



Exercise 1

Observe, list and describe at least three small businesses situated in the area in which you live or work.

Exercise 2

We used the transport industry as an example of support services and related businesses that can be established. Most of these opportunities will relate to other industries as well.

Study the list as it may help you to decide on your type of business.

OPPORTUNITY	DISCUSSION
Informal food stalls at transfer station	This is probably the opportunity with the lowest barrier to entry in terms of funds required. However, competition is fierce and success will therefore depend on the ability of the vendor to satisfy customer demands in terms of choice, quality and price.
Dry cleaner	This venture requires high capital investment, but may be a profitable business, especially a franchised operation.
Café	A more formal business such as a café requires much higher input cost and is also subject to increased levels of control and statutory requirements. It is also essential to do the necessary prior market research to ensure the correct location, viability etc. However, a cafe can be developed into a viable and highly profitable business.
Supply of stationery to bus companies	This is an opportunity that requires little capital investment but is subject to fierce price competition from the large suppliers.
Supply of tyres and spares	This opportunity requires substantial capital investment and is also subject to fierce competition. A franchised operation or joint venture with an existing supplier is generally viewed as less risky.

Supply of detergents and cleaning material	competition can be expected.
Administering the payroll	This is an ideal opportunity for a personnel officer or clerk with the necessary knowledge of the legislative, tax and basic accounting requirements. Entry requirements limited to entrepreneurship, marketing cost, equipment cost and basic business expenditure.
Rendering catering services	This is an ideal opportunity for an existing chef. Initial capital cost may be high, but is also possible to enter into a leasing agreement with the bus company if existing facilities are available
Rendering a specialised engineering service such as automotive machining, servicing, etc.	This is an ideal opportunity for an aspiring mechanic, foreman or engineering employee. Although viable, huge capital outlay may be required. This is also an industry that is characterised by extremely strong competition due to the fact that high calibre technical staff has been retrenched and render these services from their homes at much lower cost than large firms due to their much lower overhead cost.

The most likely candidates for the above opportunities include stores personnel and engineering clerks and other workshop personnel. However, every individual with an entrepreneurial mindset, commitment and the desire to learn can be successful in any of the above ventures. Existing personnel are in a more favourable position to detect the opportunities in their organisations.

Exercise 4

Do research about your business idea and complete the following information:

What capital equipment will I need?

- Machinery – give full details

- Shop fittings – give full details



➤ Equipment – give full details

➤ Vehicles – give full details

➤ Obtain at least three quotes for each item

What stock will I need? Give full details

Will I need to hire a place to work from? What will it cost?



What expenses will I have?

- Special start-up expenses: if you have to buy equipment and stock
- Monthly expenses for the first month: if you have to pay rent, salaries, petrol, etc.

What am I putting into the business?

- This is called Owner's Contribution – money that you put in

What loans will I need?

- Can I give security for large loans? Do you have assets or savings that banks can use for security?

Exercise 6



Collect information about financial assistance packages to macro and small enterprises from the following banks:

- ABSA
- Nedbank
- First National Bank
- Standard Bank.

Find out what documentation they would need, as well as the interest rates that would be charged on the following:

- Hire purchase for a vehicle
- Overdraft
- Fixed term loan
- Mortgage on property.

If possible, bring copies of the documentation to class.

