



## environment & tourism

Department:  
Environmental Affairs & Tourism  
REPUBLIC OF SOUTH AFRICA

# How to Start and Grow your Tourism Business



What is a  
Tourist?



Getting  
Started



Now that  
I am up and  
Running...



Useful  
Information





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# Acknowledgements

This handbook is the result of a partnership between the Department of Environmental Affairs and Tourism, The Tourism Business Council of South Africa and ABSA.

## Limitations

This handbook is based on information provided by the appropriate institutions, either directly or via their websites. The researchers have assumed that all information has been supplied in good faith and is accurate. We cannot be held responsible for the accuracy or completeness of information supplied to us.

Should you wish for your organisation to be included in future updates of this handbook, please email: [xnyikana@deat.gov.za](mailto:xnyikana@deat.gov.za)

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# Message from Minister Marthinus van Schalkwyk

Small, medium and micro enterprises (SMME's) are engines of development. They contribute to job creation and wealth creation. Therefore, it is critical that tourism SMME's are supported to sustain themselves and to grow.

To this end, the Department of Environmental Affairs and Tourism, through its Tourism Branch, has developed a package of instruments aimed at assisting tourism entrepreneurs to develop sustainable and profitable businesses. This package of support includes:



- Funding of the Tourism Enterprise Programme (TEP), aimed at assisting tourism SMMEs to establish business linkages with larger firms
- A package of tourism SMME training, comprising training on marketing, financial management, human resource management, general business management and tourism awareness; and
- This handbook, which provides information on public and private sector SMME funding and support instruments

This handbook is particularly important because it provides a one-stop point of access to information, specifically for tourism entrepreneurs, on business assistance that is available to them. Furthermore, it is a product of a partnership between our department, the Tourism Business Council of South Africa, and ABSA. This is the fourth edition of the handbook and to date, we have received great feedback on the last edition.

As promised, this handbook is now also available in three other official languages, namely Zulu, Tswana and Afrikaans.

With the new additions I have no doubt that you will find this handbook a useful tool in your business endeavours, and sincerely wish you every success in establishing a growing and profitable tourism business. We will continue to update the handbook on an annual basis.

Warm tourism regards,

A handwritten signature in black ink that reads "Marthinus van Schalkwyk". The signature is written in a cursive, flowing style.

Marthinus van Schalkwyk, MP

Minister of Environmental Affairs and Tourism



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# How to use this Handbook

## Dear Reader

Welcome to the wonderful world of tourism. We hope that you find this publication useful.

This book will provide you with useful information to help you in your efforts to set up a tourism-related business. It covers topics ranging from writing business plans to sourcing funding and even provides important contact details. Please remember that this is an overview and we strongly recommend that you also look at other sources of information.

One of the most important features of this book, is that it provides information on all the initiatives available to help you with setting up a new business or growing an existing one. Use the contacts list to find who would be best to help you and contact them directly.

Remember that many of the institutions offer a lot of different services and assistance. In order to save space in this handbook, we have not repeated their information but have rather referred you to the appropriate page.

Most of the provinces have their own initiatives and some great publications. Contact them directly on the contact details provided in Chapter 5.

Setting up your own business is not an easy task and takes a lot of hard work and dedication. Tourism is no different from any other industry in this way. We have included a fun quiz in Chapter 5, to give you an indication of whether you have “what it takes” to go into business for yourself. It is also important that you gain as much knowledge as possible. Read as much as you can – this includes newspapers, journals and websites.

It is important to view this handbook as a starting point and not the definitive guide to having a successful tourism business. Use the contact listings to find further information, and never stop learning about your business and the tourism industry.

For a more comprehensive guide, ABSA has produced a complete guide to business in 10 booklets which are available as a free download from their website at [www.absa.co.za/business](http://www.absa.co.za/business). Click on the option of the Small Business Toolbox. We recommend that you access these for more detailed information, if required.

Good luck and welcome to the wonderful world of tourism!



# What is a Tourist?

## 2.1 Definition of a Tourist

There has been debate around the definition of a “tourist” and exactly what businesses deal with tourists. A tourist is a person who is travelling and staying outside of his usual environment for a period of time and could be a “**domestic**” tourist – one who lives in South Africa but has travelled to a different part of the country with his family and friends to enjoy a holiday; a “**business**” traveller who has travelled either from another country or within South Africa to conduct business activities or an “**international**” tourist who has come to South Africa from another country to explore what we have to offer.



## 2.2 The Tourism Sector

Over the years tourism has developed into a thriving business in South Africa. Tourism in South Africa includes many sectors which all work towards making a visitor's experience in our country a positive and memorable one.

These sectors include:

- **Transport Sector**, which deals with transporting tourists (both domestic and international) in and around South Africa, e.g. airlines, shuttles, trains, buses, ships, taxis, etc.
- **Travel Agents**, whose main function is to sell the temporary use of transport (air, rail, road and water), accommodation, tours and other associated services
- **Tour Operator**, who is a person that owns a business which transports paying tourists on scheduled itineraries and makes arrangements for their clients in terms of accommodation, transport and excursions
- **Tour Guide**, which is any qualified person who, for monetary or other reward, accompanies people who are travelling through or visiting any place within the country and furnishes those people with information or comments regarding the places or objects visited
- **Hospitality (accommodation)** deals with provision of accommodation, e.g. bed and breakfast, guesthouse, self catering, youth backpacker hostels, motel, hotel, etc.
- **Hospitality (food and beverages)** are establishments that primarily provides food services to domestic and international guests e.g. restaurants, pubs and taverns, fast food outlets, etc.
- **MICE (Meetings, Incentives, Conference and Events)** is a sector whose primary objective is arranging and/or hosting meetings and other events such as exhibitions and often arranges tea and lunch to delegates attending the meeting
- **Tourist attractions** are places or objects that tourists visit e.g. Table Mountain, museums, Cango Caves, etc.

Together we build a tourism product which can be marketed in other countries through international exhibitions, encouraging visitors to come and see what our beautiful country has to offer e.g. great climate, wildlife, stunning beaches, historical icons, friendly people, shopping and many other sites and attractions unique to South Africa.

Tourism involves almost each and every industry in the country in some way or other.



## 2.3 The Tourism Channel and how it works

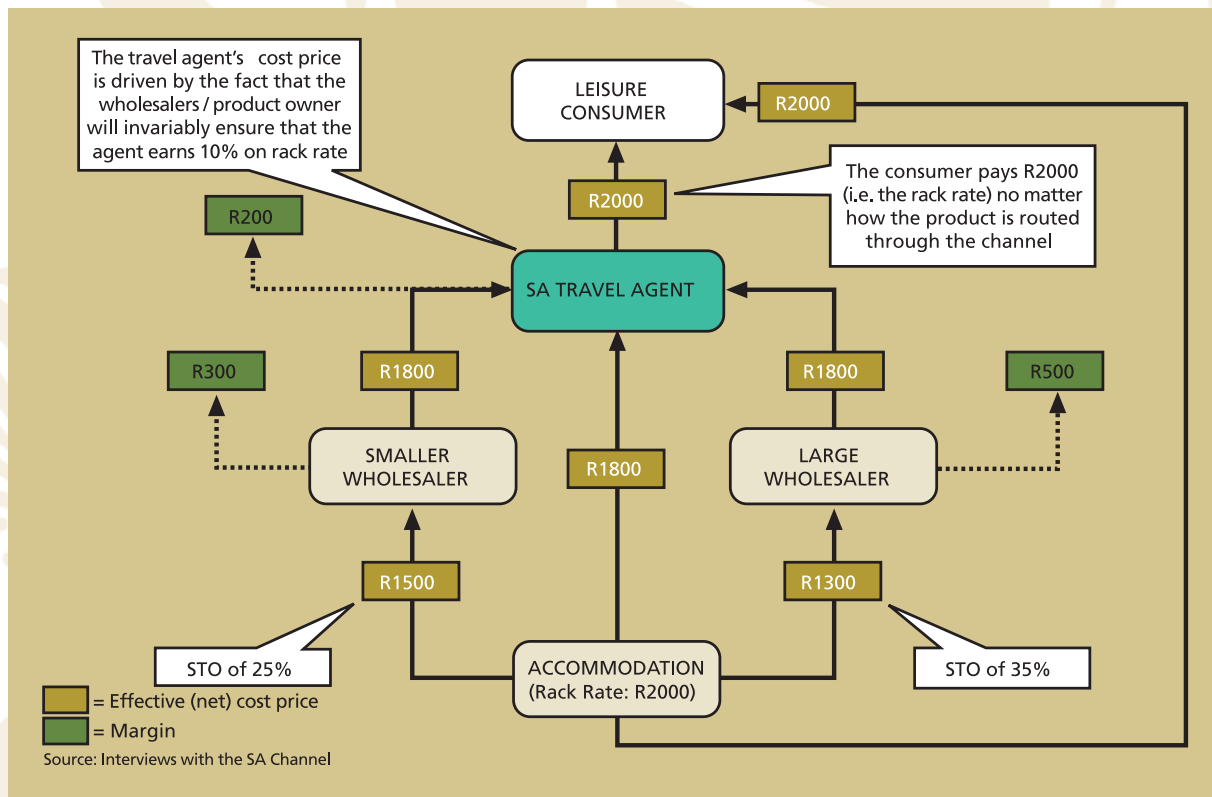
One of the challenges of the tourism industry is that often the sale of a product or service is not directly between the supplier and the consumer, but using one or more intermediary (middle-man).

We call this the “channel”, which simply refers to the various organizations, and the way in which they work together, to bring tourists from wherever they are located in the world to South Africa.

It is, therefore, important for you to get a clear understanding of not only who will be the end-user of your product or service, but who you need to deal with in the channel to promote your business.

We have included below a diagram of how the channel might work for an accommodation provider, and who earns what from this process. You will notice that the intermediaries are all earning commission from the accommodation supplier – in essence, they are suppliers of a marketing service to the accommodation owner.

**Example:**  
How is the channel configured and how does a consumer purchase a holiday.



If a consumer wants to travel to a destination he or she will approach a travel agent who will put together a package using prepackaged tours offered by a wholesale tour operator. The wholesale tour operator would approach an inbound tour broker / tour operator in South Africa to arrange or propose a tour. The inbound tour operator would make reservations directly with products. These all work on a commission basis.

Talk to your Provincial Tourism Organisation for advice on how best to go about promoting your business. More information is included in the section on Marketing in Chapter 4.



# Getting Started

## 3.1 I have a Great Idea!

There has been a lot of publicity recently about the tourism industry in South Africa and we are very proud of the growing number of tourists visiting our wonderful country. Important events like the 2010 Football World Cup will also have a huge impact on our industry, and there should be opportunities for the resourceful entrepreneur.

Often you will hear someone say something that sparks an idea in your head. You might be really proud of this idea, but the important thing is to get a sense of whether this idea will work in real life, and will result in a profitable business.

This is the stage where a quick feasibility study should help you decide whether to take this idea further in more detail. "Feasible" just means practical, achievable or easily done. Selling tour packages to the moon is not feasible (at the moment!!!).

Okay, so how should you do this study?

- Ask a lot of questions
- Find out if anyone is doing something similar and ask them to share their experiences with you
- Do some rough financial calculations. Again, if people are only prepared to pay R1.00 for something that has cost you R2.00 to produce, then this is not a feasible idea
- Do some rough market research. Identify who your potential market is and ask them if they would consider supporting a new business. Ask people what sort of goods and services they want
- Another useful tool is the SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities and Threats, and is really useful to help in the decision-making process, especially if you are trying to choose between a number of different ideas. Write each of the headings on a piece of paper and list all your strengths, weaknesses, etc and those of your idea/potential business

We have included an example of a SWOT analysis in Chapter 5.

If after all this, you think that your idea is still a good one, then it is time for the Business Plan.



## 3.2 Putting the Idea on Paper

### The Business Plan

The business plan is used to take your ideas for a new business and put them down in writing, expanding on the detail. Try writing your own business plan, as these are your ideas. However, if you feel that you need help with this important document, there are many companies out there to assist. We have listed them at the end of this section.

Your business plan will contain valuable information regarding your product or service and will not only serve as a document with which you can obtain financing but can also be used as a guideline for you to follow when setting up your business. It will also clarify questions such as what business structure to use, whether you will need staff and where your business should be located.

A business plan usually has four main sections:

1. Feasibility or viability study – How will my idea work?
2. Strategic planning and focusing guide – How will my business grow and what is my target market?
3. Operational guide – A day-to-day plan of action.
4. Financing tool – A detailed business plan made up of points 1,2 and 3 will show investors that you know what your aims and objectives are and that your business is a good investment.

The contents of your business plan should include the following:

- **Executive Summary**

This summary contains the most important aspects of your business plan as detailed under the various headings below and at a glance should provide financiers and investors with enough information about your business strategy.

*The Executive Summary is always the first part of your business plan, but it is easiest to write it last.*

- **Business Structure**

The overview includes information regarding the physical/street address of your business, the type of business, for example: guesthouse or tour operator etc, whether the business is a Closed Corporation (C.C.), Sole Proprietor or Company (Pty) Ltd. It is important to choose the right structure for your purposes. An explanation of the different types of business structures is listed in Chapter 5.

Other information to be included under this heading is that of whether the business is a brand new concern or whether it has been bought as an existing business. You should also include the goals and objectives, product or services provided to the client and how you foresee competing with organizations in the same field. Also include the technology which you will require to operate your business effectively, for example: computers, telephones, fax machines etc.

*Information about your competitors can be found from various directories and magazines.*

- **Staffing Structure**

You need to explain who you will employ (if any apart from yourself) and what their roles and responsibilities will be. If necessary, draw up an organogram showing who does what and to whom they report.




- **Industry and Market Analysis**


Industry and Market analysis is very important information required to assess your business's future.

The industry analysis should include information about the general tourism industry in South Africa – the important players, the national and international trends and events and the various pieces of legislation which may influence your business.

The market analysis, on the other hand, includes specific information about the actual part of the tourism market in which your business lies, for example: travel agent, conference venue etc. – the trends of the existing market, pricing of product and services provided, potential clients/guests and how you will make sure that you are competitive.



*Have you taken into account that the tourism industry can be seasonal, meaning that you can be a lot busier in some months than others?*




*Statistical information can be found through organisations such as DEAT, STATS SA, SA Tourism under their research and quarterly reports, the Bureau of Market Research, Business Partners etc. The Internet is a wonderful tool for getting information – if you do not have Internet access, use an Internet café, Postnet or ask a friend to help you.*

- **Marketing Plan**

Your sales & marketing plan explains how you will promote your business. The pricing structure (income) of your product should be included here together with marketing opportunities which will help you reach the income you have aimed at receiving. The marketing opportunities can include: existing industry publications for advertising, leaflets, exhibitions or direct visits to potential customers. Try and set target dates for what you want to achieve.

Fortunately, a marketing plan is something that you will always use and will grow and change with your business. So don't be intimidated by your first attempts.




*More information on Marketing is included later in this handbook.*

- **Financial Plan**

Setting up financial plans can be quite scary, but it is a really important part of your overall plan. For your business to succeed, you need to know how much income you will get and what your expenses will be. A business will not survive in the long term if your expenses are greater than your income.

Usually financial statements include operating budgets, cash flow statements and estimated balance sheets for a minimum of three years.



*ABSA has a great cash-flow computer program which is available on their website free of charge. Go to [www.absa.co.za/business](http://www.absa.co.za/business) and click on the Small Business Toolbox option.*

- **Legal and Regulatory Information**

All businesses need to adhere to the appropriate laws and regulations. Some of these laws and regulations are the same for all types of businesses (for example SARS registration for taxes) and some are specific to the kind of the business. For example, a tour operator needs to have a public driver's permit and a bar must have a liquor license. Find out from the appropriate trade association what is needed to run your business.



- **Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis**

The SWOT analysis is as discussed in the previous section, but should now be looked at in more detail (see chapter 5 for example).

- **Relevant Supporting Documentation**

Any documentation which you refer to in the body of the business plan for example: financial statements, environmental impact studies, employee CV's, brochures and publications must be included in your business plan.

Listed below are organisations that can assist with the writing of a business plan:

**Khula Enterprises**, through its **Thuso Mentorship Programme**, offers assistance in the development of business plans to be presented as part of a loan application.

**Business Plan Development (pre-loan):**

- Loans from a bank between R50 000 and R300 000 -  
Thuso pays 75% of cost of Business Plan
- Loans from a bank greater than R300 000 –  
Thuso pays 50% of cost of Business Plan

A full list of contact numbers, as well as the process of applying for assistance from Khula, is available on page 19 of this handbook.

## **Tourism Enterprise Programme (TEP)**

### **What is the Tourism Enterprise Programme?**

The Tourism Enterprise Programme (TEP) is a joint DEAT/Business Trust initiative. TEP's main objective is to encourage and facilitate the growth and expansion of SMMEs within the tourism economy resulting in job creation and growth in turnover.

### **How can TEP assist me?**

TEP identifies, facilitates and fosters commercially viable business transactions between industry players and SMMEs. TEP is able to assist SMMEs operating in the tourism economy in a number of ways, for example:

- Marketing assistance for events
- Development of Business and Marketing plans
- Preparation and submission of tenders and proposals to become a supplier
- Training
- Attending exhibitions and conferences where appropriate
- Certification and licencing
- Identification of service providers

TEP is able to contribute financially to the above on a cost-sharing basis. The SMME must, however, exhibit the potential to grow and to create jobs to qualify for financial assistance.





## What does TEP not do?

The Tourism Enterprise Programme does not provide funds for the following:

- Financing of assets
- Raising or contributing to equity
- Start-up capital
- Operational costs

However, we do help facilitate the process of getting capital and equity.

## What will it cost me to participate?

It does not cost you anything to register. Registration is compulsory to receive TEP support.

## How do I know if I'm eligible?

To be eligible, you should be an SMME who -

- Operates as a direct tourism enterprise, for example a lodge, hotel, bed and breakfast, tour operator, tour guide, etc

or

- Operates as a supplier of goods and/or services to a formal tourism business which derives at least 50% of its income from tourism-related activities

and

- Is willing to share the costs of the assistance
- Is willing to provide monthly information on turnover and jobs

## TEP Contact Details

### HEAD OFFICE GAUTENG - ECIAFRICA CONSULTING (PTY) LTD

Tobhi Simelane

Momentum Office Park, 145 Western Service Road

Woodmead, Johannesburg, P O Box 409, Wendywood, 2144

Tel: (011) 804 5750

Email: [Tobhi.Simelane@eciafrica.com](mailto:Tobhi.Simelane@eciafrica.com)

Fax: (011) 802 8448

Website: [www.tep.co.za](http://www.tep.co.za)

### KWAZULU-NATAL - GOLDEN SPOT TRADING 664 CC

Brian Avnit

Tel: (032) 525 6660/1

Cellular: 083 473 0153

Fax: (032) 525 6663

Email: [goldenspot@wol.co.za](mailto:goldenspot@wol.co.za)

### WESTERN CAPE - AFRICAN EQUATIONS

Shareen Parker

Tel: (021) 461 5735

Email: [shareen@africanequations.co.za](mailto:shareen@africanequations.co.za)

Fax: (021) 461 5775

### MPUMALANGA - SILULU INVESTMENTS SERVICES

Gay Mokoena

Tel: (013) 752 2300

Cellular: 083 265 8598

Fax: (013) 752 3496

Email: [gaymokoena@icon.co.za](mailto:gaymokoena@icon.co.za)

### FREE STATE AND NORTHERN CAPE - CEDAR INVESTMENTS

Ben Cederstroom

Tel: (051) 444 0070

Cellular: 083 413 3710

Fax: (051) 444 0579

Email: [ben@cederinvestments.co.za](mailto:ben@cederinvestments.co.za)

### EASTERN CAPE - EAST LONDON

Sibongile Tabata

Tel: (043) 727 0480

Cellular: 083 236 8171

Fax: (043) 727 1002

Email: [Sibongile.Tabata@eciafrica.com](mailto:Sibongile.Tabata@eciafrica.com)

### EASTERN CAPE - PORT ELIZABETH

Diane Joshua

Tel/Fax: (041) 582 2150

Cellular: 082 558 5847

Email: [Diane.Joshua@eciafrica.com](mailto:Diane.Joshua@eciafrica.com)

### LIMPOPO

Norman Molomo

Tel: (015) 295 7287

Cellular: 083 488 6323

Fax: (015) 295 7294

Email: [Norman.Molomo@eciafrica.com](mailto:Norman.Molomo@eciafrica.com)





## Small Enterprise Development Agency (SEDA)

The Small Enterprise Development Agency (SEDA) is the Department of Trade of Industry's new agency (formally launched on 13 December 2004) for supporting the development of small business in South Africa.

SEDA's mandate is broader than the support, promotion and development of small enterprises. The mandate includes the support and promotion of Co-operative enterprises to reach a greater variety of enterprises, particularly those located in rural areas. This support of alternative forms of enterprises will be an important way to facilitate the intergration of second economy into the first economy.

The establishment of SEDA will ensure a coordinated approach to the design and implementation of development support programmes and the creation of a service delivery network for small businesses throughout South Africa.

SEDA incorporates the previously existing small business support institutions (NTSIKA Enterprise Promotion Agency and the NAMAC Trust) and will have representation at all levels of government. Its footprint will follow that of local government, making local SEDA offices easier to find and more accessible. SEDA will incorporate the existing Local Business Support Centres and Tender Advice Centres, which were supported by NTSIKA.

At SEDA offices, entrepreneurs will be able to get help with business plans, technical advice and marketing, as well as information on export support, tenders and incentives. Therein lies the value of bringing in Community Public Private Partnership (CPPP), NTSIKA and NAMAC together.

### SERVICES

- Network Development Programme (LBSCs)
- Capacity Building of Service Providers
- Materials Development
- Export Training
- Incubation
- Nescat II Model
- Monitor (Vol III)
- IDP / LED Programme
- Information Packaging
- Monitoring and Evaluation: Malagas Programme Design Cube
- Tender Advice Programme
- Sector Development Programme
- Special Focus Group Programme
- Technical assistance and market access Programme
- Trade Point Programme
- Manufacturing and Advisory Centres (MAC)
- Business Referral and Information Network (BRAIN)
- Franchise Referral and Information Network (FRAIN)
- Small Enterprise and Human Development (SEHD)
- Growth Achieved by Integrated Networks (GAIN)
- Intensive Handholding

#### Residential Address:

Information Centre  
1 Dr Lategan  
SABS Building, Block A  
Groenkloof  
Pretoria, 0001

#### Postal Address:

P O Box 56714  
Arcadia, 0007  
Tel: (012) 428 5000  
Fax: (012) 428 5142  
Call Centre: 086 080 3703  
Website: [www.seda.org.za](http://www.seda.org.za)

## Business Referral and Information Network (BRAIN)

BRAIN's mission is to supply high-quality, value-added information services through existing delivery structures to ensure improvement in the Business of SMMEs, with the emphasis on Historically Disadvantaged Individuals and businesses.

The Business Referral and Information Network (BRAIN) programme was initiated by the Department of Trade and Industry, and is now managed by SEDA.

### The BRAIN Programme rests on three pillars:

#### 1. The National Affiliated Members

In order to bring the service to all communities in South Africa, the programme is affiliating to existing business support centres across the country. Centre personnel are trained on the BRAIN information resources, and empowered to deliver an enhanced service to clients in their communities.

*Queries may vary from quite basic ones, e.g. 'Who can help me finance my business?' to very complex ones concerning manufacturing processes, international markets, patent infringements, etc.*

#### 2. The BRAIN website

The BRAIN website consists of more than 300 pages of comprehensive business information. The information is continuously expanded and updated. The site attracts more than 27000 visitors per month, many of them from foreign countries eager to do business with South African companies. The site is fast and easy to navigate or search.

*For access to sample business plans, a dedicated SMME monthly newsletter, and other useful information and advice, log on to [www.brain.org.za](http://www.brain.org.za)*

#### 3. The National Information Centre

The Centre is staffed by business information consultants, who have access to a vast number of information resources. The Centre receives queries by phone, fax, email, post and walk-ins. Basic queries are answered within a day, while more complex enquiries are answered within a week or two, depending on the nature of the query and the availability of the client for feedback. All enquiries are captured on a client database, and follow-up calls are made to ensure that the client received the correct information.

#### Contact Details:

*BRAIN National SMME  
Information Centre  
Tel: (012) 428 5000  
Fax: (012) 428 5142  
Call Centre: 086 010 3703  
Website: [www.seda.org.za](http://www.seda.org.za)*



## Community Public Private Partnership (CPPP)

### What is Community Based Tourism:

Rural communities are often the poorest areas of the country. This partnership promotes tourism that involves rural communities in the development, management and ownership of community based enterprises that promote and revive the rural economies through the usage of natural and cultural resources. Community based tourism aims to introduce a unique, genuine, local South African cultural experience that will add variety to the typical tourism industry attractions and experience.

### The process includes the following:


- Assist with the formation of a joint venture or partnership
- Assist with the raising of funds
- Co-ordinate the combination of all stakeholders for the support of the enterprise
- Assist with the registration of the enterprise and capacity building for the communities
- Assist and fund the drafting of the feasibility study and the business plan and other studies necessary for the progress of the enterprise
- Assist with the capacity building and skills development of community members
- Input and contribute towards the local municipality and provincial tourism bodies' planning and development of tourism in rural areas
- Assist with the recognition and inclusion of rural tourism in the national plans and provincial marketing strategies
- Assist with the development and buy-in by tour operators of a community based tourism route

### Criteria:

- Ownership by community
- Growth potential
- Sustainability
- Job creation
- To be able to copy or reproduce concept

### Contact Details:

Thuli Fakude  
CPPP: Tourism Development Facilitator  
Tel: (012) 428 5000  
Fax: (012) 428 5061  
Email: tfakude@seda.org.za  
Website: www.seda.org.za



*CPPP and BRAIN are stationed under one roof and should you need to contact any of the two programmes please use SEDA'S contact details as mentioned above.*

## Umsobomvu Youth Fund

Umsobomvu Youth Fund was set up in 2001 by the South African Government to address the challenge of high youth unemployment in South Africa.

### **Business Development Support Voucher Programme:**

The Umsobomvu Youth Fund has launched the first Business Development Services Voucher Programme in the following provinces: Eastern Cape, Gauteng, KwaZulu-Natal, Limpopo and Western Cape. A voucher is a document given to selected clients entitling them to buy business support services (technical assistance) from a list of approved service providers.

The voucher programme is mainly for youths between the ages 18 and 35, and will assist young entrepreneurs to access the following business development support services:

- Accounting
- Business plans
- Marketing plans
- Company registration
- Contract drafting
- Tax advisory services
- Tendering

### **Contact Details:**

Call Center: 086 009 6884

Website: [www.youthportal.org.za](http://www.youthportal.org.za)





## 3.3 Where do I get Money to start my Business?

Once you have your business plan, you can use it to get funding for your business. Be aware that although there are several programmes available, they all fund specific areas of your business. Make sure that you have read and understood all the criteria prior to contacting these funders or you may waste time and energy. We have listed the organisations which could assist you with funding, detailing their specific criteria and also what aspects of the business they finance.

### The Department of Trade and Industry

Two divisions of the dti, The Enterprise Organisation (TEO) and Trade and Investment South Africa (TISA), assist SMMEs.

This assistance is in the form of different types of incentives, mostly financial, that tourism businesses can access. They apply to the cost of capital expansion, marketing assistance, training and development. Currently the dti is reviewing a number of these incentives to increase their suitability for tourism related businesses. These incentive schemes are listed in the various relevant chapters.

#### Small Medium Enterprise Development Programme (SMEDP)

The Small Medium Enterprise Development Programme (SMEDP) offers cash grant incentives to assist tourism related enterprises within South Africa after they have been set up, on a reimbursement basis. Assistance is provided to new or existing businesses that wish to expand.

##### Which projects are funded?

- Enterprises that are located in South Africa
- New projects and expansion of existing projects
- Businesses in accommodation and/or in tourism vehicles, which have the potential to grow by at least 25% in the first financial year of the expansion
- Businesses classified as providers of short term accommodation e.g. hotels, bed and breakfasts, lodges and chalets
- Tour operators that solely serve tourists
- Businesses that have private railways, aerial cableways, water transportation vehicles on dams, lakes and others

##### What does SMEDP offer?

- A tax free cash grant for two years based on the cost of the investment in buildings, furniture, equipment and vehicles
- Additional cash grant for the third year to enterprises provided that the ratio of the payroll, expressed in terms of operational cost, be a minimum of 30%
- A maximum incentive of R3 050 000.00 per annum, for enterprises with an investment in buildings, furniture, equipment and vehicles

##### How do I Apply?

- Obtain an information brochure and application form from the DTI, The Enterprise Organisation (TEO)
- Submit application form to DTI, TEO for evaluation

*There are three case studies in Chapter 5 for clarity on the process.*

##### Contact Details:

Ms. Qondani Rwingewa

Tel: (012) 394 1252

Fax: (012) 394 2252

Email: [qondani@thedti.gov.za](mailto:qondani@thedti.gov.za)

Call Centre: 086 184 3384

Website: [www.thedti.gov.za](http://www.thedti.gov.za)





# The Industrial Development Corporation

The IDC's Tourism Business Unit finances large capital expenditure in tourism businesses in the form of a loan.

## The main criteria for selection are:

- Projects must be economically viable
- The IDC loan amount must be larger than R1 million
- An owner's contribution of at least 40% of the total project value is needed. This can, however, be reduced to 20% for empowerment projects

## The types of projects that would qualify for funding include:

- Accommodation facilities
- Buildings
- Furniture, fittings and equipment
- Renovations
- Refurbishments
- Expansions
- Immediate infrastructure
- Other capital intensive projects

## The type of finance facilities available include:

- Mainly loans of between 5 to 15 years
- Repayments to suit cash flow
- A possible freeze on the repayment of capital for up to 2 years
- Accumulation of interest of up to 2 years

You can apply for finance by submitting a business plan outlining the intended project and its finance requirements. The business plan should contain adequate information about the applicant, the project, costing, marketing plans, employment and at least 5 years' budgets, to enable the IDC to assess the merits of the business case. Closer guidelines are available from the tourism strategic business unit.

### Contact Details:

Kantinka Schumann-Bester

Tel: (011) 269 3509

Fax: (011) 269 3668

Call Centre: 086 069 3888

Email: [katinkas@idc.co.za](mailto:katinkas@idc.co.za)

Website: [www.idc.co.za](http://www.idc.co.za)



## Eskom Development Foundation

Eskom's small business development initiatives are managed by the Eskom Development Foundation.

### The objectives of the SBD are:

- Developing project packages that support the creation and enhancement of small and medium enterprises
- Developing small and medium enterprises in support of Eskom's procurement policy
- Providing assistance in the establishment of black business that uses electrotechnologies
- Forming of strategic partnerships and alliances
- Facilitating entrepreneurial skills training
- Facilitating the acquisition of finance and other resources
- Stimulating entrepreneurial spirit among the previously disadvantaged
- Encouraging the establishment and revamping of business premises
- Electrification of targeted small and medium enterprises
- Enhancing the skills and knowledge of project managers in the field of business management

Promoting and supporting the acquisition of capital equipment for targeted small and medium enterprises.

The Small Business Development Department's mission is to establish small, medium and micro enterprises (SMMEs) that will promote Black Economic Empowerment (BEE) and increase electricity sales in the Eskom supply areas. In order to realise this goal, support for SMMEs is offered in the following areas:-

- Assistance in establishing businesses
- Assisting Agro businesses
- Strategic Partnerships
- Entrepreneurial Skills Training
- Acquisition of finance

### Support for Small Business

Assistance in establishing businesses

Franchises and manufacturing are businesses we help establish.

### Assisting Agro-businesses

We assist with the establishment of small-scale farming businesses as follows:

- Assistance with the sale of produce
- Small-scale manufacturing concerns such as canning and rural cheese processing etc.

### Strategic Partnerships

Through joint ventures with other corporate players, both locally and internationally, Eskom helps prospective entrepreneurs establish/develop SMMEs, including business premises.

We have also developed an information data network system that acts as a support structure for small businesses who need to know service providers for their specific initiatives.

Contacts with Government Support Centres for SMMEs and local business chambers have also been established to facilitate contact between entrepreneurs and these business structures.



## Entrepreneurial Skills Training

Formal courses on both technical and business skills including on-job training can be facilitated for businesses assisted by Eskom.

## Acquisition of finance

Through our partnerships with certain financial institutions in the establishment of SMMEs, Eskom is able to help entrepreneurs by facilitating the acquisition of finance.

## Successes

Eskom has promoted job creation both directly and indirectly.

## SBD Performance - May 1993 To December 1997

KPI's	1993	1994	1995	1996	1997
Jobs Created	760	1600	2023	1194	2878
Businesses Established	233	534	502	470	321
Infrastructure	-	-	10	7	10
Agro-Based Businesses	-	-	16	6	29
Entrepreneurial Training	-	-	150	260	975

## Ground rules

- Eskom SBD does not provide finance to entrepreneurs, but guarantees a portion of the loan acquired through our Leveraging Fund.
- Eskom SBD will not purchase capital equipment for entrepreneurs or pay for working capital.
- Applicants should be from the disadvantaged communities.
- Proposed businesses should use electricity OR support Eskom's strategic initiatives e.g. Demand Side Management and Energisation.
- The development of businesses is undertaken in line with Eskom's BEE procurement policy on SMMEs.

## Possible financial assistance for Eskom-supported businesses can be considered in the following areas:

- Entrepreneurial skills training (both technical and business)
- Feasibility, market study and business plan facilitation
- Electrical infrastructure and connection
- Concrete slabs for containerised ventures
- Sourcing of business opportunities and partnerships
- Promotion, marketing and launching of Eskom supported business
- Signage of business premises
- Legal and administration costs for transference of facilities

## Our contact people:

### Head Office

BE Yafele  
Tel: (011) 800 2322  
Fax: (011) 800 2340  
SM Mashanyu  
Tel: (011) 800 4040  
Fax: (011) 800 2340

### Gauteng

G Botha  
Tel: (011) 711 2929  
Fax: (011) 711 2646

### Mpumalanga

H de Kock  
Tel: (013) 755 9025  
Fax: (013) 755 9263

### Kimberley

M Mogotsi  
Tel: (0531) 80 5741  
Fax: (0531) 80 5829

### Southern Cape

R Webster  
Tel: (044) 801 2305  
Fax: (044) 801 2646

### Klerksdorp

G Motsemme  
Tel: (018) 464 6515  
Fax: (018) 464 6720

### Bloemfontein

V Rantsoareng  
Tel: (051) 404 2992  
Fax: (051) 404 2006

### Cape Town

F Essop  
Tel: (021) 915 2618  
Fax: (021) 915 2066

### N.Province

J Lechelele  
Tel: (0152) 29 1410  
Fax: (0152) 29 1488



## Business Partners

Business Partners is an unlisted public company which tailors investment and value-added solutions to meet the specific needs of independent entrepreneurs.

Some of the many services the group offers to assist and enable entrepreneurs are:

- a free business planning model, which is accessible on the Business Partners website at [www.businesspartners.co.za](http://www.businesspartners.co.za)
- a range of information leaflets, available free at all Business Partners offices
- easy accessibility through a nation-wide network of 23 offices which offers a free initial consultation for entrepreneurs with a viable business plan
- a database of over 200 mentors and sector specialists that are available to clients at highly competitive rates, specially negotiated on their behalf by Business Partners
- a property broking service to assist entrepreneurs in finding rental premises or suitable properties to purchase for their businesses
- a property management service both for entrepreneurs with their own large premises to manage or with investment premises that require intensive management

### Investing in Entrepreneurs:

Business Partners believes that its real business is people and is committed to investing in entrepreneurs in every sense of the word.

### Contact Head Office for details of a branch near you:

Johannesburg

Tel: (011) 480 8700

Email: [enquiries@businesspartners.co.za](mailto:enquiries@businesspartners.co.za)

Website: [www.businesspartners.co.za](http://www.businesspartners.co.za)

## Commercial Banks (Small Business Units)

All commercial banks offer loans to approved clients. Contact your branch directly or the Small Business Unit as listed below.

Remember that you are not restricted to only using your current bank, and sometimes you can get a better deal from another bank trying to attract your business.

### ABSA-Head Office

Tel: (011) 224 8818

#### Small Business Unit

Contact Person: Mr Kevin Fullen

Tel: (011) 544 4500

Fax: (011) 484 3036

Email: [Kevinf@absa.co.za](mailto:Kevinf@absa.co.za)

### Standard Bank-Head Office

Tel: (011) 377 1000

#### Small Business Unit

Contact Person: Mr Roger Nelson

Tel: (011) 601 4380

Fax: (011) 631 8189

Email:

[roger.nelson@standardbank.co.za](mailto:roger.nelson@standardbank.co.za)

### First National Bank- Head Office

Tel: (011) 371 2111

#### Enterprise Solutions

Contact Person: Charmaine Cassidy

Tel: (011) 371 7299

Fax: (011) 371 8282

Email: [ccassidy@fnb.co.za](mailto:ccassidy@fnb.co.za)

### Nedbank-Head Office

Tel: (011) 377 1000

#### Small Business Unit

Contact Person: Mr Pierre Kriegler

Tel: (011) 630 6767

Fax: (011) 630 6820

Cell: 083 327 2953

Email: [Pierrek@nedcor.co.za](mailto:Pierrek@nedcor.co.za)

or

Contact Person: Mr Mervyn Govender

Tel: (011) 630 7107

Fax: (011) 630 6820

Cell: 072 679 4200

Email: [mervyndrang@nedcor.co.za](mailto:mervyndrang@nedcor.co.za)

*If you have difficulty qualifying for credit from a bank, you can contact Khula and make use of their Credit Guarantee Scheme.*



# Khula Enterprise Finance

## What is the Khula Credit Guarantee Scheme?

Getting credit facilities can often be difficult, as often the funder will want an asset such as a house to secure the loan. The Khula Credit Guarantee Scheme was established to give access to finance for people wishing to start a small to medium sized business, but who might not have had the opportunity to accumulate wealth or other assets to present as collateral (security) to a bank in order to secure a business loan. In these cases, the banks can apply to Khula for a guarantee which then acts as collateral for 80% of the total loan amount, (with a loan maximum of R1 million).

Participating banks include:

- ABSA
- BOE Bank Limited
- Nedcor Bank Limited
- African Bank Limited
- FNB
- People's Bank
- Bank of Athens
- MEEG
- Standard Bank

### Criteria for selection:

The Credit Guarantee and Support Services are available to the following individuals:

- Who want to borrow between R50 000 and R1 million
- Who are South African citizens
- Who will be involved in the day-to-day running of the business on a full-time basis
- Who can provide an own cash contribution of at least 10% towards the start-up or expansion of the business
- Who have a clean financial track record

The Credit Guarantee is available both for new business ventures or existing businesses wishing to expand. The same conditions apply to both cases. Please note that the Credit Guarantee Scheme cannot be utilised for the financing of speculative deals (e.g. when an entrepreneur wants to open a second business and put a manager in charge).

### Process for Applications:

- Client approaches Khula regional Mentorship office for either a Business Plan or mentorship assistance
- A regional co-ordinator recommends a mentor after assessment for either a Business Plan or mentoring request. Khula Institutional Support Service will appoint a mentor
- The client, complete with Business Plan, will then approach a commercial bank for a loan
- Bank assesses the Business Plan and an application in terms of its lending criteria
- If satisfied, the bank will approve the loan
- If the risk is not adequately covered, the bank may require a guarantee from Khula Credit Guarantee Limited
- Once the loan has been approved, a requirement may be that a mentor be appointed to help the client with implementation of a Business Plan and loan management
- If the business experiences problems, business advice or remedial mentoring may be required to assist the business in providing specific solutions to help it achieve its goals

#### Blackheath

Blackheath Industrial Hive,  
Range Road, Blackheath  
Reg Co: Errol Gardner  
E-mail:  
errolg@khulawc.org.za  
Tel: (021) 905 6237  
Fax: (021) 905 6238

#### Bloemfontein

Business Partners Building,  
Cnr Henry & Eastburger  
Streets, 2nd Floor  
Admin: Irene Khoase  
E-mail:  
irenek@khulafs.org.za  
Reg Co: Janice Phakisi  
Tel: (051) 430 0275  
(051) 430 2778/3203  
Fax: (051) 430 0949

#### Cape Town

Thuso Mentorship, Room  
109, 1st Floor Perm Building,  
135 Main Road, Claremont,  
Cape Town  
Admin: Bulelwa Makeleni  
E-mail:  
bulelwam@khulawc.org.za  
Reg Co: Tabatani Mgudlwa  
E-mail:  
tabatanim@khulawc.org.za  
Tel: (021) 671 9056/7  
Fax: (021) 671 9228  
Cell: 082 714 9360





**Durban**

Thuso Mentorship, 320 West Street, 25th Floor, Suite 2502, Durban Admin: Tembakazi Koali  
E-mail: tembakazik@khulakzn.org.za  
Reg Co: Wallace Langeni  
Tel: (031) 301-1916/17  
Fax: (031) 301-1922

**East London**

Thuso Mentorship, Pilot House, The Quarry, Quartzite Drive, Lukin Road, Berea, East London  
Admin: Matsepo Nxasana  
E-mail: matsepon@khulaec.org.za  
Reg Co: Mr Hylton Long  
Tel: (043) 721 0437/42  
Fax: (043) 721 0445

**Midrand**

Thuso Mentorship, Palms Office Park, 511 Nupen Street, Midrand  
Reg Co: Mokgati Mbongo  
Admin: Rejoice Mokgabudi  
E-mail: rejoicem@khulagp.org.za  
Tel: (011) 315-0036/7  
Fax: (011) 315-7436

**Nelspruit**

Cnr Brown & Paul Kruger, 1st Floor  
Prorom Building  
Admin: Gloria Maserumule  
E-mail: gloriam@khulamp.org.za  
Tel: (013) 755 2370  
Fax: (013) 755 2986

**Pennyville**

114 New Canada Road, Pennyville Industrial Park, Roodepoort  
Reg Co: Dorah Manyoni  
E-mail: dorahm@khulagp.org.za  
Tel: (011) 473 1426  
Fax: (011) 473 1453  
Cell: 083 541 0361

**Polokwane**

78 Hans van Rensburg, Old Mutual, 6th Floor, Office 503  
Reg Co: Daphne Morifi  
Admin: Lesego Raboifa  
E-mail: lesegor@khulalp.org.za  
Tel: (015) 297 0136/9/42  
Fax: (015) 297 0158

**Port Elizabeth**

Thuso Mentorship, Block 3, Sanlam Park, 2nd Avenue, Newton Park  
Reg Co: Lumka Mantyi  
Admin: Thelma Zondani  
E-mail: thelmaz@khulaec.org.za  
Tel: (041) 363 2570  
Fax: (041) 363 2571

**Rustenburg**

32B Heystek Street, Sunetco Building, Rustenburg, 0299  
Reg Co: Danny Letoaba  
E-mail: danny@khulanw.org.za  
Admin: Nicolene Rapoo  
E-mail: nicolener@khulanw.org.za  
Tel: (014) 592 6391/2/72  
Fax: (014) 592 6385

**Tshwane**

BITTS Building, 1st Floor, Western Façade, Church Square  
Reg Co: Martin Theron  
Admin: Lebo Keogatile  
E-mail: lebok@khulagp.org.za  
Tel: (012) 324 8236  
Fax: (012) 324 8239



## Retail Finance Intermediaries (RFIs)

Please note that this information was provided by Khula. For more information, contact them directly on (011) 807 8464.

The role and function of RFI's is to facilitate loan and equity capital to small, medium and micro enterprises by offering a range of financial resources and information to the public. Khula's mission is to ensure improved availability of loan and equity capital to SMMEs by offering loans, seed funds and guarantees to RFIs in need of capital and capacity.

NAME OF RFI	TELEPHONE NUMBER	CRITERIA	LOAN AMOUNTS	LOCATION
<b>GAUTENG PROVINCE</b>				
Basani Business Development Services	(011) 333 3831 and (011) 336 0047	Individuals with existing businesses for more than 6 months. No working capital provided.	R 6 000 - R100 000	Johannesburg
Khethani Business Finance	(011) 781 7224	Head Office		Randburg
Khethani Business Finance	(011) 832 3222	Individuals with existing businesses for more than 2 years	R 6 000 - R150 000	Johannesburg
Marang Financial Services	(012) 320 1745	Head Office		Pretoria
Marang Financial Services	(012) 804 0248/0819	Solidarity Groups	R 500 - R 3 000	Mamelodi/ Silverton
Marang Financial Services	(016) 422 2003	Solidarity Groups	R 500 - R 3 000	Vereeniging/ Evaton
Artpac Lending Services	(011) 838 5137/3895	Construction and related industries	R1 000 - R100 000	Johannesburg
New Business Finance	(011) 832 1100	Existing business & contractors	R10 000 - R250 000	Parktown

NAME OF RFI	TELEPHONE NUMBER	CRITERIA	LOAN AMOUNTS	LOCATION
<b>WESTERN CAPE</b>				
Khethani Business Finance	(021) 683 7656	Individuals with existing businesses for more than 2 Years	R6 000 - R150 000	Claremont
Isibane Capital Partners	(021) 510 0382	Construction and related industries	Up to R 225 000	Maitland
New Business Finance	(021) 671 6263	Existing businesses & contractors	R 10 000 - R 250 000	Claremont
<b>EASTERN CAPE</b>				
Business Finance Promotion Agency	(041) 487 0190	Individuals with existing businesses	R 5 000 - R 100 000	Port Elizabeth
Marang Financial Services	(039) 737 4974	Solidarity Groups	R 500 - R 3 000	Matatiele
Marang Financial Services	(039) 255 0685	Solidarity Groups	R 500 - R 3 000	Mount Frere
Marang Financial Services	(039) 253 1804	Solidarity Groups	R 500 - R 3 000	Lusikisiki
Marang Financial Services	(047) 532 3929	Solidarity Groups	R 500 - R 3 000	Umtata
Real People Views	(043) 702 4706	Individuals	R 10 000 - R 1m	East London
<b>NORTH WEST</b>				
Ikussasa Empowerment Trust	(018) 462 5096	Solidarity Groups	Up to R10 000	Klerksdorp
<b>MPUMALANGA</b>				
Marang Financial Services	(013) 755 1807	Solidarity Groups	R 500 - R 3 000	Nelspruit
Marang Financial Services	(013) 737 6723	Solidarity Groups	R 500 - R 3 000	Hazyview
Marang Financial Services	(082) 674 9476	Solidarity Groups	R 500 - R 3 000	Bushbuckridge
Marang Financial Services	(013) 790 1763	Solidarity Groups	R 500 - R 3 000	Komatipoort/ Malelane
Marang Financial Services	(017) 883 1934	Solidarity Groups	R 500 - R 3 000	Elukwatini
<b>LIMPOPO PROVINCE</b>				
Small Enterprise Foundation (SEF)	(015) 307 5837/5418	Solidarity Groups	Up to R10 000	Tzaneen
Marang Financial Services	(013) 262 3242	Solidarity Groups	R 500 - R 3 000	Groblersdal
Marang Financial Services	(015) 291 4830	Solidarity Groups	R 500 - R 3 000	Pietersburg
Marang Financial Services	(013) 795 5343	Solidarity Groups	R 500 - R 3 000	Acornhoek
Marang Financial Services	(015) 307 5753	Solidarity Groups	R 500- R 3 000	Tzaneen
<b>FREE STATE</b>				
Retmil Financial Services	(051) 448 8954	Individuals	Up to R 150 000	Bloemfontein
<b>KWAZULU-NATAL</b>				
Ithala Development Finance Corporation	(031) 907 8784	Individuals	Up to R 2 000 000	Umlazi
Khethani Business Finance	(031) 261 6657	Individuals with existing businesses for more than 2 years	R 6 000 - R 150 000	Durban
Marang Financial Services	(031) 301 2295	Solidarity Groups	R 500 - R 3 000	Durban
Marang Financial Services	(033) 701 1486	Solidarity Groups	R 500 - R 3 000	Underberg
Marang Financial Services	(033) 394 1655	Solidarity Groups	R 500 - R 3 000	Pietermaritzburg
Marang Financial Services	(035) 792 1756	Solidarity Groups	R 500 - R 3 000	Empangeni
Marang Financial Services	(035) 831 0800	Solidarity Groups	R 500 - R 3 000	Nongoma



## National Empowerment Fund (NEF)

The National Empowerment Fund was established by the National Empowerment Fund Act 105 of 1998 to empower historically disadvantaged persons through financing and investment activities.

### NEF Ventures - Investment Criteria

#### Introduction:

The Fund will provide equity and quasi-equity finance for economic empowerment transactions involving Historically Disadvantaged Persons (HDPs). HDPs are defined as those persons or categories of persons who, prior to the new democratic dispensation marked by the adoption and coming into force of the Constitution of the Republic of South Africa Act, 1996 (Act no 108 of 1996), were disadvantaged by unfair discrimination on the basis of their race.

#### National Empowerment Fund Products for Entrepreneur Support:

##### **Product 1: Generator/Start Up Capital**

The investment ranges from R250 000 to R1 million. The goal of the product is to facilitate the creation of new black-owned and managed enterprises which have capacity to become sustainable small / medium enterprises.

The finance, which will be in the form of both debt and equity, will be used for acquisition of equipment, financing of working capital, bridging finance, acquisition of licenses or franchises as well as for rehabilitation, leases and performance bonds.

The firm that qualifies for this fund must be a Close Corporation, Cooperative, or (Pty) Ltd and 75% black-owned and controlled.

##### **Product 2: Accelerator/Small Firm Expansion Capital**

The investment ranges from R1 million to R3 million. The goal of the product is to facilitate the growth and development of existing black owned and managed enterprises by providing expansion capital.

The finance, which will be in the form of both debt and equity, will be used for business expansion or acquisition.

The firm that qualifies for this fund must be a Close Corporation or (Pty) Ltd, directors must be involved in the operations, the value of the enterprise before the investment should be between R1 million and R10 million and 51% black-owned and controlled.

##### **Product 3: Transformer / BEE Transformation for Medium-Sized Firms**

The investment ranges from R3 million to R10 million. The goal of the product is to facilitate the transformation of firm ownership and encourage broader employee ownership.

The finance, which will come in the form of both debt and equity, will be used for management buy-outs, management buy-in's, employee buy-in's, and employee share ownership.

The firm that qualifies for this fund must be an unlisted limited company, directors must be involved in the operations, the value of the enterprise should be between R10 million and R50 million and 26% equity should be targeted for black ownership.



*Explanations of the different business structures are listed in Chapter 5.*



#### Contact Details:

Call Centre: 086 184 3384

## Provincial Development Funds

Most of the provinces have their own development funds. Use this listing to contact them directly for more information.

### KwaZulu-Natal

#### ITHALA Development Finance Corporation

Ithala is active across the development spectrum within the province of KwaZulu-Natal and a key activity is the facilitation of tourism investment in the province.

##### Contact Details:

Gary Simmonds - Senior Business Consultant

Ithala Development Finance Corporation

Tel: (031) 907 8812 (Direct)

Fax: (031) 907 8911 (Switchboard)

Email: [gsimmonds@ithala.co.za](mailto:gsimmonds@ithala.co.za)

Website: [www.ithala.co.za](http://www.ithala.co.za)

### Gauteng Tourism Authority

#### Tourism Development Fund

##### Contact Person:

Zandile Madikane

Tel: (011) 639 1600

Fax: (011) 639 1700

Email: [zandile@gauteng.net](mailto:zandile@gauteng.net)

Website: [www.gauteng.net](http://www.gauteng.net)

### Eastern Cape Development Corporation (ECDC)

##### Contact Person:

Mr. Dave Mandell

Tel: (043) 704 5600

Fax: (043) 743 8429

Email: [info@ecdc.co.za](mailto:info@ecdc.co.za)

Website: [www.ecdc.co.za](http://www.ecdc.co.za)

### Western Cape Department of Economic Development and Tourism

##### Contact Person:

Ms Yumnaa Firfirey

Tel: (021) 483 4165

Fax: (021) 483 3018

Email: [yfirfire@pgwc.gov.za](mailto:yfirfire@pgwc.gov.za)



# Now that I am up and Running...

## 4.1 On-going Business Support

Unfortunately, most new businesses fail within their first three years of operation. It is important to make use of all available assistance to ensure your success.

Khula, through the Thuso Mentorship Programme, assists by paying for the services of an experienced adviser for a period of 3 months from the granting of a loan.

This is subject to a contract being drawn up between Thuso and the Mentor, stipulating the objectives of mentorship with a time scale for delivery.

For full information on Khula and contact details, go to page 21.

## The Franchise Advice and Information Network

One business model that has become quite popular in South Africa is that of a franchise. Buying a franchise means that you have the right to use the name and copy the business model of an existing business. Wimpy, Kentucky Fried Chicken and SAA City Centre are all examples of a franchise, where each branch is independently owned.

FRAIN was set up by the Franchise Association of Southern Africa (FASA) with the support of the Department of Trade & Industry (DTI). Its mission is to supply high quality information and support services to individuals and SMMEs to ensure growth and improvement of new and existing franchising businesses. The emphasis is on Historically Disadvantaged Individuals, women and the youth, and the aim is to assist in joining the mainstream economy.

### Contact Details:

Louis Nhlapo

Tel (012) 428 5095

Fax (012) 428 5150

Email: [lnhlapo@seda.org.za](mailto:lnhlapo@seda.org.za)

Website: [www.frain.org.za](http://www.frain.org.za)

or

Tumi Kalaote

Tel (012) 428 5094

Fax (012) 428 5150

Email: [kkalaote@seda.org.za](mailto:kkalaote@seda.org.za)



## 4.2 Marketing your Business

### Marketing your Tourism Business

Once you have your tourism business up and running you will need to attract customers and keep them. All tourism companies – from small guesthouses to large hotel groups with their own marketing departments – market themselves in one way or another.

### What is Marketing?

So what do we mean by marketing? Usually one thinks of advertising or brochures. These are the visible aspects of marketing. But there is more to marketing than just advertising and brochures, it's a whole range of activities designed to identify and satisfy customers.

Marketing is not a once-off activity to solve business problems. It is a process and should be part of your everyday business activities. Marketing really has to do with:

- creating something which potential customers want
- offering your product in a place which is convenient and attractive to customers
- offering your product at a price which is reasonable and fair
- letting potential customers know about your product through the many forms of communication
- attending local and international exhibitions

**The marketing mix** looks at the four main factors that need to be considered to make your business successful:

#### 1 Product

The first factor we call product. For example this may be a room at your guesthouse, a tour, or a restaurant meal. It is what people want to buy, that meets their specific needs.

#### 2 Price

The next one we call price which is one that people are prepared to pay for your product. Getting the right price is crucial. A reasonable price is one in which offers the customer value for money (VFM).

#### 3 Place

The third factor is place which means that the product has to be accessible and available to customers so that they can actually buy it.

#### 4 Promotion

The fourth 'P' of your marketing mix is promotion. Once you have the right product, at the right price and in the right place, you need to promote it. You must let your customers know that you have a product ready to be purchased.

Like good cooking, successful marketing mixes the ingredients together in the right proportions. It does not mean there is always a fixed recipe. At different times the marketing mix needed will be different. You will need to make decisions about your product, place, price and promotion.



## Your Target Markets

The key to successful marketing of your business is to identify your customer's needs and wants. It is important to identify who will buy your products or services.

Your customers may...

- be of similar age
- have similar levels of income
- have similar lifestyles
- be in certain geographical areas

By examining your potential customers you will see that they can be grouped together. These are called target markets. Your target market is the people you are actually trying to attract to your business.

As a small business you will need to focus on specific segments of the market, as you are unable to offer all things to all customers. What is your unique selling proposition (USP)? Ask yourself – what makes you different from your competitors? USPs tell the customer something about the product that makes it superior to the competition.

## Promotion

Having established who your customers are and what they want, you must use different promotional tools to let them know that your business exists. There are various tools which are available to promote your business. Some are more suitable than others. The secret is to choose those tools which are likely to be the most effective.

People will not buy your product the first time they hear about it. You must try to make the promotional message interesting. One of the most common methods used to make sure that your promotion is effective is a formula known as AIDA. This stands for:

- **Attention** – getting the attention of a potential consumer – the use of colours, humour, photographs and so on.
- **Interest** – the content of the advertisement must keep the customer's interest.
- **Desire** – the advertisement should create desire in customers to buy your products.
- **Action** – the last stage of AIDA is to show your customers how they can actually go about buying your product – in other words, action.

There are a number of different ways to promote your product, including:

### Advertising

Advertising for a small business can be an expensive promotional tool. However, it may be necessary for you to carry out some level of advertising to increase potential awareness of your business. Advertising comes in many forms, such as television, radio, posters, newspaper and magazines.

### Public relations/publicity

Getting a mention in the press can be a valuable promotional tool. PR activities are cheaper and more credible than advertising. This tool is effective for building a good buzz around you and it is great for reassuring customers. Plus, there is nothing more satisfying than reading a good write-up in a local or national newspaper about your own business. Invite local radio or TV journalists to experience your product.



### Brochures and leaflets

If you do not have the funds to produce a brochure or leaflet professionally then you can use a computer software package to do them yourself.

However, it is worth spending money on this communication tool to produce a professional-looking brochure. When devising your brochure keep it short and simple. When preparing a brochure you should be sure to include the following information:

- a description of your company
- description of local area
- directions to get there – if space permits include a map
- facilities available at the company
- any accolades/awards that you have won
- photographs of facilities/premises
- contact details (email address, telephone and fax numbers, website and physical addresses).

Including prices on your brochures can limit the length of time you are able to use these brochures. Often companies include a separate rate sheet, so that if prices change you do not have to reprint the entire brochure.

### Internet marketing

You should think carefully about why you want to put your business online. Developing a website will not instantly create sales for your business; only build a website if you really need one and if so, do not spend a fortune on it. Needless to say that the Internet is great for providing information about your business, although it is not so good for directly selling your products. In a way this is good news for small tourism businesses. It is relatively cheap to create a simple website for your business.

Your business website should:

- provide as much information as possible
- provide a brief description of what your business does
- include a list of products and services you offer

### Exhibitions and trade shows

There are tourism exhibitions and trade shows all over the world, such as Indaba, ITB and WTM. You can also contact South African Tourism for a list of other exhibitions. Exhibiting at shows provides a great opportunity to showcase your business and increase sales. However, you must decide if the trade show is appropriate and worthwhile attending or exhibiting at.

### Networking

Networking – or ‘Notworking’ as it is sometimes called, is the art of mingling with potential customers and suppliers at an event. Be sure to be active in your community by attending all tourism product-related launches, local business clubs, tourism industry forums, talks and conferences.

You should also consider attending local tourism association meetings.

Remember to have your company listed on your province’s database to ensure invitations.

### Sales promotions

Sales promotions are short-term activities intended to encourage interest in your products and business. Perhaps you might decide to offer discounts or gifts such as a free tour, or a bottle of wine. Price reductions, entry to competitions, ‘two for the price of one’ are other examples of sales promotion activities.

*Remember you can also contact DEAT, your province and TEP for assistance.*



### Personal selling

It is very important that you learn how to sell your business. Tourism is a people-oriented business and you need to be a visible part of your business.

### Direct marketing

Direct marketing activities include mail shots, telephone selling and/or door-to-door. You will need to get a list of potential customers. Obtaining this mail list can be expensive for a start-up business. Direct marketing also includes leaflets which can be distributed by hand, post or inserted in magazines or local newspapers. Leaflets are a useful way of passing on your message to potential customers.

### Letterheads and business cards

Make it easy for customers to communicate with you. Provide minimal information on your business cards and letterheads including:

- your name - address of property - telephone/fax number
- email address - logo
- Business cards are relatively inexpensive to produce and are an effective marketing tool as customers spread them around to friends, family and colleagues. Make sure you carry a handful of business cards with you at all times to pass out to potential customers especially when attending trade shows and events.

### The following marketing assistance is available:

## Tourism Enterprise Programme (TEP)

TEP is able to contribute financially to a range of marketing assistance, on a cost-sharing basis, provided that TEP's selection criteria have been met. This includes assistance to attend any SA Tourism sanctioned exhibitions or certain other exhibitions that are relevant to the SMMEs' type of business.

TEP may assist clients to attend up to two local and two overseas exhibitions per annum. It is generally accepted that it takes at least three years of exhibiting at any tourism related exhibition before the client starts to realise the benefits of exhibiting. Based on this TEP may assist a client to attend an approved exhibition with up to 50% of the costs of the exhibition for three (3) years and then with up to 25% of the costs of an exhibition for years four and five.

TEP has also developed exhibition training, specifically for tourism SMMEs, for both local and international exhibitions.

### TEP will assist with the following exhibitions:

#### International Exhibitions:

- ITB - Germany
- WTM - London
- Ad Hoc International Exhibitions

#### Local Exhibitions:

- Indaba
- One of a Kind
- Ad Hoc Local Exhibitions

#### Contact Details:

Please contact your regional TEP representative or contact TEP's reception:

Tobhi Simelane

Tel: (011) 804 5750

Fax: (011) 802 8448

Email:

Tobhi.Simelane@eciafrica.com



*In terms of Ad Hoc Exhibitions, applicants will have to provide a detailed profile of the exhibition and motivation of why they wish to attend. This will then be adjudicated against TEP's selection criteria.*


*For all exhibitions TEP must receive applications with all documentation completed and attached (including registration with TEP) at least two months prior to the exhibition.*



## Export Marketing and Investment Assistance Scheme (EMIA)

EMIA is an export incentive that partially compensates businesses for export costs (e.g.: attending exhibitions, market research). EMIA also has incentives for the recruitment of new foreign direct investment into South Africa.

For more details please call the dti Customer Care Centre on 0861 843 384 or visit the website: [www.thedti.gov.za](http://www.thedti.gov.za).



*Remember that all the Provincial Tourism Authorities offer some form of marketing assistance. Contact them directly for more information.*

## 4.3 Training

### THETA

THETA, the Tourism, Hospitality and Sport Education and Training Authority is the Sector Education and Training Authority (SETA) established under the Skills Development Act (No 97 of 1998) for the Tourism Hospitality and Sport Economic Sector.

SETA's main function is to contribute to the raising of skills – to bring skills to the employed, or those wanting to be employed, in their sector. SETA's do this by ensuring that people learn skills that are needed by employers and communities.

Although THETA themselves do not provide training, you can reach accredited trainers registered with THETA. Other academic institutions such as hotel schools and universities also provide courses which are registered with the South African Qualification Authority (SAQA).

#### Contact Details:

Telephone: (011) 803 6010

Call Centre: 0860 010 0221

Website: [www.theta.org.za](http://www.theta.org.za)

## Black Business Suppliers Development Programme (BBSDP)

### Introduction and objectives

The objective of the Black Business Suppliers Development Programme (BBSDP) is to promote the growth of black enterprises by helping to create business linkages between black SMMEs, corporates and the public sector. Linkages are important especially for SMMEs to successfully compete for tenders from corporates and public sector entities.

The BBSDP will provide eligible black enterprises with a cost-sharing grant to enable them to acquire training and mentoring to address the skills gap they face. The BBSDP will assist in the funding of management training programmes, the improvement of management systems, enterprise specific skills and the development of marketing plans and materials.



### Who is Eligible?

In order to qualify for the BBSDP grant, a business must comply with the following requirements:

- Majority of shares must be black-owned
- Its management team must be predominately black
- It must have a turnover not exceeding R12 million
- It must have been operating and trading for more than one financial year
- It must exhibit good growth potential
- It must comply with statutory requirements
- It must be registered with SARS

### Funding:

The BBSDP will offer a cost-sharing grant on a 80 – 20 basis, meaning that the BBSDP would pay for 80% of the enterprise training cost and the enterprise would contribute 20% of the cost.

The maximum grant offered by the BBSDP is R100 000. An enterprise can apply for multiple projects provided that all the grants awarded together do not amount to more than R100 000.

### Eligible Expenditure

The following expenditures are **not** eligible for BBSDP cost sharing grants:

- Rent, staff and hardware costs
- Capital and working capital investment
- Any activity that is already funded by another government scheme or parastatal or that receives any other financial support from anyone other than the business

### Applications for BBSDP Funding:

Businesses wishing to access BBSDP funding have to submit the following:

- A completed application form to the Secretary of the Governing Committee of the BBSDP. The application should, among others, detail the following:
  - Description of the market for the products or services supplied by the Enterprise
  - A plan indicating how the Enterprise envisages to increase growth in turnover
  - Detail of strategies by which growth will be attained; for example quick turn-around-times, just in time production, lowered production costs, improved marketing, reduced inventories etc

#### Contact Details:

The DTI Customer Contact Centre  
Tel: 0861 843 384

## 4.4 Expansions

Funding for growing business or expansions to your property can be found under the information provided under the heading of "Where do I get money to start my business?" (Chapter 3) in this handbook.



# Useful Information

## 5.1 Trade Associations and Tourism Organisations/Bodies

### ASATA

The Association for South African Travel Agents (ASATA) was formed on 4 September 1956. Its founders created a representative forum in the industry to promote professional service with security for both members and their clients.

ASATA's emphasis is on free trade without violating rules and regulations. Accordingly we have entrenched a Constitution and Code of Conduct that self-regulate our industry and provide the consumer with protection and peace of mind.

### DEAT

The vision of the Department of Environmental Affairs and Tourism (DEAT) is to lead environmental management and tourism in the interests of sustainable development and to contribute to the improvement of the quality of life of all South Africans by:

- Promoting the sustainable development, utilisation and protection of our natural and cultural resources
- Establishing responsible tourism that ensures environmental sustainability and which contributes to job creation and a better quality of life
- Harnessing the skills, experience and knowledge of the environment of all South Africans
- Fostering equitable access to the benefits derived from our natural and cultural resources
- Empowering the South African public, communities and organisations through participation, environmental education, capacity building, research and information services
- Working together with all relevant stakeholders and spheres of government in the spirit of good governance
- Ensuring that all international participation and obligations are undertaken in the context of South Africa's environmental policies and principles

### DBSA

The Development Bank of Southern Africa (DBSA) is southern Africa's premier infrastructure development finance institution.

The DBSA envisions an empowered and integrated southern African region free of poverty, inequity and dependency. Towards this end, the DBSA seeks to be a leading change agent for socio-economic development and economic integration in southern Africa, and a strategic development partner to the wider African region south of the Sahara.

### FEDHASA

The Federated Hospitality Association of South Africa (FEDHASA) is a non-profit association and has for the past 53 years represented the hospitality industry at local, provincial and national Government level.

FEDHASA currently has the expertise of a legislative consultant continuously researching proposed and new legislation and advising members of the impact thereof. FEDHASA's membership is accommodation establishments and restaurants.



### FTTSA

Fair Trade in Tourism South Africa (FTTSA) is an independent project of IUCN (World Conservation Union) South Africa that seeks to facilitate improved access to tourism markets for structurally disadvantaged tourism enterprises.

Qualifying businesses will be able to use the FTTSA Trademark as a marketing tool. FTTSA will thus be able to recognise and incentivise good practice by the tourism mainstream, while simultaneously linking emerging and/or small-scale enterprises to Fair Trade oriented consumer markets and business intermediaries (e.g. tour operators).

### NAA-SA

The National Accommodation Association of South Africa is a national association, which brings together all local and provincial accommodation associations, looking after the smaller establishments.

NAA-SA membership assures those looking for accommodation in smaller establishments that they can expect quality, reputable service and value for money - and recourse if this is not the case.

### SAACI

The Southern African Association for the Conference Industry (SAACI) was established in 1987. The Association is dedicated to maintaining and improving the standards of efficiency and professionalism for the conference industry in Southern Africa.

### SA Tourism

South African Tourism (SAT) is the official international marketing organisation for the marketing of South Africa as a tourist destination.

South African Tourism participates in travel shows, presents workshops for members of the travel trade, produces a variety of promotional material and initiates and co-ordinates marketing campaigns to create a positive marketing climate for the effective marketing of South Africa's many excellent tourism products.

### SATSA

Southern Africa Tourism Services Association (SATSA) is a non-profit member driven association, representing the major players and principles including airlines, coach operators, tour operators, accommodation establishments, vehicle-hire companies, attractions, conference organisers and related marketing organisations.

SATSA strives to set standards in the tourism industry so that those who belong to SATSA demonstrate credibility, stability and integrity as well as providing peace of mind for those who seek to do business with companies approved as members to bear the SATSA logo.

### TBCSA

The Tourism Business Council of South Africa (TBCSA) is the umbrella organisation representing the tourism business sector involved in tourism. The TBCSA was established in February 1996 by leading tourism businesses.

Its primary purpose is to engage with all stakeholders in developing macro strategies that create an enabling environment for tourism development.

The TBCSA does not replace the trade associations. Trade associations, representing their own interest groups and functions, are members of the TBCSA.





### TGCSA

The Tourism Grading Council of South Africa was established by the Minister of Environmental Affairs and Tourism in September 2000 together with tourism industry members. The purpose of the Grading Council is to create a star grading system which leads to an overall improvement and maintenance of standards, service and quality across all areas of the tourism industry. The National Star Grading scheme gives guests the confidence that they will get good quality products and service from a star graded establishment.



### THETA

The Tourism, Hospitality and Sport Education and Training Authority (THETA) is the Sector Education and Training Authority (SETA) established under the Skills Development Act (No 97 of 1998) for the Tourism Hospitality and Sport Economic Sector.



### TISA

Timeshare Institute of Southern Africa (TISA) is a Cape Town based Trade Association representing the timeshare and resort development industries of southern Africa. It is TISA's mission to foster and promote the growth of the industry in southern Africa and to serve both the general public and its members through education, mediation, public relations, communication, legislative information and enforcement of a Code of Conduct.



## 5.2 Provincial Support and Contact Details

SMMEs can seek assistance within their provinces through either the Department of Economic Affairs and Tourism or the provincial tourism authority. These provincial authorities would assist with:



### Training & Accreditation:

- Capacity building
- Skills development
- Tour guide training/ upgrading and registration
- Mentoring and business skills development
- Business plan writing



### Exhibitions:

- Assistance with travel and accommodation for local, national and international exhibitions
- Participation in other national initiatives like the Welcome Host programme



### Marketing Assistance

#### Business Linkages:

- Businesses are actively linked to other support services and structures existing throughout the province.



## Provincial Contact Details:

### EASTERN CAPE

#### Dept. of Economic Affairs & Tourism

Lindelo Matya

Tel: (040) 609 3202

Fax: (040) 609 3219

Cellular: 076 129 5544

Email: lindelo.matya@deat.ecape.gov.za

#### Eastern Cape Tourism Board

Keketso Kostile

Tel: (043) 701 9629

Fax: (043) 701 9622

Email: keketso@ectourism.co.za

Website: www.ectourism.co.za

### FREE STATE

#### Dept. Tourism, Environmental & Economic Affairs

Mr. Jack Ntsane

Tel: (051) 400 9543

Fax: (051) 400 9553

Cellular : 082 670 8777

Email: ntsanej@dteea.fs.gov.za

Website: www.freestatetourism.gov.za

### GAUTENG

#### Gauteng Tourism Authority (GTA)

Ms. Zandile Madikane

Tel: (011) 639 1600

Fax: (011) 639 1700

Email: zandile@gauteng.net

Website: www.gauteng.net

### KWAZULU-NATAL

#### Tourism KwaZulu-Natal (TKZN)

Tel: (031) 366 7525

Fax: (031) 305 6693

Website: www.zulu.org.za

### LIMPOPO

#### Limpopo Tourism, Parks & Board

Xolani Mthethwa

Tel: (015) 290 7300

Fax: (015) 291 4140

Email: xolanim@golimpopo.com

Website: www.golimpopo.com

### NORTHERN CAPE

#### Department Economic Affairs & Conservation

Ms Yoliswa Sehloho

Tel: (053) 807 4800

Fax: (053) 807 4848

Email: ysehloho@half.ncape.gov.za

Website: www.northern-cape.gov.za

### MPUMALANGA

#### Department Economic Affairs, Gaming & Tourism

Manelisa Mkhonza

Tel: (013) 766 4044

Fax: (013) 766 4583

Email: mmkhonza@nel.mpu.gov.za

Website: www.mpumalanga.com



## **NORTH WEST**

### **North West Parks & Tourism Board**

Aggie Moheta

Tel: (018) 397 1500

Fax: (018) 386 1158

Cellular: 083 391 7163

Email: amoheta@nwpg.gov.za

Website: www.tourismnorthwest.co.za

OR

Jeff Mabunda

Tel: (018) 397 1500

Fax: (018) 386 1158

Cellular: 082 577 2073

Email: jmabunda@nwpg.gov.za



## **WESTERN CAPE**

### **Cape Town Routes Unlimited**

Linda Mase

Tel: (021) 487 4875

Fax: (021) 487 4802

Email: Linda@capetourism.org.za

Website: www.capetourism.org.za

### **The Mentorship Programme:**

Ms Yumnaa Firfirey

Tel: (021) 483 5535

Fax: (021) 483 3018

Website: www.westerncape.gov.za



## 5.3 Contact Directory



Organisation	Telephone	Facsimile	Website
Association for South African Travel Agents (ASATA)	(011) 327 7803	(011) 327 7827	www.asata.co.za
Bed & Breakfast Association of South Africa (BABASA)	(012) 480 2041	(011) 480 2041 ask for fax	www.babasa.co.za
Black Business Suppliers Development Programme (BBSDP)	0861 843 384		www.dti.gov.za
Business Referral & Information Network (BRAIN, FRAIN & CPPP)	(012) 428 5000 Call Centre: 086 010 3703	(012) 428 5142	www.seda.org.za
Cape Technikon	(021) 419 2833	(021) 419 2706	www.ctech.ac.za
Cape Tourism	(021) 426 5639	(021) 426 5640	www.capetourism.org
Community Public Private Partnerships Programme (CPPP)	(011) 313 3065	(011) 313 3670	www.cppp.org.za
Department of Environmental Affairs & Tourism (DEAT)	(012) 310 3911	(012) 322 7496	www.environment.gov.za
Department of Trade and Industry (thedti)	(012) 310 1029 (012) 310 9945 (012) 310 1017	(012) 322 0011	www.dti.gov.za
Development Bank of Southern Africa (DBSA)	(011) 313 3269 (011) 313 3911	(011) 313 3533	www.dbsa.org
Eastern Cape Development Corporation (ECDC) Head Office - East London Butterworth Queenstown Umtata Port Elizabeth	(043) 704 5600 (047) 491 4151 (045) 838 1910 (047) 501 2200 (041) 373 8260	(043) 743 8429 (047) 491 0443 (045) 838 2176 (047) 532 3548 (041) 374 4447	www.ecdc.co.za
Eastern Cape Tourism Board	(043) 701 9600	(043) 701 9649	www.ectourism.org.za
Federated Hospitality Association of South Africa (FEDHASA)	(011) 706 0172	(011) 706 9825	www.fedhasa.co.za
Field Guides Association of Southern Africa (FGASA)	(011) 782 8296	(011) 782 9857	www.fgasa.co.za
Franchise Advice & Information Network (FRAIN)	(012) 349 0100	(012) 349 2851	www.namac.co.za
Free State Department of Economic Affairs & Tourism	(051) 447 7788 / 5	(051) 400 4811	www.freestatetourism.fs.gov.za
Gauteng Tourism Authority	(011) 639 1600	(011) 639 1700	www.gauteng.net
Government Communication and Information System (GCIS)	(012) 314 2911	(012) 325 2030	www.gcis.gov.za
Industrial Development Corporation (IDC) (Tourism Business Unit)	(011) 269 3509	(011) 269 3709	www.idc.co.za
International Marketing Council (IMC)	(011) 483 0122	(011) 483 0124	www.imc.org.za
Ithala Development Finance Corporation	(031) 907 8812	(031) 907 5685	www.ithala.co.za
Khula Enterprise Finance	Toll free: 0800 11 88 15	(011) 315 7436	www.khula.org.za



Organisation	Telephone	Facsimile	Website
Limpopo Department of Economic Development & Tourism	(015) 295 3581	(015) 295 3590	www.libsa.org
Limpopo Tourism Authority (LTA)	(015) 298 7000	(015) 291 2520	www.norprov.gov.za
Mice Club (Meetings, Incentives, Conferences & Exhibitions)	(011) 791 6948	(011) 791 6948	www.miceclub.co.za
Mpumalanga Provincial Government	(013) 766 4180	(013) 766 4614	www.mpu.gov.za
National Accommodation Association (NAA)	(031) 561 3795	(031) 561 2088	www.naa.co.za
National Empowerment Fund (NEF)	(011) 731 9000	(011) 447 4859	www.nefcorp.co.za
National Roads Agency (NRA)	(012) 426 6000	(012) 362 2117	www.nra.co.za
North West Parks & Tourism Board (NWP&TB)	(014) 555 5355	(041) 555 5525	www.tourismnorthwest.co.za
Northern Cape Department of Economic Affairs & Tourism	(053) 839 4053	(053) 832 9464	www.northern-cape.gov.za
Northern Cape Department of Economic Affairs & Tourism	(053) 839 4015	(053) 831 3668	www.northern-cape.gov.za
SA Tourism (SAT)	(011) 895 3000	(011) 895 3001	www.southafrica.net
SEDA (Small Enterprise Development Agency)	(012) 428 5000 Call Centre: 086 010 3708	(012) 428 5142	www.seda.co.za
Small Medium Enterprise Development Programme (SMEDP) Customer Contact Centre	(012) 310 1288/1279 0861 843 384	(012) 322 0115	www.dti.pwv.gov.za
South African Revenue Services (SARS)	National Call Centre: 086 012 1218		www.sars.gov.za
Southern Africa Tourism Services Association (SATSA)	(011) 886 9996 Call Centre: 086 127 2872	(011) 886 7557	www.satsa.co.za
Statistic South Africa (STATS SA)	(012) 310 8911/8600	(012) 310 8500	www.statssa.gov.za
Timeshare Institute of Southern Africa (TISA)	(011) 805 4918	(011) 805 4919	www.tisa.co.za
Tourism Business Council of South Africa (TBCSA)	(012) 654 7525	(012) 654 7394	www.tbcsa.org.za
Tourism Enterprise Programme (TEP) Head Office – Gauteng	National Office: (011) 804 5750	(011) 802 8448	www.tep.co.za
Tourism Grading Council of South Africa (TGCSA)	(011) 895 3108	(086) 611 2405	www.tourismgrading.co.za
Tourism Hospitality and Sports Education and Training Authority (THETA)	(011) 803 6010 0860 100 221	(011) 803 6702	www.theta.org.za
Tourism KwaZulu-Natal	(031) 366 7500	(031) 305 6693	www.zulu.org.za
Tourism Marketing South Africa (TOMSA)	(012) 654 2660	(012) 654 7394	www.tbcsa.org.za/tomsa
Umsobomvu Youth Portal	(011) 651 7000 ext 310	(011) 805 9709	www.youthportal.gov.za
Western Cape Department of Economic Development & Tourism	(021) 483 4165	(021) 483 3018	www.capegateway.gov.za



## 5.4 Examples and Case Studies

### 5.4.1 Business Plan – Key Questions

#### 1. What type of Business do I want to start?

Describe what type of tourism business you are starting e.g. tour operator, guesthouse etc.

#### 2. Who will my customers be?

Who will you be servicing – local / international tourists, business people?

#### 3. Where will my business be situated?

Where will your business be? Soweto, Kayamandi and say why this location is a good one. Do you have competitors in your area? What is the cost of rental/purchase of this property? Where will you purchase your stock from?

#### 4. What product or service will I be offering?

Will you be providing accommodation and food or transport and tour guiding?

#### 5. What equipment, transport or stock will my business need?

What will you require to operate? Microbus, beds, linen, computers, telephones, etc. What will these cost?

#### 6. Where will I purchase my stock from?

Johannesburg – I'm situated in Soweto and this would be the nearest city to find all my required stock at the best price etc. What will these stock items cost?

### 5.4.2 Calculating Your Profit Margin

Product	Selling Price	Cost Price	Product Profit Margin
Tour of Soweto	R250.00	R100.00	R150.00
Bed (accommodation)	R100.00	R50.00	R50.00
Breakfast	R50.00	R35.00	R15.00
Dinner	R70.00	R40.00	R30.00

The above chart will allow you to predict how much you have to sell in order to cover your costs and make a profit.

### Calculating Your Estimated Profit Margin

Product Margin	X1 Day	Calculation	X5 Days	Calculation	X20 Days	Contribution to fixed Costs
Tour of Soweto R150	3	3 x R150 = R450	15	15 x R150 = R2250	60	60 x R150 = R9000
Bed (Accom)	6	6 x R50 = R300	30	30 x R50 = R1500	120	120 x R50 = R6000
Breakfast	6	6 x R15 = R90	30	30 x R15 = R450	120	120 x R15 = R1800
Dinner	6	6 x R30 = R180	30	30 x R30 = R900	120	120 x R30 = R3600
<b>Totals</b>		<b>Per day: R1020</b>		<b>Per week: R5100</b>		<b>Per month: R20 400</b>



### 5.4.3 SWOT Analysis of Thandi Mhlongo

Thandi's children have left their home in Thembisa, which leaves Thandi with two bedrooms to spare. Thandi thinks opening a Bed and Breakfast would be a good idea since she now has the space to offer. She has worked for a hotel in Sandton for many years as a housekeeper and so has some experience. Here is her SWOT analysis:

Strengths	Weaknesses
Worked in a hotel in Sandton as housekeeper	She has never run her own business
Cooks well	She has never done administration
She interacts well with people and her English is quite good	She is not computer literate
Her house is situated on a major bus route	There is no prominent tourism hook in her district
She is expecting her pension payout which could be used as part of the capital	Needs capital to upgrade the bedrooms
Opportunities	Threats
Tourism Authority is marketing other townships	Security
Wetlands attract birdlife and is ideal for bird-watching	Competition from more established townships
Proximity to airport	Overcapacity of B&B's in Thembisa
Brother working as taxi driver	Complicated regulatory environment

### 5.4.4 SMEDP Case Studies

We have listed 3 different case studies of where an SMEDP grant would be appropriate:

Please remember that an SMEDP grant is not available for start-up capital or as a loan; one needs to secure either a loan or finance before applying for the SMEDP grant. You need to submit an application while busy setting-up your business.

#### Case 1

With the 2010 soccer bid coming to South Africa, Mr Cooper has identified land whereby he would like to build a 10-roomed guesthouse. He has recently heard about the DTI's SMEDP, and that it subsidises a certain amount for new businesses and expansions.

**Remember!** SMEDP is not a startup capital; therefore Mr Cooper needs to secure a loan or finance from Umsobomvu, Eskom Development Foundation or NEF, IDC or any development corporation like the Eastern Cape Development Corporation (ECDC) or the bank. While in the process of setting up, an application may be forwarded to the SMEDP.

**SMEDP would assist in the following way:**

- Conduct an inspection to see if indeed Mr Cooper has started setting-up or has a company that is already operating for less than six months, in the case of a new project





*To qualify for subsidy for the third year, you need to have applied for the Skills Development Programme, which is mainly training and development for all staff. It is therefore advisable that when you submit the SMEDP application, you should also submit the Skills Development application.*

- If the inspector is satisfied, the application will be approved and Mr Cooper would qualify for a three-year subsidy based on a certain percentage of total investment on qualifying assets (NB! subsidy is determined by the value of qualifying assets such as machinery and equipment, building, rent, commercial vehicles, which may also be leased)

- To qualify for this subsidy as a new project, you should be on the setting-up level or in operation for six months or less. If you have been in operation for more than six months, you would only qualify for expansion assistance

### Case 2

Mr Cooper managed to secure a loan with ABSA Bank and was able to start setting-up his 10-roomed guesthouse. Two years later he realizes that it is too small to accommodate one soccer team. He therefore decides that it would be a great idea to expand. How does the SMEDP assist him?



*Mr Cooper should not expand first and then contact the SMEDP for subsidy when finished, he should submit his application first and only when the application has been approved may he carry on with the expansion*

#### **SMEDP will assist in the following way:**

- An inspection will be conducted and if the expansion will have capacity of at least 25% growth and the inspector is satisfied with everything else, the application will be approved
- Both those that have been in operation for less than six months as well as over six months may apply for expansions subsidy

### Case 3

Mr Cooper would like to buy furniture for his six extra rooms and was advised that he may contact the SMEDP to request assistance to buy equipment. How would they assist him?

#### **SMEDP assists in buying:**

- Any equipment that forms part of qualifying assets, excluding carpets, cutlery, wall pictures/portraits, and luxury vehicles

#### **Very Important points to remember:**

- Application for the SMEDP subsidy is based on projections, as a result, you cannot apply for this subsidy without having secured a loan or start-up grant and started setting-up already or, been in operation for six months or less in the case of new businesses – 0 to six months in operation
- In the case of expansions, you may not expand first and apply later. You need to apply and be approved before expanding
- While receiving subsidy from the SMEDP, you may not retrench any employees. If you retrench employees, payment will be discontinued



## 5.4.5 A Checklist to Start and Run your own Company

Courtesy of Business Partners - [www.businesspartners.co.za](http://www.businesspartners.co.za)

Stages	Matters of Importance	Sources of Information
<b>PRE-PLANNING STAGE</b>	Business plan	Business Partners website, Ntsika website books, magazines, local business service centres, family, friends, other business people
	Assessing a business opportunity	Business Partners consultants, Local Business service centres
	<b>Researching the Market</b>	
	Market size	Bureau of Market Research, Central Statistical Services, AMPS, Business publications, South African Tourism, DEAT
	Your competitors	Commercial and industrial directories, Chamber of Commerce directories
	Training	THETA, TEP, Ntsika
<b>PLANNING AND ESTABLISHMENT STAGE</b>	Business plan	Business publications
	Business name	Registrar of Companies and CCs
	Business entity	Registrar of Companies and CCs, Business Partners service centres
	Legal & licensing requirements	Local authorities, Liquor Board, Road Transport Board, RSC, etc
	<b>The Marketing Plan</b>	
	Demographics	Central Statistical Services, local authorities, South African Tourism, DEAT, Provincial Tourism Authorities
	Other statistics (size of market)	Bureau of Market Research
	Names and marketing strategy of competitors	Industry and Trade Federations and Associations, Bureau of Market Research, other marketing research bodies
	The financial plan	Accountants, Business consultants, ABSA
	<b>The Management Plan</b>	
	Staff structure	Department of Manpower, consultants
<b>INFORMATION</b>	Staff policy	Human resources consultants, IPM
	Registration	Receiver of Revenue
	Working conditions	Department of Manpower
	Benefits	UIF, Workmen's Compensation, medical aid brokers
	Administration and record keeping system	Business Partners consultants, Business Partners publications
	Production (productivity)	NPI, Business Consultants
	Technical	CSIR, Industry federations/ associations





Stages	Matters of Importance	Sources of Information
START-UP STAGE	The Location	
	Home	Local authority (town planning and health department)
	Retail premises	Estate agent, local authority, health department
	Office premises	Estate agent, Yellow Pages
	Industrial premises	Business Partners, estate agent, factory inspector
	Telephone and post office box	Telkom / post office
	Water and electricity	Local authority
	Business entity	Registrar of Companies & CC
	Finance	Banks, Small Business Units, private sector, financing bodies, Business Partners, Industrial Development Corporation, Department of Trade and Industry
	Staff	Registration at Department of Manpower, UIF (Workman's Comp), Industrial Council, Receiver of Revenue, medical aid
	Tax	Registration as provisional taxpayer with Receiver of Revenue, VAT (register as a vendor)
	Insurance (life of owner and business)	Life insurance broker
	Specific trade or industry related information and membership	Chamber of Commerce, Department of Trade and Industry, federation or association
OPERATIONAL STAGE	Suppliers	Commercial and industrial directories
	Marketing and advertising	Newspapers, magazines, direct mailing, outdoor advertising co's, pamphlets, distributors, advertising on vehicles, cinemas, Yellow Pages etc
	Management	Business consultants
	Financial / administration / tax	Accountants, technicians, bookkeepers, tax consultants
	Technical	CSIR, specialist consultants, associations
	Staff	Institute of Personnel Management, human resource consultants, Department of Manpower, labour relations consultants
	Credit control	Information trust corporations, credit management organisations

## 5.5 Acronyms and Abbreviations

ACSA – Airports Company of South Africa  
ASATA - The Association of South African Travel Agents  
BABASA – Bed & Breakfast Association of South Africa  
BBSDP – Black Business Suppliers Development Programme  
BDS – Business Development Support  
BEE – Black Economic Empowerment  
BRAIN – Business Referral and Information Network  
DBSA – Development Bank of Southern Africa  
DEAT – Department of Environmental Affairs & Tourism  
DTI – Department of Trade and Industry  
ECDC – Eastern Cape Development Corporation  
ECTB – Eastern Cape Tourism Board  
FEDHASA – The Federated Hospitality Association of South Africa  
FRAIN – Franchise Advice and Information Network  
GHASA – Guest House Association of South Africa  
GTA – Gauteng Tourism Authority  
HDE – Historically Disadvantaged Entrepreneur  
IDC – Industrial Development Corporation  
KISS – Keep It Short and Simple  
LBSC – Local Business Support Centre  
LTA – Limpopo Tourism Authority  
MICE – Meetings, Incentives, Conferences and Exhibitions  
NAA – National Accommodation Association  
NEF – National Empowerment Fund  
NWP&TB – North West Parks & Tourism Board  
PAYE – Pay As You Earn  
PDI – Previously Disadvantaged Individual  
PTO – Preferred Tour Operator  
SARS – South African Revenue Services  
SATI – South African Tourism Institute  
SAT – South African Tourism  
SATSA - Southern Africa Tourism Services Association  
SBU – Small Business Unit  
SMEDP – Small Medium Enterprise Development Programme  
SMME – Small Medium and Micro Enterprise  
STO – Standard Tour Operator  
SWOT – Strengths, Weaknesses, Opportunity and Threats  
TBCSA - Tourism Business Council of South Africa  
TEO – The Enterprise Organisation  
TEP – Tourism Enterprise Programme  
TGCSA – Tourism Grading Council of South Africa  
THETA – Tourism, Hospitality and Sport Education and Training Authority  
TISA – Timeshare Institute of Southern Africa  
TKZN – Tourism KwaZulu-Natal  
TOMSA – Tourism Marketing South Africa  
UIF – Unemployment Insurance Fund  
USP – Unique Selling Proposition  
VAT – Value-added Tax



## 5.6 Quiz - Have I got what it takes to be an Entrepreneur?

Courtesy of ABSA

Before committing yourself to any business venture, you need ask yourself - do you have what it takes to become an entrepreneur?

Answer the following questions to find out if you have the essential traits to start a business, and to keep it going successfully. In each case, ring the letter opposite your choice, then consult the scoring table and analysis at the end of the questionnaire. The questions are based on the assumption that you are in a job and are considering starting your own business! If you are already in your own business, answer as if you were still in your last job.

### The Entrepreneurial Profile

The questions

1. **Does your family stand by you in everything you undertake?**  
A Yes  
B No  
C Sometimes
2. **Do you have the self-discipline to carry out less pleasant tasks when you would rather be doing something else?**  
A Yes  
B No  
C Most of the time
3. **Do you work in an organised and methodical manner?**  
A Yes  
B No  
C Most of the time  
D Occasionally
4. **Does it frustrate you if you are unable to buy the things you want?**  
A Yes  
B No  
C Not often  
D Quite often
5. **Can you find anything you need in your current work environment in under three minutes?**  
A Yes  
B No
6. **Are you happy in your current job?**  
A Yes  
B No
7. **Do you achieve best when you have someone managing or directing you?**  
A Yes  
B No  
C Most of the time
8. **In your current situation at work, do you keep your head down and get on with things or do you suggest innovative changes at various levels?**  
A Make no suggestions  
B Always suggesting improvements  
C Often suggest changes  
D Hardly ever make suggestions
9. **How do irritations like a noisy office, cramped working conditions and a poor neighbourhood affect what you achieve in a day?**  
A Badly  
B Don't notice





- 10. Do you feel you are**  
A Well paid?  
B Paid an average amount?  
C Underpaid?
- 11. Do you want to own your own business?**  
A Yes, yes, yes!  
B No  
C Only if I can come up with a sure-fire idea  
D Umm...
- 12. Do you handle your personal finances well?**  
A Yes, always carefully and diligently  
B No, I'm useless in that department  
C Most of the time  
D I try periodically but find it difficult to live within a budget
- 13. Do you achieve in non-work-related areas (e.g. sport debating, community initiatives)?**  
A No  
B Yes  
C Occasionally
- 14. How seriously do you take your mistakes at work (even if you are only partly to blame)?**  
A Very seriously  
B Lose no sleep over them
- 15. Are you a 'people person'?**  
A Yes  
B No  
C I can take people in small doses
- 16. Do you plan your life (both working and personal)?**  
A No, never  
B Yes, always  
C Seldom  
D Sometimes, if it seems important
- 17. Is the money you could make your prime reason for contemplating your own business?**  
A Yes  
B No
- 18. How flexible are you in working life, i.e. if things become difficult do you adapt and complete your task?**  
A No, I down tools  
B Yes, I adapt  
C I am a little flexible, depending on the circumstances
- 19. Do you feel you can shape your own destiny?**  
A Yes  
B No
- 20. Do you like taking risks and calculated gambles?**  
A No  
B Yes  
C If the odds are in my favour
- 21. Do you keep your head in a crisis?**  
A Yes  
B No  
C Depends on the crisis
- 22. If good jobs were abundant would you still want your own business?**  
A Yes  
B No



## The Scoring

Now refer to the following scores and ring the letter you marked in the questionnaire. Then add up your score to find out whether you are suited to owning and running a business.

- |                              |                             |                       |                             |                              |
|------------------------------|-----------------------------|-----------------------|-----------------------------|------------------------------|
| 1. A-4<br>B-1<br>C-2<br>D-2  | 2. A-1<br>B-4<br>C-3        | 3. A-4<br>B-1<br>C-3  | 4. A-4<br>B-1<br>C-2<br>D-3 | 5. A-4<br>B-1                |
| 6. A-2<br>B-3                | 7. A-1<br>B-4<br>C-2<br>D-2 | 8. A-1<br>B-4<br>C-3  | 9. A-1<br>B-3               | 10. A-1<br>B-2<br>C-3<br>D-0 |
| 11. A-4<br>B-1<br>C-3<br>D-2 | 12. A-4<br>B-1<br>C-3       | 13. A-1<br>B-4<br>C-2 | 14. A-3<br>B-1<br>C-2       | 15. A-3<br>B-1               |
| 16. A-1<br>B-4<br>C-2<br>D-3 | 17. A-2<br>B-3<br>C-2       | 18. A-1<br>B-4        | 19. A-4<br>B-1<br>C-2       | 20. A-4<br>B-1<br>C-2        |
| 21. A-4<br>B-1               | 22. A-4<br>B-1              |                       |                             |                              |

## Results and Analysis

**Above 72:** You are well suited to the task of running a business and are probably already in your own business (or seriously planning to be). However, do not neglect the paperwork in your enthusiasm.

**62 to 71:** Self-employment is a good option for you, so go ahead. Your greatest asset is that your enthusiasm is tempered with common sense.

**52 to 61:** You are a borderline case. You have some of what is required to run a business, but something is holding you back. You would be best advised to think seriously before venturing out on your own. However, should you decide to do so, you have the necessary abilities. Are you just weighed down by commitments?

**42 to 51:** Think seriously before giving up the security of a job. If you are unhappy in your current position, consider changing to a job where you have more incentive to work. Think of looking around for a part-time salaried job and start something small on the side. Alternatively, invest in someone else's enterprise but have it (and its owners) checked out first.

**Under 42:** You have either had a severe setback in a previous venture and are still bruised, or the entrepreneurial life is not for you. Maybe you should ask your boss for a raise.



## 5.7 What Structure of Business should I choose?

There are a number of different options for the legal form of your business, in other words, how your business will be seen in the terms of the law. Each of these has advantages and disadvantages, not only in terms of ownership but also as to the way in which they are taxed.

### 1. Sole Proprietor

This is also known as a sole trader or sole owner. This means that you own everything in the business and the law does not see any difference between you in your personal capacity and the business. The business can have a different name to yours e.g. James Peterson trading as Mountain Tours. You don't have to register this business, and the Receiver of Revenue will see you and your business as a single entity. This is good in that there are no registration procedures, and no extra fees. It does mean though, that you will be responsible in your personal capacity for all the debts of the business, and you cannot bring investors and partners into the business. If you die or retire, the business stops operating.

### 2. Partnership

A partnership is just like a sole proprietor, except that there is more than one person involved. A partnership is also not taxed as a single entity, but each owner is taxed individually on the income generated by his share of the business, as part of his personal tax returns.

It is important to set up a formal partnership agreement, to prevent any later dispute amongst the partners, but other than that, there are no registration procedures or extra fees. Again, though, it does mean that you will share equally in the responsibility of any debts incurred by the business.

### 3. Close Corporation

A Close Corporation or CC as it is often called, has a relatively simple structure specially created for the small entrepreneur. The most important difference between this and the first two types is that a CC is a legal entity in its own right – this means that the CC can be sued and not the owners in their personal capacity. In this way, you are not as at risk (compared to a sole proprietor) in your personal capacity should things go wrong in the business.

A close corporation needs to be registered and in most cases, the CC is taxed the same way as a company. Registration forms (CK1 and CK7) are available from most stationery shops, or many accounting and secretarial firms offer the service of registering a CC on your behalf.

### 4. Private Company

Private companies are established under the Companies Act and consequently are subject to more administrative requirements, and stricter accounting procedures. A company has its own legal personality, with its own rights and duties, which is completely separate from its members. This means that shareholders are not personally liable for the debts of the company.

More information is available from the Companies and Intellectual Property Registration Office (CIPRO). Their contact details are as follows:

Call Centre: 0861 843 384

Website: [www.cipro.co.za](http://www.cipro.co.za)

Alternatively, use your business advisor to assist.



## 5.8 Guidelines on How to Start Different Tourism Businesses



Steps to follow	Travel Agent	Tour Operators (TO)	Accommodation	Food & Beverage-Restaurant	Tour Guide
Development of an Idea	<ul style="list-style-type: none"> <li>Identify a need for the service you want to provide</li> <li>Conduct a research, speak to your municipality and provincial office</li> <li>Draft a business plan/proposal, which will help you to identify what resources you would need to run your business</li> <li>Consult with established tourism business owners for industry advice and tips</li> </ul>				
Different Categories	N/A	<ul style="list-style-type: none"> <li>In-bound Tour Operator</li> <li>Out-bound Tour Operator</li> <li>Local Tour Operator</li> <li>Tour Broker</li> </ul>	<ul style="list-style-type: none"> <li>Bed and breakfast</li> <li>Guesthouse</li> <li>Lodge</li> <li>Self-Catering</li> <li>Hostel/Dometry</li> <li>Backpacker</li> <li>Caravan and Camping</li> <li>Hotel</li> <li>Country House</li> </ul>	<ul style="list-style-type: none"> <li>Tavern</li> <li>Eating place</li> <li>Restaurant</li> </ul>	<ul style="list-style-type: none"> <li>Inbound</li> <li>Outbound</li> <li>Local</li> <li>National Guide</li> <li>Provincial Guide</li> <li>Site Guide</li> </ul>
Company Registration	<ul style="list-style-type: none"> <li>Register your company with the DTI @ CIPRO (you may download the relevant forms from their website, <a href="http://www.cipro.co.za">www.cipro.co.za</a>)</li> </ul> <p><b>NB! You must be over 18 years of age, have a South African identity book and an accountant/bookkeeper to register</b></p> <ul style="list-style-type: none"> <li>Register your business with SARS</li> <li>Advisable to register your business Tourism Provincial Authority's Database</li> <li>Establish a Business Account</li> </ul>				
Legal Requirements	<ul style="list-style-type: none"> <li>Travel Agency Diploma or experience</li> <li>Licensing and requirements (if issuing tickets must be IATA registered)</li> <li>Land use and zoning</li> <li>Insurance</li> <li>UIF/PAYE (Dept of Labour)</li> </ul>	<ul style="list-style-type: none"> <li>Registration of vehicles at Department of Transport</li> <li>Professional Driving Permit (PDP)</li> <li>Use of qualified Tourist Guide (THETA/FGASA Accredited)</li> <li>Insurance</li> </ul>	<ul style="list-style-type: none"> <li>Trading License</li> <li>Liquor License (if serving alcohol)</li> <li>Insurance</li> <li>UIF/PAYE (Dept of Labour)</li> <li>If offering transfer service, vehicles should be comprehensively insured and registered</li> <li>Business rights for land</li> </ul>	<ul style="list-style-type: none"> <li>Land use and zoning</li> <li>Insurance</li> <li>UIF/PAYE (Dept of Labour)</li> <li>Liquor Licence</li> <li>Vat Vendor</li> </ul>	<ul style="list-style-type: none"> <li>THETA Accredited Qualification</li> </ul>
Associations	<ul style="list-style-type: none"> <li>SATSA 086 127 2872, <a href="http://www.satsa.co.za">www.satsa.co.za</a></li> <li>IATA (011) 523 2700, <a href="http://www.iata.org">www.iata.org</a></li> <li>ASATA (011) 327 7803, <a href="http://www.asata.co.za">www.asata.co.za</a></li> </ul>	<ul style="list-style-type: none"> <li>SATSA 086 127 2872, <a href="http://www.satsa.co.za">www.satsa.co.za</a></li> </ul>	<ul style="list-style-type: none"> <li>BABASA (012) 480 2041/ 072 974 8514, <a href="http://www.babasa.co.za">www.babasa.co.za</a></li> <li>FEDHASA (011) 706 0172, <a href="http://www.fedhasa.co.za">www.fedhasa.co.za</a></li> <li>NAA (031) 561 3795, <a href="http://www.naa.co.za">www.naa.co.za</a></li> <li>GHASA (021) 762 0880, <a href="http://www.guesthouseassociation.co.za">www.guesthouseassociation.co.za</a></li> </ul>	<ul style="list-style-type: none"> <li>FEDHASA (011) 706 0172, <a href="http://www.fedhasa.co.za">www.fedhasa.co.za</a></li> </ul>	<ul style="list-style-type: none"> <li>SATSA 086 127 2872, <a href="http://www.satsa.co.za">www.satsa.co.za</a></li> <li>FGASA (011) 782 8296, <a href="http://www.fgasa.org.za">www.fgasa.org.za</a></li> <li>Gold Reef Guides (011) 496 1400 <a href="http://www.goldreefguides.co.za">www.goldreefguides.co.za</a></li> <li>Drumbeat Academy</li> </ul>
Operational Equipment Needed	<ul style="list-style-type: none"> <li>Site to build office/offices to rent or buy</li> <li>Office Equipment (phone, fax, computer)</li> <li>Signage</li> </ul>	<ul style="list-style-type: none"> <li>Office Equipment (phone, fax, computer, vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>Site (on which to build) or Establishment (your are buying or converting)</li> <li>Catering (cutlery, plates, crockery, etc)</li> <li>Beds and linen</li> <li>Signage</li> </ul>	<ul style="list-style-type: none"> <li>Site (on which to build) or Establishment (your are buying or converting)</li> <li>Catering (cutlery, plates, crockery, etc)</li> <li>Beds and linen</li> <li>Signage</li> </ul>	<ul style="list-style-type: none"> <li>Tour Guide Accreditation</li> </ul>
Training Required/ Recommended	<ul style="list-style-type: none"> <li>Travel Agency Diploma or experience</li> <li>Galileo Training</li> </ul>	<ul style="list-style-type: none"> <li>Tour Operating course\experience</li> <li>Business Management</li> </ul>	<ul style="list-style-type: none"> <li>House keeping Training</li> <li>Business Management</li> </ul>	<ul style="list-style-type: none"> <li>Hospitality Training</li> <li>Business Management Training</li> </ul>	<ul style="list-style-type: none"> <li>Site, Province or Region Guiding. (Modules)</li> <li>Language Training</li> </ul>



# Definitions

## Travel Agent

Main function of the travel agents is to sell the temporary use of transport (air, rail, coach, car), accommodation (hotel, motel, lodge), tours (packages) and other associated services (insurance, foreign exchange). They are involved in the planning, booking, organisation and documentation of travel arrangements for their clients.



## Tour Operator

Tour operator is any person who owns a business, which transports paying tourists on scheduled itineraries and makes arrangements for their clients in terms of accommodation, transportation and excursions. They often own vehicles to transport tourists and owners often accompany tour parties.



- In-bound tour operator provides services mainly for foreign visitors to South Africa
- Out-bound tour operator provides services to clients in South Africa wishing to travel to destinations outside of the country
- Local tour operator provides services to domestic clients for tours within South Africa
- Tour Broker does not operate his/her own vehicles but sub-contracts services



## Accommodation

Refer to the Tourism Grading Council Guide on definitions for all the listed accommodation categories or visit their website on [www.tourismgrading.co.za](http://www.tourismgrading.co.za)



## Food and Beverage-Restaurant

Refer to the Grading Council's definition of Restaurant on the above-mentioned details.



- A restaurant or other eating-houses are businesses that concentrate on selling meals and may or may not be licensed to sell liquor for consumption on the premise
- A tavern, on the other hand is primarily licensed to sell liquor for consumption on the premises and it may or may not serve meals



## Tour Guide

A tourist guide is any person that, who monetary or other reward, accompanies people who are traveling through or visiting any place within a country, and who furnishes those people with information or comments regarding the place or objects visited.

- In-bound tourist guide provides services mainly for foreign visitors to South Africa
- Out-bound tourist guide provides services to clients in South Africa wishing to travel to destinations outside of the country
- Local tourist guide provides services to domestic clients for tours within South Africa



## Notes:





# environment & tourism

Department:  
Environmental Affairs & Tourism  
REPUBLIC OF SOUTH AFRICA





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