

# Enterprise Development Programme

Portfolio Committee on Tourism  
04 November 2016

broadening horizons



**tourism**

Department:  
Tourism  
REPUBLIC OF SOUTH AFRICA



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# Purpose

To brief the Portfolio Committee on Tourism on the  
Department of Tourism's Enterprise Development Programme.



# Problem Statement

- Need to respond to the acute need for development of tourism enterprises
- Department required to support SMME's for development and sustainability
- Business Trust exit from the Tourism Enterprise Partnership
- Contribution to outcome 4 and 7 (Decent work & Rural communities)
- Alignment to White Paper, NTSS and the Tourism Act
- Need to raise appropriate funding and designate requisite resources towards meeting mandate

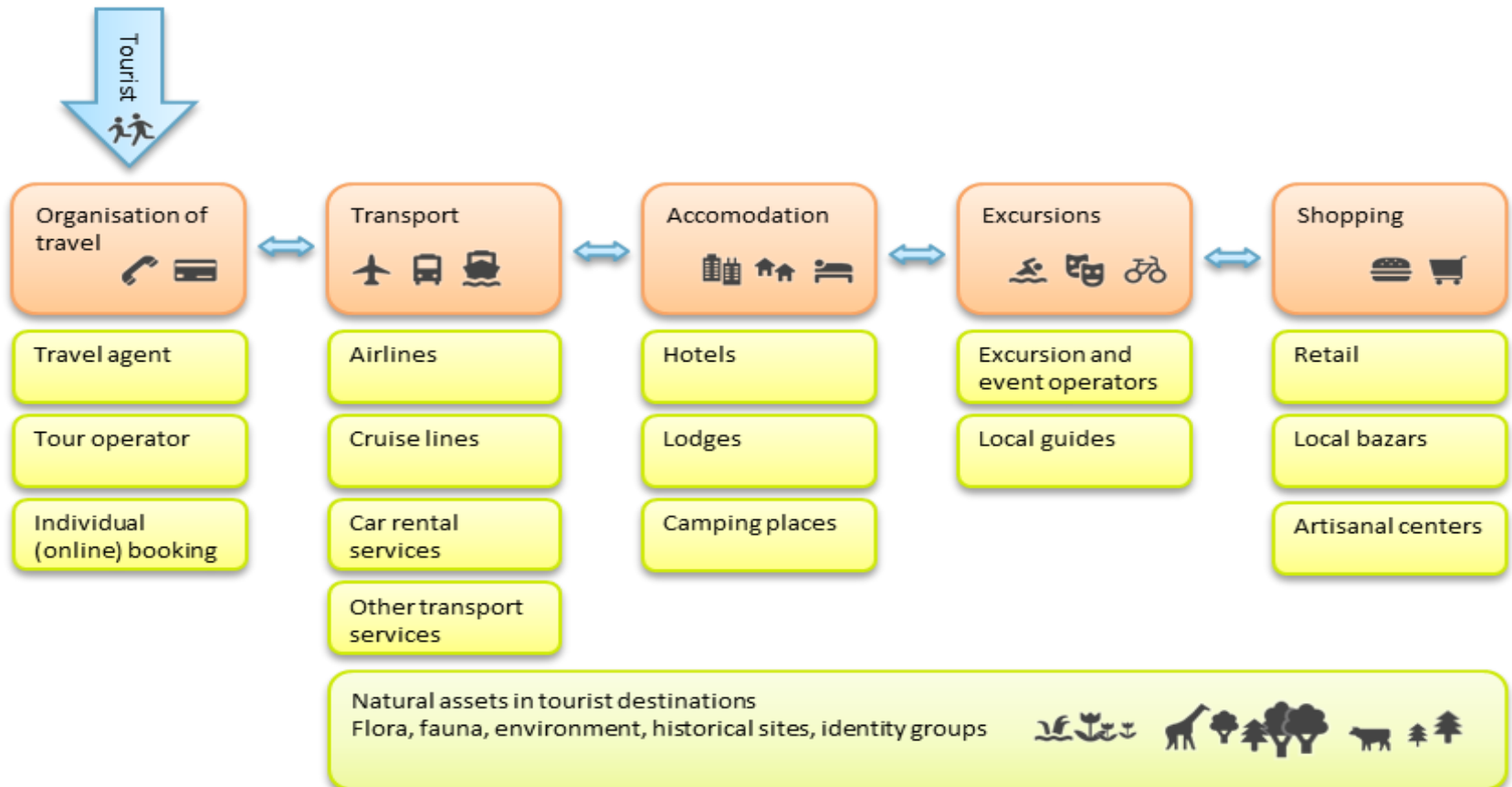


# Enterprise Development

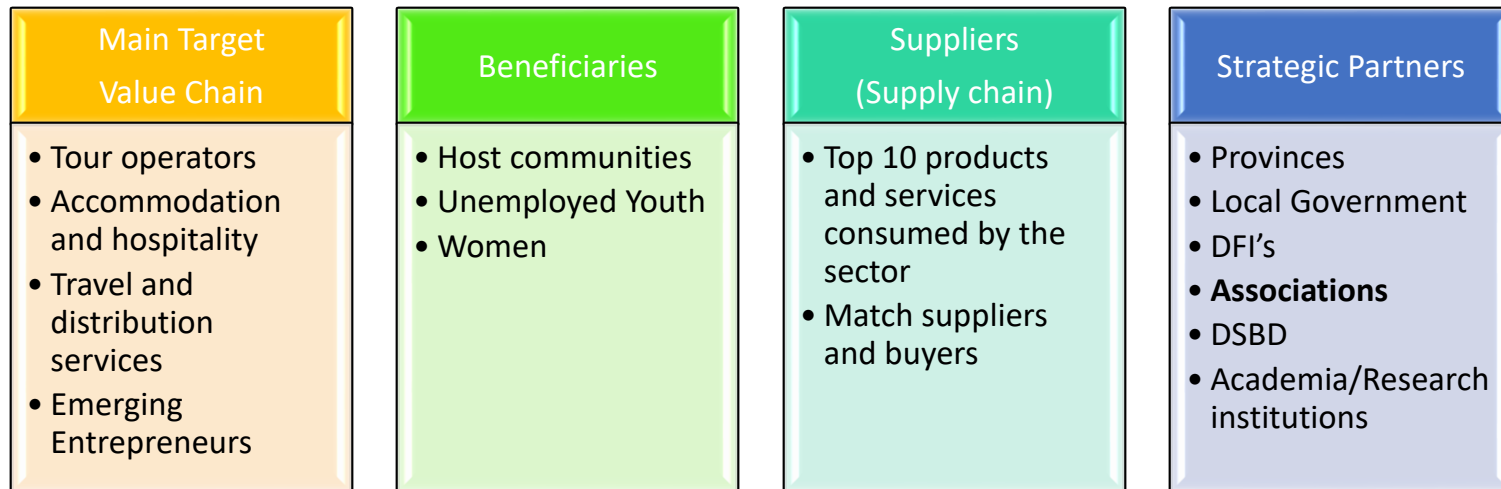
Creation of an enabling environment for tourism enterprises to GROW and contribute to JOB CREATION and destination COMPETITIVENESS.



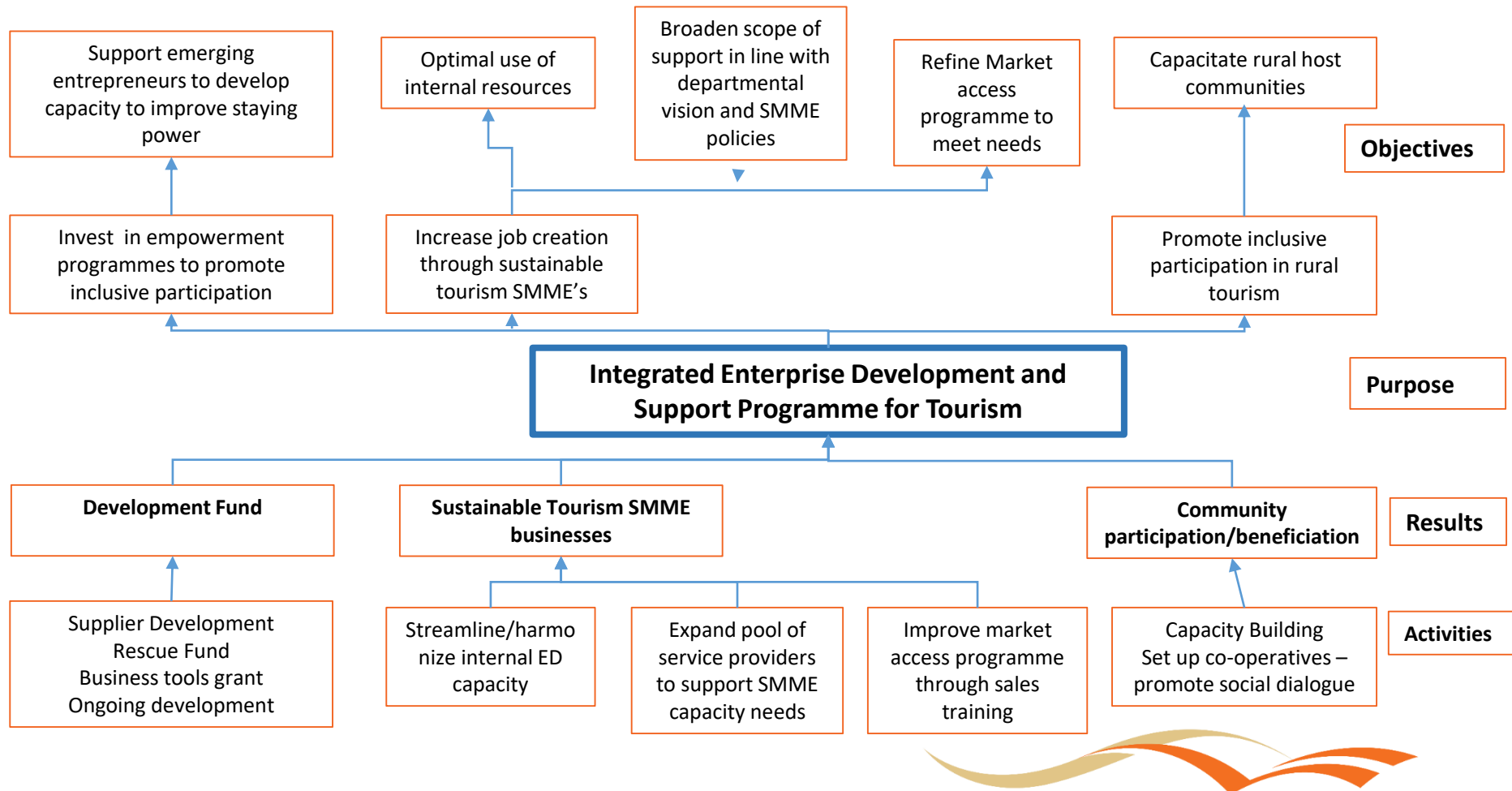
# Programme focus



# Stakeholder Analysis



# Solutions Analysis/Tree – Theory of Change





# Strategy Analysis – Options selection

## Theory of Action

Stakeholders	Option 1	Option 2	Option 3
<b>Tourism SMME Businesses/Operators</b>	Multiple intermediaries accessible to SMME's at different stages of development	Business incubator established	Investment in destination development stimulating job creation
<b>Emerging (Black) Entrepreneurs</b>	Information platform developed to support information needs of tourism businesses	Funding for BBBEE ring fenced in a Development fund	
<b>Suppliers</b>	Guideline on procurement opportunities and supplier database	Social dialogue to educate both tour operators and local crafts vendors	
<b>Host Communities</b>	Integrated planning (Public, Private, Community)	Change management incorporated into rural infrastructure development	
<b>Strategic Partners</b>	Collaborative planning	Define roles and responsibilities	



# Enterprise Development Interventions



# From Activities to Services

## Online Support ED Portal G2B/B2B

- News
- E-learning/Online Tutorials/Webinars
- Regulatory updates
- Business Templates (Resource centre)
- Enable online requests for support
- Research Surveys
- Opportunities
- Sector specific support
- Funding
- Partnerships
- Profile and Database Management
- Links – TSI, Grading, Complaints Officer, Tourist guides

## SMME Incentive Scheme (Development Fund)

- Bridging finance
- Rescue Fund
- Incubators
- Business Tools
- Experiential Learning
- Market Access
- Association support/incentive

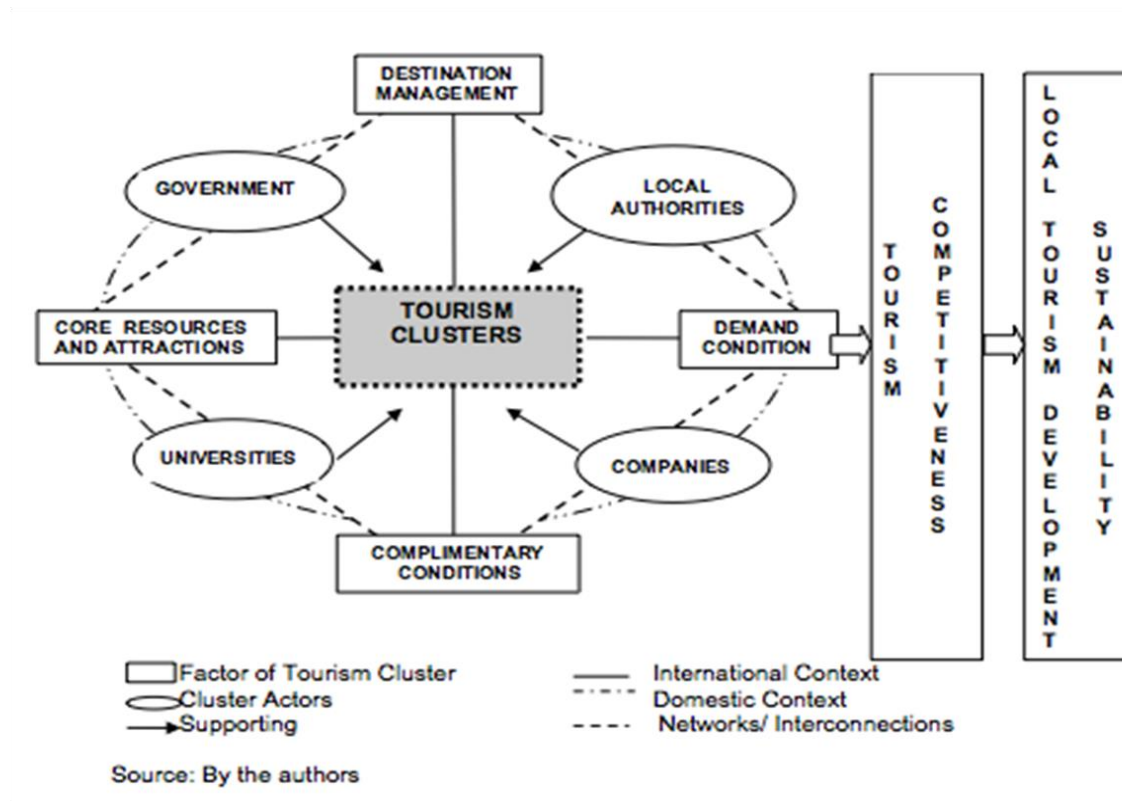
## Incubator Tourism Hub Model

- Start ups
- Rehabilitation
- Cooperatives
- Rural Tourism Nodes

## Business Advisory and Support Services Intermediaries Supplier Database

- **Government Services – CIPC (Companies and Intellectual Properties Commission)**
- **Business Support – Compliance (tax, bbbee, labour, quality assurance)**
- **Business Matching - market access,**
- **Financing advisory – DFI linkages**
- **Information – surveys, Industry reports, tool kits etc**
- **Capacity building – Coaching, Mentoring**

# Incubator cluster model



*Tourism Clusters theory based on Porter's "Diamond" Model and its contribution in competitiveness and local development.*

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# Collaborative Approach



# Defining a business incubator ...

- Enterprises are most vulnerable during the first few years of their operation.
- The process of incubation has been shown to help enterprises to survive and grow during this period
- Incubators are also instruments that address market failure and have an important role to play in stimulating and supporting economic activity;
- A business incubator is an initiative that systematically assists mostly new entrepreneurs to be successful and usually has a deliberate and effective strategy to incubate and graduate incubates into industry.



# Purpose of tourism incubator ...

- To create a conduit through which economic inclusion is achieved by creating viable tourism businesses that will create sustainable jobs and contribute to economic development
- Modus operandi - appoint a business development advisors/coaches to support a cluster of products
- Crowd in development finance partners to support enterprises in line with needs identified



# Incubation operations process ...

Needs  
analysis for  
incubates

- Assessment of the business needs of each of the enterprises accepted into the incubator

Business  
development  
programme  
develop

- Based on needs assessment, develop a 3 year plan
- This includes training, mentorship, coaching and general management development for businesses

Incubation plan  
implement

- Start the roll out of incubation services

Monitoring and  
evaluation

- On going monitoring and evaluation of roll out impact, business performance and sustainability

Annual review

- Annual review of the programme
- Identification of areas of improvement



# Entry requirements into incubator...

The programme will focus on assisting viable existing Small, Micro and Medium enterprises (SMMEs) at selected viable tourism nodes or destinations.

## **Requirements for admission into incubator:**

- A member of a local tourism association
- Owner run existing business for at least 1 to 2 years
- Willing to sign a cooperation/commitment contract with incubator coordinator
- Willingness to give in time to all engagements related to incubator
- Commitment to provide own contribution in selected aspects of business development i.e. industry association membership, grading and business equipment support.
- Business owned by RSA residents
- Business in travel, tourism, hospitality and related industries



# Tourism profile – Pilanesberg Tourism Node

## Core attractions :

- Largest casino and gaming complex, designer gold courses in the country – Sun City;
- Private game lodges, Mphebotho Museum, Moruleng Stadium and Shopping Mall, Hot Air Balloon in Pilanesberg and historic grave sites;
- An estimated 2028 rooms = 550 private lodges, 150 Bed and Breakfast and guest houses (Mogwase) and 1300 in Sun City

## The market :

- In general the region is popular with land arrivals mainly from Botswana,
- Asia & Australia, USA and Europe lead in international visitation
- Gauteng, Northern Cape, KZN, Free State and Mpumalanga are leading domestic markets for the region
- Holiday visitors stay an average of 4 nights.
- Lodge and hotel accommodation is most preferred followed by guest houses or B&B.

## Institutional Arrangements:

- North West Tourism, Moses Kotane Local Municipality and Local Associations (e.g. Bakgatla Local Tourism Association, Tour Operators Associations etc.)



# Annual Performance Plan

## PPI 3

Implementation of the enterprise development programme.

## OBJECTIVE

To design and implement programmes aimed at sustainable development and growth of tourism enterprises in a manner that facilitates inclusive participation, job creation and contributes to the competitiveness of the destination.

## PROJECT DESCRIPTION

- Continued support of 100 rural tourism enterprises with coaching and mentorship.
- In the outer years the number will increase and will not be limited to rural localities. In addition we will have enterprises supported as part of identified incubator hubs.
- Establishment of a tourism enterprise incubators from identified tourism hubs (e.g. Bakgatla Ba Kgafela Tourism, Manyeleti Tourism Hub).
- Business advisory and support services (database of service providers under development).
- Training and development e.g. service excellence, market access; and
- Information platform (Enterprise Development Portal).

# Engagements with associations

Associations engaged	Feedback	Way forward
TBCSA	Presentation of ED programme made to CEO and Association Economic Development Forum	ED programme supported TBCSA to assist with identification of mentors and databases of members in incubation areas
SATSA	Presentation of ED programme made to SATSA CEO, some Board members and Head of Business Development	SATSA to share membership databases for mentors, coaches, networking and for supplier development linkages
SAACI	Presentation made to CEO and Board members	Linkages identified in training and skills development
<p>Areas of collaboration identified and action plans under development with all Associations</p> <p>Engagement was also made with development finance agencies such as SEDA, IDC and areas of collaboration identified.</p>		



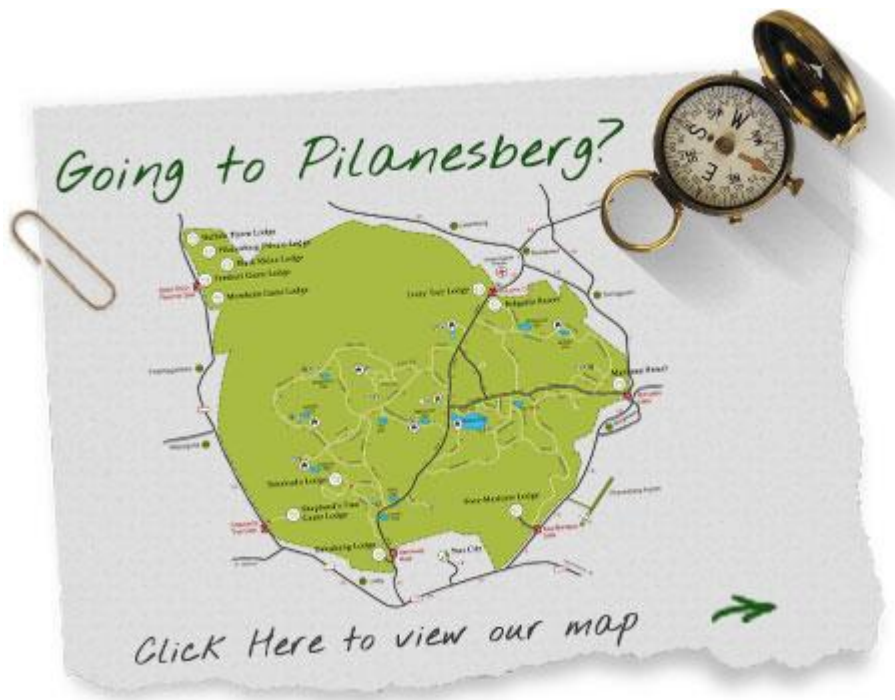
# 2016/17 Programme reach

Programme	No of beneficiaries/ enterprises	Jobs supported (calculated on 3 jobs per micro entity)	Programme starts	Progress
<b>Tourism Incubator X 2</b>	100	300	28 October 2016 – North West Incubator. launched Mpumalanga incubator to be launched in quarter 4	Project coordinator appointed. 50 enterprises recruited.
<b>Business Advisory services</b>	156	463	November 2016	Currently finalising the appointment of the service provider.
<b>Market Access Training</b>	171	513	November 2016	Currently finalising the appointment of the service provider.
<b>Conference and Events capacity building via SETE (Sport and Events Tourism Exchange)</b>	15	45	25-27 October 2016	Training workshop for enterprises held on 19 August 2016. 12 Enterprises participated in the workshop and conference.
<b>Total</b>	<b>442</b>	<b>1321</b>		



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# Reá Leboga

