

# SMME funding - The practical answers

By [Lia Labuschagne](#), issued by [SAICA](#)

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The skills to obtain and manage funding are highly sought after by entrepreneurs and SMMEs. Annie McWalter, CEO of SAICA Enterprise Development, comments on some of the ways in which SAICA has mobilised the chartered accountancy profession to address some tough issues hampering sustainable SMME development.



Because higher employment figures directly affect a country's economic transformation and people development, practical programmes should ensure that entrepreneurs understand key factors such as financing. Although numerous national initiatives have been, and are, directed at this topic by educational bodies, government and private enterprise, the need remains huge. As a result, there remains a big demand for affordable programmes that show measurable results.

In order to support existing SMMEs to be better positioned to access funding successfully and generally gain the necessary financial acumen, SAICA Enterprise Development manages relevant initiatives. The chartered accountancy membership of SAICA represents almost all the large and important decision-makers in business and government, and they see the topic of skills development as vital to responsible leadership.

One of the key drivers of the strategy is a practical one. The National Development Plan: Vision 2030 calls on the private and public sectors to rally behind a united vision for the country's development, and SAICA Enterprise Development falls under the SAICA Nation Building umbrella that aids the national drive for transformation and employment to ensure social and economic growth.

"With one of our funding accelerator programmes, called Khulisa iBiznis, which is financially supported by JP Morgan, we are piloting a programme to prepare small township businesses to be funder ready," says McWalter.

## Three main elements

"The only way in which young and growing businesses can play an increasing active role in economic transformation in South Africa is to possess financial acumen. An organisation such as ours gets involved with small, micro and growing enterprises exactly because we aim at advancing the sustainable growth of entrepreneurial excellence. We partner with all designations of the SAICA profession in order to grow that financial acumen. We do this mainly by providing accounting and back office support, finance bootcamps and finance coaching."

McWalter outlines the main elements of their programmes. First, the financial excellence model entails a graduate programme. They work with unemployed accounting graduates to give them practical experience and prepare them to provide accounting and back office support to SMMEs. These graduates will eventually become Accounting Technicians (ATs[SA]), one of the SAICA designations. They are placed into small to medium accounting practices, and therefore support small business with the quality oversight of SAICA-related small accounting practices. The accounting back office support entails record keeping to management accounts, tax assistance, secretarial services, payroll services, and drawing up annual financial statements. As a result, the SMMEs will have reliable monthly management accounts, and be fully up to date with tax submissions. This ensures full compliance with SARS requirements.

The second element consists of the finance bootcamps held monthly. SAICA Enterprise Development partners with SAICA-associated small accounting practices to offer these bootcamps. The objective is to transfer critical financial knowledge and skills to the entrepreneur, who will gain a solid understanding of the critical financial aspects of the business, will be better prepared to apply financial knowledge to the business, and will be able to engage with their accountant in a more confident manner.

The third element is finance coaching in partnership with someone holding the CA(SA) designation or an AGA(SA) member. The coaching is aimed at helping the entrepreneur to become third-party finance-ready, or to obtain third-party credit. The coaching helps entrepreneurs to develop financial modeling and strategy, grow their financial management skills and accurately interpret their management accounts. Other objectives involve growth and expansion, building for savings, planning for volatility, maintaining a good credit record and being able to separate and manage personal and business finances.

The final element is access to funding component, "where we assist the entrepreneur with the business case presentation and coach them in their ability to sell the business. Our intended outcome is for the SMME to gain investment or new business opportunities from this access to funding intervention," explains McWalter.

## **Cooperation**

Developing a comprehensive approach and programme means cooperation. "Our model is aimed at being able to contribute to other enterprise development programmes and incubators. We have key partners for every aspect of our financial excellence model and we collaborate with all designations of SAICA," says McWalter. "Among others, we are also looking to partner with Youth Employment Services (YES) to enable unemployed accounting graduates to be sponsored for a year in an accounting practice."

In the end, "our strategic intent is to mobilise the SAICA profession in SMME development." Attention to the issue of funding forms an important part of the support for SMMEs to reach this goal. Knowledge transfer, mentoring and effective team work with related bodies who have the same goals are key to a programme aimed at an active role in economic transformation in South Africa, through advancing the sustainable growth of entrepreneurial black businesses.

## **ABOUT THE AUTHOR**

Lia Labuschagne is a Kleinmond-based communication consultant, writer, editor, and qualitative marketing research practitioner. She holds a BA (Honours) in English (UJ) and an MDP (UNISA) in Marketing Management and has extensive experience in corporate communication management, public relations, publishing and related fields. Her experience includes nine years in senior management positions in communication roles at major corporations. As independent consultant, she provides services to clients involved in a wide range of economic activity. She is an experienced writer who has been published in numerous publications. As copy editor she works on both fiction and non-fiction assignments for publishers and corporate clients. Lia has also been involved in successful start-up strategies for a number of companies and successfully works as a member of interdisciplinary teams. She is an experienced trainer and public speaker and is or has been involved in the leadership of a number of relevant professional bodies, including the South African Science Journalists' Association (SAJSA) and the Professional Editors' Guild (PEG).

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