana, Anglo American, De Beers and Debswana, Managers Without Borders (MWB) and Senior Expert Services (SES) from Germany to ensure maximum impact for the SMMEs.

Under this partnership, SES will be providing technical assistance through its network of experienced experts and engineers. This will be achieved through a participatory approach in which each company receives the assistance of a technical specialist relevant to their sector of operations. Improvements have already been seen with textile companies, with some enterprises adopting new plans and improving their production processes towards best practices in the sector.

In order to compliment the work

done by SES, Managers without Borders is working in close collaboration with the managers of SMMEs in improving areas of costing, financial management, accounting, bookkeeping and strategic planning. The MWB experts will be working hand in hand with their technical counterparts from SES, such that the client is assisted to improve on their technical and financial operations, towards a more efficient and profitable enterprise.

In addition, the Technical Barriers to Trade (TBT) Programme partnered with PSDP and the Botswana Bureau of Standards (BOBS) with the view to strengthen the Quality Infrastructure (QI) institutions in Botswana and support economic operators and exporters to comply with World Trade Organization (WTO) requirements. Over and above the TBT Program, support will also be given to BOBS on the development of a National Quality Policy; upgrading the existing capacities of BOBS as the national lead actor in the field of QI and as service provider for exporters and private sector operators; and to enhance the capacities of service providers to be able to assist the SMEs in the process of certification.

Botswana service providers and intermediary organisations will be engaged in the last phase of the programme, focusing on the follow-up and the monitoring of the above-mentioned capacity building actions for SMMEs.

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