

3 ways SA SMEs can stay focused on success in 2023

By [Ashleigh Butterworth](#)

11 Apr 2023

Despite the challenges faced by South African SMEs at the start of 2023, [87%](#) of business owners are remaining optimistic and focused on growth. Rising fuel costs and interest rates, coupled with ongoing load shedding, can often create a challenging economic environment for small businesses, but there are several strategies that can be employed to help SMEs navigate these waters and take a step up.



Source: [Unsplash](#)

One of the most effective ways for SMEs to stay optimistic and focused on growth is to take a long-term view. Instead of getting bogged down in short-term challenges, small business owners should focus on building their businesses over the long haul. This means taking a strategic approach to growth, setting realistic goals, and constantly evaluating progress to ensure that they are on track. Let's take a closer look at the three ways SMEs can create a steady stream of business and come out on top:

1. Embrace strategic technology

Small businesses that embrace new technologies are far more inclined to succeed than those that don't, with 30% of SMEs saying that technology has enabled them to reach new customers as well as streamline their processes.

By automating processes and using various software and AI tools, SMEs can save time and money on tasks such as bookkeeping, inventory management, and customer service. This allows business owners to focus on core operations and strategic growth rather than getting bogged down in administrative tasks.

However, not all SMEs have the cash flow to be investing in the latest and greatest technology, so it's about carefully assessing your business goals before making this decision.

If you're in need of a better overall customer experience, digital onboarding tools like Gathr allow SMEs to onboard [40% more customers](#). Furthermore, customer relationship management tools like Zoho and Salesforce are popular all-in-one platforms which can assist with managing potential leads and existing customers. SMEs that want to ensure they are managing various projects in a timely manner can use project management tools like Asana and Trello.

Additionally, SMEs that leverage digital channels such as social media, online marketplaces, and e-commerce platforms, can reach a wider audience and provide a more convenient and personalised customer experience. It's important for SMEs to prioritise the use of technologies that are easily compatible with their existing systems and processes to minimise disruption and facilitate integration.

2. Seek support and advice (constantly)

It's a notion of the past that only struggling businesses seek out help. As a small business owner, it's your responsibility both for your own success as well as your teams to constantly look for ways to grow and be better. The first step is finding a small business community, whether that be something formal like a business incubator or something more informal like a Facebook group where SMEs can share tips and ask questions. SMEs need to build a support network, and not be afraid to constantly seek advice from peers and industry experts.

Navigating the world of finance can also be daunting for entrepreneurs. Many don't understand their options and can find the process overwhelming. When it comes to government funding, most don't even know where to start. Applicants are often vaguely aware of potential grants but struggle with the difficulty of applying and securing them. There are a number of [small enterprise agencies](#) that can assist SMEs with this type of funding.



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SMEs contribute to 40% of South Africa's GDP, and if they have the financial support needed to help them grow, their potential could be even greater. With only 34% of the businesses using formal bank accounts, and most of these SMEs having below-average credit scores it can be difficult for them to get access to a traditional business loan. Alternative lenders can often be the solution to this dilemma, and marketplace platforms make it easier for small business owners to compare business finance offers.

3. A tax break for solar solutions

Load shedding has put a huge damper on SME operations, and alternative energy will be the way forward for continual business growth. The National Treasury proposed a solar tax incentive for both businesses and individuals. Additionally, as part of the bounce-back covid scheme, SMEs can be expected to receive government grants if they invest in any solar-

related projects.

Starting from 1 March 2023, businesses will have a two-year opportunity to receive a 125% tax deduction on qualifying investment costs, without any limit on the investment cost. This will enable businesses to receive a cost plus 25% allowance for renewable projects in the year of investment.

The Treasury has also announced that businesses investing in wind, concentrated solar, hydropower below 30MW, biomass, and photovoltaic (PV) projects above 1MW, will be able to deduct 50% of the costs in the first year, 30% in the second year, and 20% in the third year, as qualifying investments. Furthermore, The Treasury stated that if a business has a positive taxable income, the deduction will help to decrease its tax liability.

Although this is the proposed plan for the solar tax incentive for businesses, we will only see it take effect between 1 March 2023 and 28 February 2025. This adjusted incentive will only be available for investments brought into use for the first time during this period.

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