

# **Branson School of Entrepreneurship South Africa**

**A Practical Case study**

**Empowering South Africa's Youth:**

**where private sector can stimulate entrepreneurship in emerging markets,  
with a very specific focus of uplifting the marginalised population in the  
economy.**

# Entrepreneurship & Youth: Landscape in South Africa

## Education

- Entrepreneurship is not considered a career path
- Only 6% of SA adults have tertiary qualification
- Education in SA does not sufficiently support entrepreneurship
- Education curricula still has a very traditional focus

## Social situation

- 2/3 of population between ages of 18-35 are unemployed
- HIV/AIDS escalates number of child-headed households
- Increase in substance abuse has negative impact on academic performance and increases number of school drop-outs

## Youth Challenges

## Economy

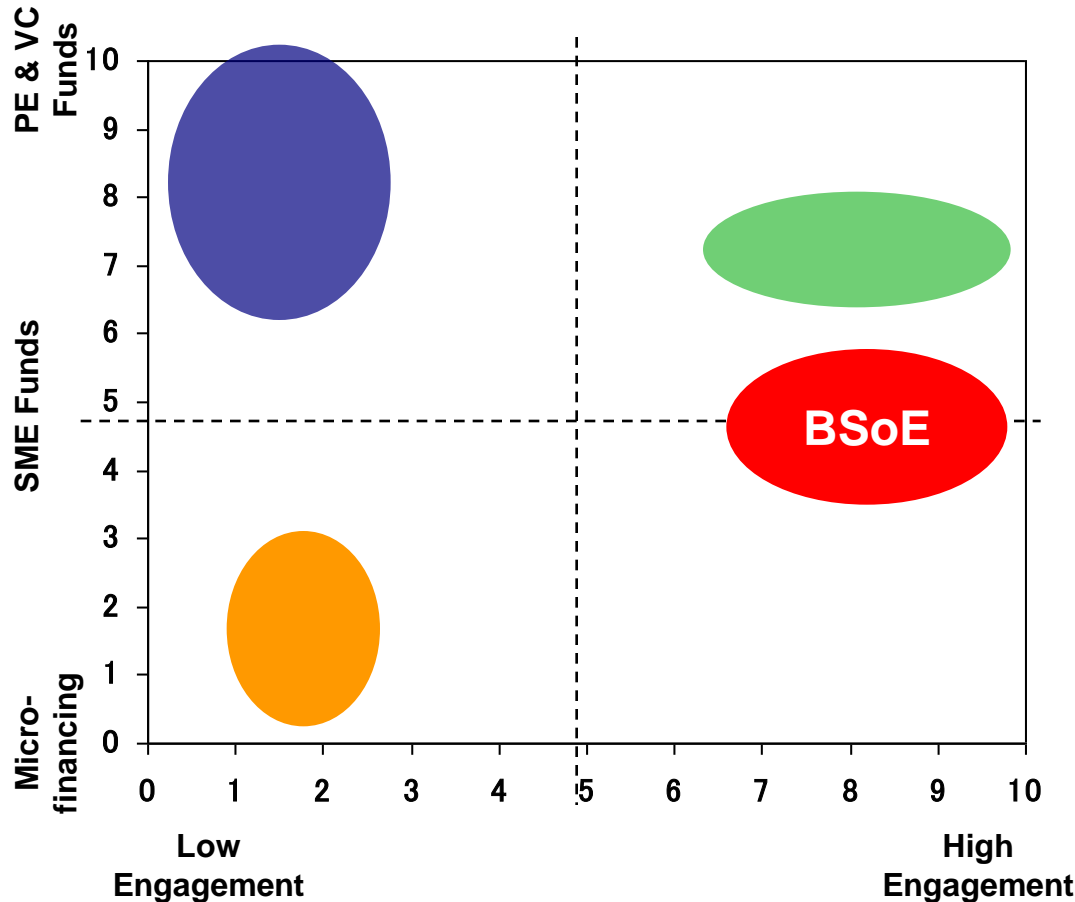
- Work experience mainly based on self- and insecure employment
- Greatest employment in agriculture and service sectors
- Opportunities mostly available for those with greater skills and resources

## Requirements

- Better mathematical and professional skills to compete in increasingly global economy
- Decrease of over 70% in apprenticeships
- Lack of disadvantaged youth-focused entrepreneurship programmes

# Competitive Landscape in SA

High engagement support and direct investment for growth-oriented and commercially viable SMEs



## PE & VC Funds

- 1 Actis
- 2 All Major Banks
- 3 Aureos Capital
- 4 Brait Capital Ventures
- 5 Africap
- 6 Development Bank of SA
- 7 Aureos Africa
- 8 Ethos Private Equity
- 9 HBD Capital ventures
- 10 IDC

## SMME Funds

- 1 Business Partners
- 2 ABSA
- 3 GroFin
- 4 SA Enterp Development Fund
- 5 Umsombomvu Youth Fund
- 6 Oiko Credit
- 7 Masisizane- Old Mutual
- 8 Anglo Zimele
- 9 HBD Capital ventures

## Incubators, Enablers

- 1 Endeavour
- 2 RaizCorp
- 3 TechnoServe
- 4 Ashoka
- 5 JASA
- 6 Innovation Hub
- 7 UCT, Wits, UP, UJ
- 8 Umsobomvu
- 9 Government Programmes

**Notes:** Bubble size is indicative of quantum of funds under management; funds under management reflect total assets of active funds; data includes partially invested funds but excludes fully invested funds; data based on information from AVCA and ANDE and is largely self reported

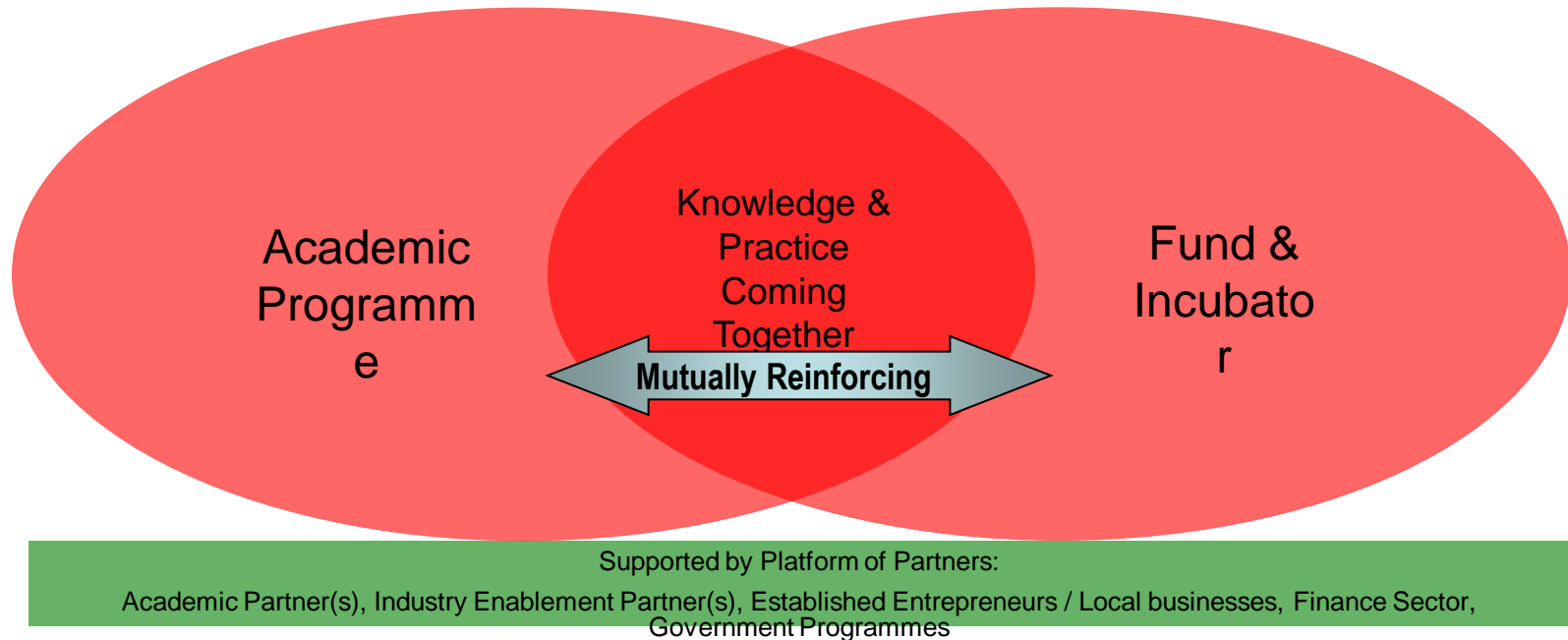
Analysis indicates no or minimal engagement between financier and financiers after disbursement of finance

Incubators/Enablers do not provide any direct funding but business/strategic support, consulting services and networking help; mainly to medium-sized+ enterprises.

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# BSoE's Approach to Address the Gap: Today

Provide a balanced, mutually reinforcing, bifocal model: academic training alongside funding and business incubation



**Produce a large number of PDIs who are inspired, conversant and trained in the fundamentals of Entrepreneurship**

- Inspired, motivated and entrepreneurial mindset
- Sound business knowledge base (marketing, finance, etc.)
- Practical business skills (business plan, practicum in entrepreneurship)

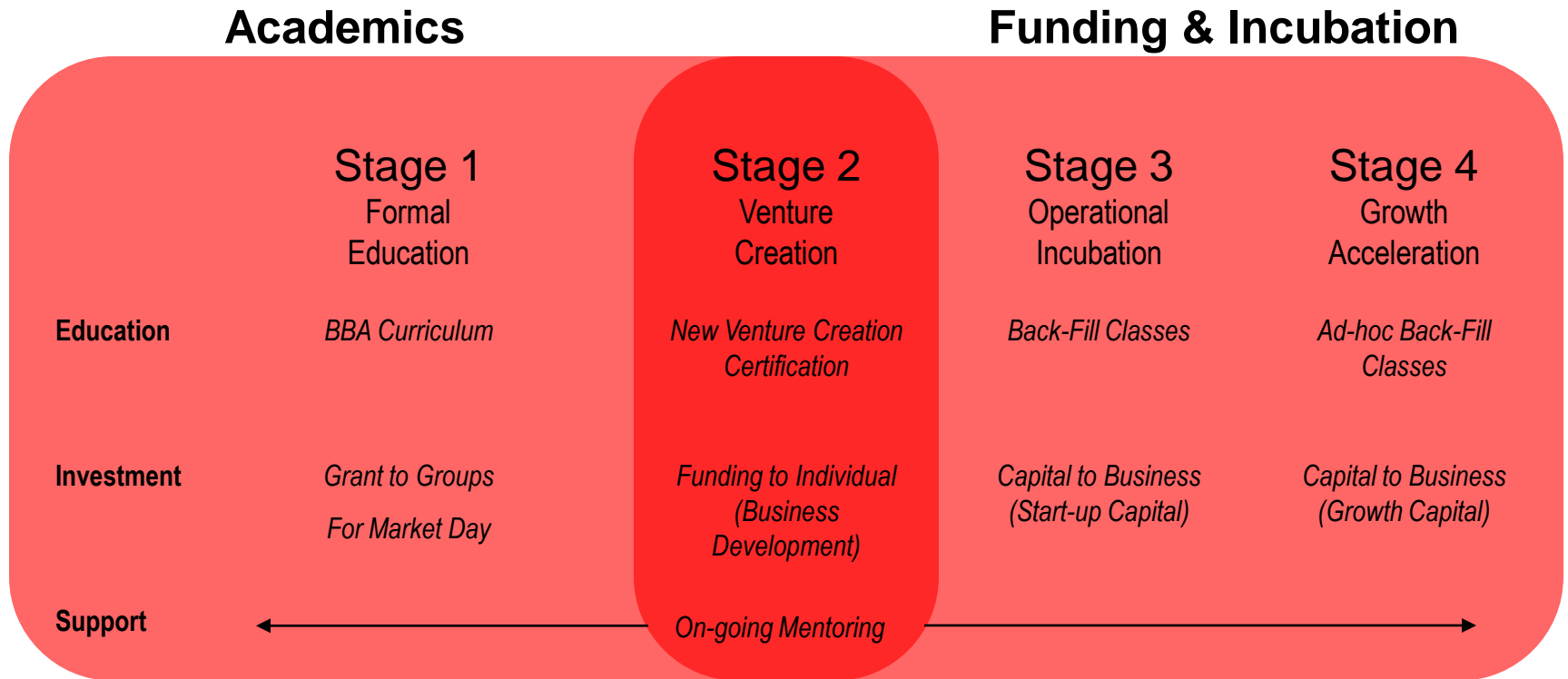
**Create PDI entrepreneurs with successful businesses, creating long-term social impact**

- A large number of SME start-ups with long-term sustainability
- At least a few flagship big- success entrepreneurs
- Overall sustainability for both businesses and BSoE, but not a profit motive for BSoE

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# The Stages of the BSoE Model: Today

Provide education, investment & support throughout all stages of the cycle



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# BSoE South Africa: The Story So Far

## Achievements

- In 2006, BSoE launched as a School of Excellence within, and in conjunction with, CIDA City Campus
- Education programme established
  - 4,100 students have received entrepreneurship training to date
  - Positive feedback on course work with quality and pass-rate higher than other courses
- Incubator launched and running
  - 84 students through incubation
  - 21 investments funded or approved
  - BSoE businesses employing 175 people
- External support secured since launch:
  - Motorola (funding)
  - UK & US entrepreneurs (funding, mentors)
  - Virgin staff (support, lectures, mentors)
- Partnerships forged:
  - Technoserve
  - Enablis
  - Virgin Businesses
- Mentorship programme pilot launched

## Key Learnings & Challenges

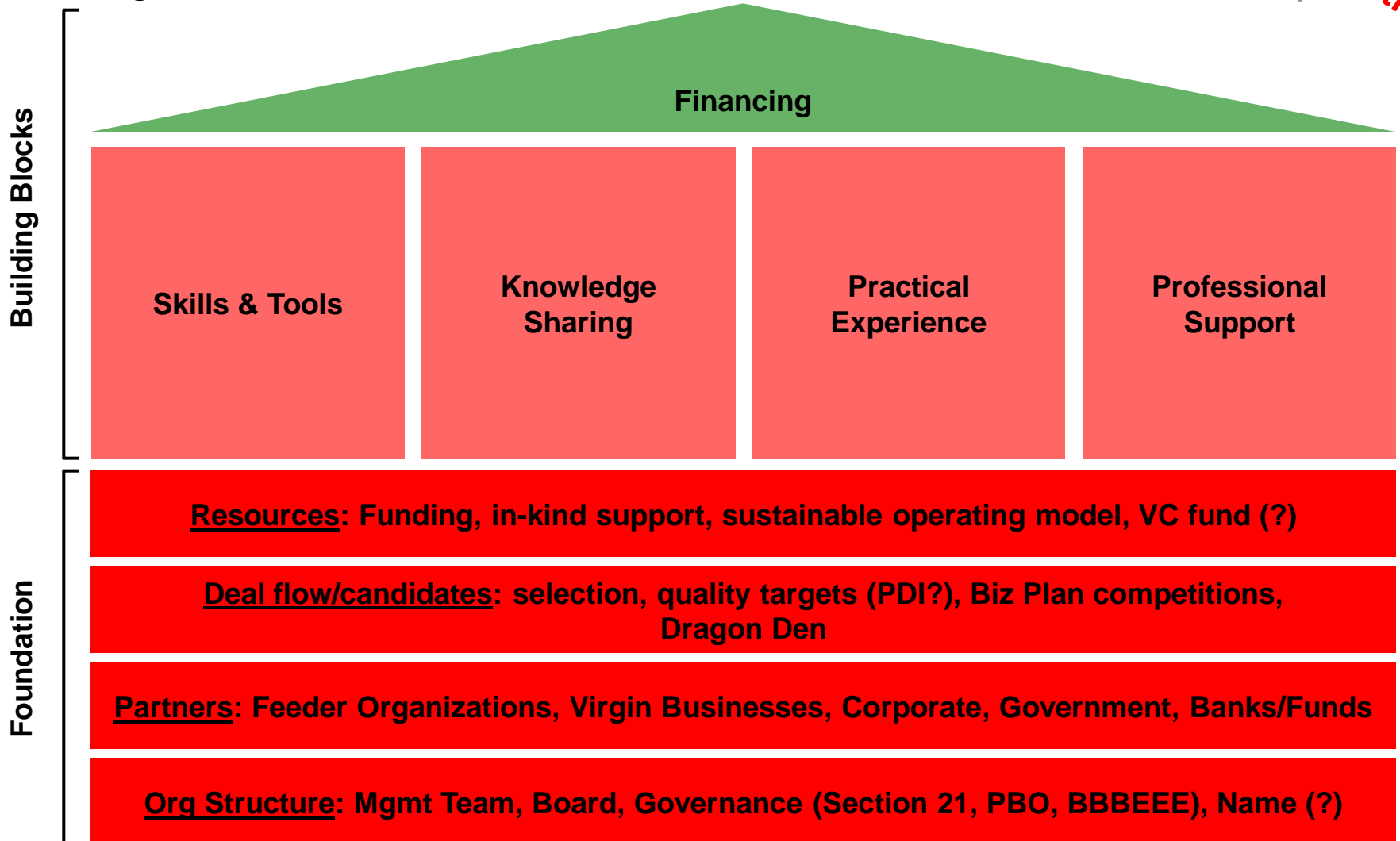
- Exclusive relationship with CIDA:
  - Level of education and entrepreneurial flair of the average CIDA student is often mediocre
  - Academic entrepreneurship training at BBA level does not provide quality deal flow
  - Grassroot investments do not generate financial returns for sustainable model
  - CIDA future funding & strategy unclear
  - Strong culture of entitlement and dependency
- Entrepreneurial standards are low:
  - Widening the catchment of deal flow and improving quality is essential
  - Restriction to work with PDIs only impacts quality and availability of deals
  - Investment Policy & Procedures and Admittance Requirements need to be strengthened and professionalized
  - Encourage more peer-to-peer engagement and knowledge sharing
- Need to secure stable sources of critical professional support for the BSoE operation and funded businesses
- Reassess target market and candidates to attract appropriate investments that allow for balanced investments strategy (financial vs. social return)
- Need to develop professional investment fund with mix between growth SME direct investments (90%) and high-risk grass roots lending (10%)

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# BSoE's Approach to Address the Gap: Tomorrow

Strictly Confidential!  
DRAFT

Identify the most promising young entrepreneurs to create employers benefiting disadvantaged communities



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# Key Building Blocks to Support Young Entrepreneurs

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DRAFT

## Skills & Tools

- Skills Workshops:
  - Sales
  - Research
  - HR
  - Marketing
  - Legal
  - Finance
  - Networking
  - Presentation
  - Elevator pitch
  - Interpersonal
  - Communications
  - Media Training
- Business tools:
  - Finance models
  - Contracts
  - Templates
  - Business plan
  - Strategy paper
  - Comms plan

## Knowledge Sharing

- Lecture Series
- CEO/MD visits
- Real life case studies
- Conferences
- Exhibits
- Simulation games
- Peer-to-Peer Support
- Peer Presentations

## Practical Experience

- Internships
- (CEO) Shadowing
- Research projects
- Market Day

## Professional Support

- Mentorship
- 4x4 Network
- Networking (functional, sector)

## Financing

- Equity/Debt
- Seed Fund
- Direct Investments

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# The New Strategy: Today & Tomorrow

	Today	Tomorrow
<b>Objectives</b>	<ul style="list-style-type: none"><li>• Develop potential entrepreneurs</li><li>• Provide students with real world skills</li><li>• Encourage entrepreneurship as a viable career choice</li><li>• Identify individuals with entrepreneurial potential</li></ul>	<ul style="list-style-type: none"><li>• Create employers in disadvantaged communities</li><li>• Offer practical skills and tools to start-up and growth entrepreneurs</li></ul>
<b>Target Market</b>	<ul style="list-style-type: none"><li>• Youth PDI-run businesses only</li></ul>	<ul style="list-style-type: none"><li>• Preferably Youth PDI-run businesses</li><li>• Businesses benefiting disadvantaged communities only</li></ul>
<b>Candidate Focus</b>	<ul style="list-style-type: none"><li>• CIDA students only</li></ul>	<ul style="list-style-type: none"><li>• Disadvantaged youth</li><li>• Diversified feeder sources</li></ul>
<b>Investment Focus</b>	<ul style="list-style-type: none"><li>• Debt only</li><li>• Seed Fund only</li><li>• Start-up micro</li><li>• Grassroots</li></ul>	<ul style="list-style-type: none"><li>• Debt and Equity</li><li>• Seed Fund and VC investments</li><li>• SMMEs</li><li>• Start-up and Growth</li></ul>
<b>Brand</b>	<ul style="list-style-type: none"><li>• Branson School of Entrepreneurship</li></ul>	<ul style="list-style-type: none"><li>• Branson Centre of Entrepreneurship(?)</li><li>• Branson Fund of Entrepreneurship(?)</li></ul>

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# Ways for Virgin Businesses to get involved

## Short-term: Help us create the new model

- Shape the new vision and objectives for the school to ensure maximum support from Virgin staff and potential for success
- Define the target market (who should benefit?) and redesign the selection criteria (who should attend?)
- Re-evaluate name and brand to ensure it furthers the new purpose
- Develop a professional investment fund, focused mainly on SME investments (90%) and also high-risk grassroots investments (10%), that will provide CSI and BBBEE opportunities to corporate and financing partners.
- Make qualified secondees available from your businesses immediately for the development and implementation of the new strategy/model

## Medium- and Long-term: Support the operations through all key building blocks

- Develop & deliver workshops and business tools
- Deliver business lectures, MD visits, and real-life case studies
- Provide internship, one-day executive shadowing and research opportunities in your business
- Mentor a young entrepreneur and facilitate access to business networks and events
- Contribute funds to the Seed fund and make direct investments



**BBBEE Scoring**

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# Discussion, Q&A

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