

Young entrepreneurs, listen up: business isn't easy

South Africa has a youth unemployment problem. The current rate is at an all-time high of 32.9% with no turning point in sight. This trend is driving many young South Africans to consider self-employment and starting their own business as a possible option. Starting your own business isn't easy. It requires careful planning, determination, and a clear vision.



Currently, small businesses employ between 50-60% of South Africa's workforce and contribute approximately 34% to GDP. A study by Global Entrepreneurship Monitor shows total early-stage entrepreneurship activity among 18-24 years old has increased from 3.4% (2002) to 19.3% (2021) and for the age 25-34, from 5.3% (2001) to 19% (2021).

Is there a secret sauce?

Adam Young, owner and director of Cape Town-based Rowdy Bags is one young entrepreneur who quickly identified a niche in the market. A small business created on the steps of UCT in 2012 that would become an award-winning, internationally acclaimed leather goods brand.

"We are a young business made up of young people that are passionate about the slow fashion movement. Simple, beautiful designs that speak to a more sustainable future in fashion have been the vision that has taken us from one person with a dream to about 20 employees currently," explains Young.

"A huge turning point in our business was the pandemic, at the time about 95% of our business was direct to customers

and when sales halted during lockdown; we made the decision to pivot our business to manufacturing cotton face masks.”



Key findings from the 2023 State of Entrepreneurship in South Africa Survey

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Throughout this period, the founders of Rowdy Bags had always set their sights on taking the business internationally. Some of the relationships that they had been developing came into fruition in 2020 and that foresight enabled them to recover sales lost during the pandemic in new wholesale business abroad.

With a decade of experience in the bag together with surviving a global pandemic, Rowdy has refined its products, while also empowering and honing the skills of the artisans who hand-make each piece.

Strength is in your network

Colin Timmis, country manager of Xero South Africa, a global small business platform, believes that a strong network and a well-crafted business plan, coupled with a positive attitude towards digital adoption and core business skills such as financial literacy, are significant factors in the success of young small business owners.

“Young entrepreneurs and small business owners are often already digital natives and are leading the way when it comes to embedding technology at an early stage and innovating to do things differently,” he says.

“It’s great to see so many businesses setting an example for those thinking of starting a business. Understanding the importance of digital tools and embedding them from the start will put young entrepreneurs in a strong position to create efficiencies and boost profitability.”

Access to funding and support can also be a huge hurdle for young entrepreneurs. The good news is that financial advisors and accountants can help guide you so that you can benefit from the different funding opportunities available and the compliance that comes with applying for it.

In fact, according to Xero’s 2023 State of Small Business Report, the two most significant factors that helped small businesses survive and grow in the past year were technology (41%) and their accountant (28%).

The value of professional advice

“Professional advice can unlock resources to access funding, mentorship, and training programmes aimed at the youth that can propel businesses forward. Our research found that 60% of small businesses believe accountants are key to economic growth. Almost half (49%) go to their accountants for business advice and guidance,” adds Timmis.

“We know that small business owners and entrepreneurs have so many great ideas to grow and innovate, but funding to do this is often the hurdle. That’s why we’ve launched a Beautiful Business Fund to help support small businesses in key areas like tech innovation, sustainability, skills, and supporting their communities.”

For many years, small businesses have served as the backbone of the South African economy, creating jobs that help families and communities put food on the table – and stimulating broader socioeconomic growth. They remain the most likely vehicle to tackle the country’s rising levels of youth unemployment, poverty, and inequality.

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