



Self Employment

Unemployment is a reality for many South Africans. There seem to be too many people for too few jobs. One solution to this problem is selfemployment. Self-employment, or becoming an entrepreneur, is a good way to earn money when there aren't enough formal jobs available. Entrepreneurs can be found in every industry and at every level in society - from the fruit salesman on the side of the road to the owner of a thriving fresh goods company. Thousands of people have created small businesses that are hugely successful - and thousands of others are struggling to get their small businesses going. In this article, JumpStart helps you to be one of the winners.

What Is An Entrepreneur?

An entrepreneur is someone who identifies a business opportunity and decides to create a business venture of his or her own, with the prospect of making a profit. Many young people think of starting a business to earn an income. Some want to do it because they don't want to work for someone else, while others need to do it because they have to earn money to support themselves or provide for their families.

Most businesses fall into three categories:

- If you make products - like dresses, chocolate-chip cookies, beaded jewellery, wire sculptures or wooden furniture – by using raw materials to craft something new, your business is a manufacturing business
- If you provide a service for people – like driving a taxi, fixing cars, mending shoes, cutting hair or delivering flowers – by selling a skill instead of a product, your business is a service business
- If you buy things and re-sell them for a higher price – in a café, at a flea market, in a store or from a show-room – your business is a trading business

Entrepreneurship is a skill anyone can learn. This means that anyone can be an entrepreneur.

What Is A Business?

A business is a system involving the production of goods, the delivery of services, or both, in order to satisfy human needs.

Mark Shuttleworth is a famous South African entrepreneur. While studying toward a Business Science degree at the University of Cape Town, Mark encountered the Internet for the first time. In his final year of studying, he founded Thawte Consulting, a consulting business specialising in digital certificates and Internet privacy. Only four years later, Mark sold Thawte to US company VeriSign for R3.5 billion.

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Small Businesses

With very few exceptions, every business begins as a small business. Some stay small; others grow as the years go by. This article deals mainly with small businesses. The truth is that managing a small business requires the same process as managing a big business, with fewer available resources. This can be difficult, but there are three ways to balance out the disadvantages of being small.

1. As an entrepreneur, you must evaluate whether you have the ability to handle personnel, merchandising, physical facilities, sales, accounting, advertising, finance, risk, purchasing and daily operations. If you don't have every one of these skills, there's the option of hiring people who do, and creating a team. Your team doesn't even have to be staffed by full-time employees because many specialised professional services can be outsourced. A bookkeeper can be contracted to produce monthly financial reports, for example.

Capital includes money used to start the business and trade credit from manufacturers, wholesalers or other entities.

The Umsobomvu Youth Fund's Business Development Support Programme offers a voucher programme which helps young entrepreneurs to access quality business development support from selected service providers.

These services range from accounting and bookkeeping services to business plan development, branding and secretarial services. Some entrepreneurs try to maintain 100% control of their venture, but this can be unrealistic in the long term. Successful entrepreneurs need to share ownership with key partners who add value and grow the business. After all, says Sean Temlett of Wits Business School, "it's better to own a slice of watermelon than to own a whole grape".

2. Be aware that inadequate capital is the major cause of small business failure. The smaller the capital provided by you, the owner, the higher the risk of your business failing. It is recommended that owners provide at least two-thirds of the required capital. In other words, no more than 33% should come from other sources. You should also plan to operate at a loss for a while, as most new businesses are not profitable during the early years.
3. You must have a competitive edge! Special features must distinguish your business from bigger, older and more experienced competition. Some of these features are: higher quality at the same price, same quality at a lower price, better service, greater product safety, better display, better advertising, good store layout or more attractive packaging.

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The Skills And Qualities Of An Entrepreneur

Assess your qualities by thinking about past jobs you've had, positions you've held, volunteer work you've done and your personality as a whole.

You must also be able to assess your strengths and weaknesses. Only you can determine whether you have the passion to make your business succeed! In general, entrepreneurs are people with high energy levels, self-confidence, great goal-setting ability and excellent financial literacy. They are problem-solvers, risk-takers and innovators. They welcome challenge and find creative ways of overcoming obstacles.

Many entrepreneurs earn money as teenagers – waiting tables, mowing lawns, delivering newspapers, packing groceries or tutoring younger learners. They have an entrepreneurial spirit from an early age. Many are competitive by nature and are active in sports and other competitions in high school. They strive to achieve good results, earn the respect of their parents and teachers and fulfil their goals.

Are you a natural entrepreneur?

Some entrepreneurs choose to complete a degree or diploma before embarking on their careers (see Tertiary Education). Good choices are a B.Com, a B.A or a diploma specialising in entrepreneurial skills or business management.

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