



**Mpumalanga Tourism and Parks  
Agency**

**SMME and Second Economy  
Support Strategy**

April 2009

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# 1 Introduction

Mpumalanga Tourism and Parks Authority (MTPA) intends to establish Mpumalanga as a Province that puts measures in place to alleviate poverty and create more job opportunities in the tourism sector. This will be established through bridging the gap that exists between the First and Second economy and providing the necessary support to the SMMEs in the province. As a result MTPA has commissioned KPMG to develop an SMME and Second Economy Support Strategy.

The Strategy will be based on addressing the key challenges that are faced by the upcoming SMMEs and how MTPA can assist or facilitate the solutions to the challenges with key partners. The challenges will be looked at from different perspectives in regards to the size (small, medium or large) as well as the stage (new entrants established or well established) of the businesses. The frameworks that have been developed to address the challenges include the following:

- SMME product development program;
- Skills development program;
- Financial development program;
- New entrants business program;
- Transformation program;
- ‘Formalize your tourism business’ program;
- Information and communication management program;
- SMME product packaging and channel access program; and
- SMME marketing program.

The above programs consist of clearly outlined objectives and strategies set for short to medium as well as medium to long term. The programs will be broken down further in the Implementation Plan with detailed timeframes and indication of roles and responsibilities for all parties involved.

## 1.1 Strategic objectives

The strategic objectives of the SMME and Second Economy Support Strategy are in alignment with the tourism related flagship projects outlined by Mpumalanga Provincial Economic Department and Planning. The objectives of the Strategy have been established to:

- Foster enterprise development in regards to awareness, competitiveness and enterprise establishment;
- Contribute to improving the environment for economic development in terms of local capability, economic enhancement and development of knowledge base;
- Facilitate development and renewal of community infrastructure in relation to local transportation and urban projects;
- Be guided by policy and Responsible Tourism guidelines; and
- Integrate informal businesses into the formal stream mainly through tourism product and skills development.

The above strategic goals and objectives address Mpumalanga's key issues and challenges to facilitate poverty alleviation and create job opportunities in the province. On this basis the recommendations provided within the frameworks provide direction for what the province needs to achieve to meet these objectives.

## **1.2 Definitions**

### **1.2.1 SMMEs (Small, Medium and Micro Enterprises)**

Section 2.1.4 of this report provides an in depth definition of an SMME in the tourism sector as per the BEE Tourism Charter.

### **1.2.2 What is the 'second economy'?**

Second Economy has been characterized as: "...a mainly informal, marginalized, unskilled economy populated by those who are unemployed and those unemployable in the formal sector." (Ten Year Review, 2003)

The second economy has also been defined as:

- "caught in a poverty trap";
- "unable to benefit from growth in the first economy"; and
- "difficult to assist".

It is in this context that MTPA realized the need to develop the SMME and Second Economy Support Strategy to bridge the gap between the two economies, and to ensure that a wider proportion receive the benefits of economic growth.

### **1.3 Conclusion**

Sustainable and responsible tourism operates on the basis of public sector leadership (MTPA), private sector drive (tourism stakeholders and product owners) and commercial innovation and community involvement.

Therefore, MTPA's role should be seen as that of facilitator, mediator and co-ordinator of strong partnerships with local municipalities, the private sector, community based organizations and role players, as well as other supporting government departments and agencies. The MTPA's role in tourism will focus on maximizing job opportunities, particularly in supporting SMMEs and converting Second Economy businesses into First Economy stream, where there is already a strong product or event that provides leverage, or where there is currently a gap that the existing businesses cannot fill. On this basis the implementation of the SMME and Second Economy Support Strategy is key to enable equal opportunities for all in the tourism sector in Mpumalanga.

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## **2 Review of existing policies and strategies relating to BEE**

### **2.1 Introduction**

It is of critical importance to ensure that the development of the SMME and Second Economy Support Strategy takes cognizance and is aligned to existing policies and strategies. This ensures that government in all spheres speaks in one voice and avoids duplication of roles and responsibilities. The following paragraphs will briefly address policies and strategies at national and provincial levels that are currently in place.

### **2.2 National policies and strategies review**

#### **2.2.1 Preferential Procurement Policies Framework Act**

In 1999, National Treasury spearheaded the design and promulgation of the Preferential Procurement Policies Framework Act (the 'PPPFA').

The PPPFA dictates that organs of state and public entities use ownership and management by previously disadvantaged South Africans as one of the selection criteria when awarding public sector contracts. Subsequently, transformation by means of Black ownership and management control has come to be known as "narrow-based BEE".

#### **2.2.2 DTI's Strategy for B-BBEE**

After the implementation of preferential procurement by the public sector from 1999 onwards, several weaknesses of narrow-based BEE became apparent. As a result, in 2003, the Department of Trade and Industry (appointed by government as the custodians of BEE in South Africa), devised a strategy to extend the benefits of empowerment to more black South Africans. This became known as broad-based BEE (B-BBEE). The DTI's strategy document, entitled, "South Africa's Economic Transformation: A Strategy for Broad-based Black Economic Empowerment", in addition to making the case for socio-political and economic imperative of B-BBEE, introduced the seven elements of B-BBEE, which are reproduced below for ease of reference:

- Ownership;
- Management control;
- Employment equity;
- Skills development;
- Preferential procurement;

- Enterprise development; and
- Socio-economic development (formerly referred to as “corporate social investment”).

The above seven indicators aim to measure good practice within the national tourism industry.

### **2.2.3 B-BBEE Act and the Codes of Good Practice**

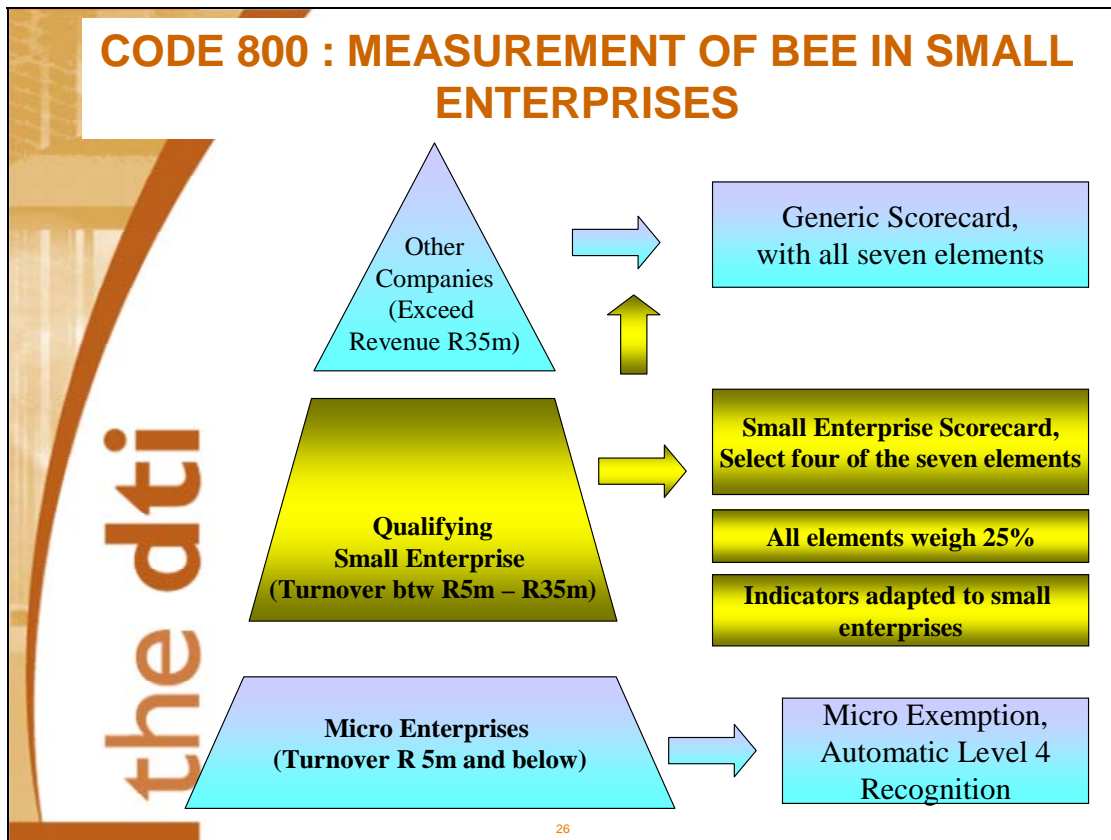
B-BBEE legislation was then underpinned by the Broad-based Black Economic Empowerment Act No. 53 of 2003 (B-BBEE Act), which was released in January 2004. In section 9 of this Act, provision was made for the issuing of Codes of Good Practice. The Codes of Good Practice on B-BBEE (the Codes) are regulations under the B-BBEE Act, and as such they are binding on organs of state and public entities when interacting with the private sector with respect to procurement, issuing of licenses and concessions, entering into public private partnerships (PPP’s) and when disposing of state-owned assets. For private sector companies with little or no interaction with government, pressure to transform is generally the result of the multiplier effect of preferential procurement.

The final version of the Codes was gazetted on 9 February 2007. The Codes consist of codes and statements 000 to 700 which are measurement criteria applicable to entities with annual turnovers in excess of R35 million.

### **2.2.4 Codes of Good Practice for QSE’s and EME’s**

For entities with annual turnovers of less than R5 million, the Statement 000 of the Codes provides a special exemption dispensation in that such entities are automatically considered to be “BEE compliant”, with a score of between 65% and 75%, a Level Contributor Status of Level Four which carries with it BEE procurement recognition by clients or customers, of 100%. The latter applies to all businesses regardless of whether or not they have ownership by black people. However, EME’s which prove that they are more than 50% owned by black people enjoy a Level Contributor Status of Level Three which carries with it BEE procurement recognition by clients or customers, of 110%. The intention of “exempted micro enterprise” dispensation is to encourage the creation and growth of start-ups and micro businesses, whilst also giving those with significant black ownership, a slight advantage over their counter-parts in terms of BEE recognition. This is indicated in the diagram below:





Source: DTI

With respect to entities with annual turnovers of between R5 million and R 35 million, the Codes provide a slightly less onerous dispensation in Code series 800. Such enterprises are referred to as “Qualifying Small Enterprises” or “QSE’s”. Statement 800 allows QSE’s to select any four of the seven elements of B-BBEE, with weightings of 25 points each, in order to obtain an overall score out of 100. The measurement criteria for the QSE scorecard elements are similar to the measurement criteria contained in the Generic Scorecard (applicable to entities with annual turnovers in excess of R35 million), but are somewhat simplified and less onerous to comply with, in most instances.

According to the National Small Business Act of 1996, businesses in the “catering, accommodation and other trade” are considered as SMMEs when they have less than 100 employees and annual turnovers of less than R10 million, as well as total gross asset values (excluding fixed property) of less than R2 million. By this definition, most SMMEs in the tourism sector are therefore extremely likely to be classified either as EME’s or as QSE’s for the purposes of B-BBEE.

### 2.2.5 Tourism Sector Charter/ draft Code

The classification of most SMMEs in the tourism sector as EME’s or as QSE’s also applies to the draft Tourism Sector Code, which is very closely aligned to the Codes of Good Practice.

The draft Tourism Sector Code was gazetted in terms of section 9 of the B-BBEE Act on 20 June 2008 for the purposes of public commentary. To date, this 60 day public commentary has been completed, but, according to the DTI, draft sector code is currently undergoing “technical analysis”, for “consideration as a final code”. This means that as this stand, tourism businesses should be measured in terms of the Codes of Good Practice until the final Tourism Sector Code has been issued.

The draft Tourism Sector Code has aligned its dispensations for EME’s and QSE’s with those contained in the Codes of Good Practice. There is, however, one proposed key difference which is that EME’s doing business with the public sector need to achieve a “mandatory” Level Three Contributor Status. This effectively means that, as per the proposal contained in the sector code, only EME’s which are 50% or more black owned, will be eligible to do business with the public sector. The rationale for this is to incentivise black ownership amongst tourism businesses, many of which have annual turnovers of less than R5 million.

## **2.2.6 Development of the tourism scorecard**

The Tourism Charter and BEE Scorecard was launched by the Minister of Environmental Affairs and Tourism in July 2004. Coinciding with the launch of the scorecard was the appointment of a Steering Committee responsible for accomplishing the following:

- the development of a BEE scorecard for the tourism sector in order to advance the objectives of the Broad Based Black Economic Empowerment Act No 53 of 2003;
- developing and promoting the BEE process in the tourism industry;
- being committed to the development of the BEE Scorecard;
- driving the scorecard development process, particularly in terms of promotion, deliverables and the solicitation of input;
- communicating the process and broader principles of the scorecard;
- facilitating access to research, input and information in the tourism industry; and
- facilitating partnerships between the organs of state and the private sector that will advance the objectives of the scorecard.

Other responsibilities included:

- providing recommendations with respect to the amendment of the charter to ensure its alignment with the negotiated Tourism BEE Scorecard; and
- providing recommendations for the consideration of a BEE Tourism Council and the submission of a recommendation to the Minister of Environmental Affairs and Tourism for his approval.

The Tourism Charter and BEE scorecard is a deliberate attempt to transform the tourism industry. It recognizes the Tourism Sector as being a people driven sector in which individuals provide services and interactions which determine the quality of tourism services and products.

### **2.2.7 Tourism Empowerment Council Strategic Plan**

The Tourism Empowerment Council (TECSA), formerly known as the Tourism BEE Charter Council, issued a “Strategic Plan” in mid-2006 which sets forth service delivery commitments for the Council for 2006, 2007 and 2008. The Strategic Plan essentially consists of six priority deliverables, each with several performance indicators for measurement. The six deliverables are:

- 1 Put in place systems to support stakeholders in implementing the Charter;
- 2 Provide efficient and effect support services;
- 3 Public sector to deliver on the preferential procurement element of the Charter and Scorecard;
- 4 Private sector engagement to ensure delivery on the Charter;
- 5 Innovative programmes to ensure that the seven elements of the scorecard contribute to the advancement of BEE in tourism; and
- 6 Private sector engagement to ensure delivery on the Charter.

Research would need to be undertaken to ascertain the outcomes which are likely to be released later in the year.

## **2.3 Provincial policy and strategies review**

### **2.3.1 Provincial Revised SMME Development Strategy**

Legislative and institutional changes that have taken place within the province over the years have necessitated the review of the SMME Development Strategy that was developed in 1997. The evolvement of SMME support interventions and the need to collaborate SMME programmes in different levels of government also played a role in advancing the process. The tools that have been identified within the strategy to address the SMME challenges and use to grow opportunities within the province included the following:

- Public sector procurement;
- Funding;
- Policy review;

- Business development services;
- Technology transfer and information;
- Market and trade assistance;
- Networks; and
- Infrastructure support.

In addition to the content of the strategy of improving the SMME support to address economic and social challenges and needs of the society it also looks at the roles and responsibilities of government and existing support structures. The strategy consists of strategic actions and programmes which will be key to be considered in enhancing the SMME and Second Economy Support Strategy.

### **2.3.2 Provincial B-BBEE Strategy**

The strategy has been undertaken by the Mpumalanga Provincial Government with the intention of accelerating the social and economic growth which can result in economic development and improving living standards of the population within the province. Challenges that exist within the B-BBEE seven key indicators across four sectors (mining, metals and manufacturing, tourism and agriculture and forestry) are addressed and interventions are developed. It also clearly categorizes sub-sectors that can be easily implemented based on cost, expertise and speed. This would be useful to consider when formulating interventions for the SMME and Second Economy Support Strategy.

Although not specific to tourism sector, some of the key outcomes of the strategy may have direct impact to the SMME and Second Economy Support Strategy. The outcomes include the following:

- lack of skills and funding are identified as the most critical challenges;
- tourism is one of the key sectors that urgently need BEE advancement; and
- promoting the creation and expansion of SMMEs rank highly on the list of objectives.

As a way forward the following initiatives were formulated:

#### **Ownership**

- Engage with major corporations on a one-to-one basis to obtain details of progress on fast-tracking B-BBEE ownership;
- Initiate PPPs to fast track ownership by getting all relevant parties together; and

- Give preferential weighting to black owned businesses for MPG procurement, subject to ability to meet tender requirements.

### **Management**

- Engage with big businesses to subsidise seats at private sector training facilities to be targeted at individuals with potential who do not have access to management training programmes

### **Preferential procurement**

- Change the tender score card to favour locally-based companies;
- Set-up supplier database which will contain BEE status of all suppliers and be a crucial tool in awarding of government work;
- Forensic Audit must be encouraged and supported in efforts to investigate and prosecute corruption; and
- Joint awarding of tenders whereby one or more small companies can tender for a job and it can be split amongst them to ensure that all parties can deliver.

### **Enterprise development**

- Support Business Linkage Centres that provide advice and assistance for SMMEs;
- Facilitate PPP projects whereby local businesses can be set up to manufacture and supply to big corporates;
- Form PPPs and facilitate set-up of downstream beneficiation companies that will process and add value to raw materials within; and
- Partner with private sector to provide mentoring programmes where new entrepreneurs are guided by experienced business practitioners who can help them maneuver through different business cycle phases.

### **Social economic development**

- Stimulate enterprise development to create more jobs;
- Pursue Expanded Public Works Programme to create jobs and develop skills; and
- Public Works Programme to improve infrastructure.

### **Employment equity**

- MPG can make compliance with the EE Act a prerequisite for tendering.

### **Skills development**

- Partner with private sector to provide vocational training opportunities, with big business providing their trainers and training facilities and MPG providing funding/subsidies;
- Mentoring for emerging businesses; and
- Set-up a commission to investigate setting up of a suitable tertiary institution.

Aligning the above initiatives with the interventions of this specific strategy would ensure synergy between the strategies and actually enhance the SMME and second economy support strategy.

### **2.3.3 Globally Competitive Provincial Strategy**

The strategy has been developed based on the following strategic questions:

- Should Mpumalanga strive to be locally or globally competitive?
- What is the role of government and to what extent should its involvement be?
- To what extent should the national policy environment be considered as it overarches the province?
- Does success lie in greater sector or greater spatial focus based on the government's role in the economy?

The strategy addresses the above questions by dissecting the structure of the provincial economy per industry, sector and spatial dimensions. It also identifies the highest concentration of poverty versus the highest concentration of economic growth opportunities. Within the short to medium term strategy, existing tourism challenges are discussed and opportunities are identified through the gaps within the value chain in the industry. On the other hand, in the long term the government is seen as a facilitator of the integration of the marginalized businesses into the main stream. This can be achieved through developmental entrepreneurship of SMMEs which is one of the main strategic objectives of the SMME and Second Economy Support Strategy.

### **2.3.4 Mpumalanga Tourism Parks Agency Act, 2005**

This Mpumalanga Tourism Parks Agency Act of 2005 (MTPA Act) does not specifically relate to BEE. However, there are two areas in which the Mpumalanga Tourism and Parks Agency (the Agency) can contribute towards transformation in the province to some extent. The first relates to the management control element of B-BBEE in that members of the Agency's board

are required by the Act to be representative of the population of Mpumalanga (section 6). The second relates to preferential procurement in that in accordance with section 23(d) of the MTPA Act, the Agency is required to comply with National Treasury's PPPFA.

### **2.3.5 Provincial Growth and Development Strategy**

The Provincial Growth and Development Strategy was drafted in 2005. Since then, there have been significant improvements in the amount of national guidelines available with respect to BEE. Despite this, the strategy still outlines certain areas for priority and/or implementation which remain relevant to the implementation of BEE. These relate to the AgriBEE charter for the agricultural industry, as well as to creating beneficiation opportunities for BEE compliant companies. In addition, the strategy outlines specific targets and responsibilities for certain aspects of B-BBEE, namely ownership, management and employment equity as well as preferential procurement, as well as identifying job creation initiatives targeting the second economy.

### **2.3.6 Mpumalanga Tourism Growth Strategy**

This strategy, released in late 2007, identifies the need for a BEE strategy; for a human resource development strategy (HRD) as well as the need to accelerate skills development of "historically disadvantaged individuals" which, in the context of B-BBEE today, should be regarded as black people, as defined in the B-BBEE Act, as qualified in the Codes of Good Practice.

Other than the above, there are no strategic initiatives which are linked to BEE or transformation in the abovementioned growth strategy.

### **2.3.7 MTPA Strategic and Annual Performance Plan 2008 – 2012**

The MTPA Strategic and Annual Performance Plan was approved by the MTPA board in September 2008.

The plan does not include any objectives or deliverables which target BEE, although SMME development is outlined as one of the key areas of development in the tourism industry.

### **2.3.8 Conclusion**

There is not much guidance for SMME development to BEE as it relates specifically to tourism sector therefore this strategy is critical.

## **2.4 Existing SMME support structures**

Government has established a number of organizations that act as support structures for SMMEs some of which are tourism specific. These organizations are both at a National and Provincial

level to allow easy accessibility to locations which are not in proximity to key cities (Johannesburg, Cape Town and Durban). The organizations offer financial and non-financial assistance to businesses in different stages of development. The types of organizations and their product offerings are discussed briefly in the paragraphs below.

#### **2.4.1 Mpumalanga Economic Growth Agency (MEGA)<sup>1</sup>**

This government initiative was formed to stimulate economic activity in the Mpumalanga Province. It does this by facilitating linkages between various role players and beneficiaries on a large scale. Tourism and Hospitality is one of the priority sectors of this fund.

##### **2.4.1.1 Relevant service offerings:**

The enterprise development division promotes the development and growth of small, medium and micro BEE enterprises including cooperatives in the Mpumalanga Province. Products and services for enterprise development include:

- Loan funding by providing term loans between R10 000 to R1 000 000.
- Bridging finance linked to an existing contract.
- Facilitation of mentorship to funded enterprises.
- Development of cooperatives.
- Development of strategic partnerships e.g. IDC, SEDA, Umsobomvu Youth Fund.

MEGA's interventions also include non-financial elements such as capacity building, mentoring and support and monitoring and evaluation which are fundamental to SMMEs within Mpumalanga.

#### **2.4.2 South African Micro Enterprise Apex Fund (SAMAF)<sup>2</sup>**

SAMAF is a wholesale funding institution tasked to facilitate the provision of affordable access to finance by micro small and survivalist businesses for the purpose of growing their own income and asset base. SAMAF also provides financial support to community based and the more traditional not-for-profit service providers. It provides microfinance to SAMAF funded financial intermediaries such as Financial Services Cooperatives (FSC's) and Microfinance Institutions (MFI's) who on-lend to their members and clients respectively.

##### **2.4.2.1 Relevant service offerings:**

SAMAF offers loans and capacity building. Two types of loans are offered to the financial intermediaries:

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<sup>1</sup> Available Online: [http://mega.gov.za/index.php?option=com\\_frontpageandItemid=5](http://mega.gov.za/index.php?option=com_frontpageandItemid=5)

<sup>2</sup> Available Online: <http://www.samaf.org.za/>



- The Micro-enterprise loan is offered to the financial intermediaries who on-lend to people earning less than R3 500 per month to grow their micro survivalist businesses.
- The Development loans are aimed at FSC's and MFI's for on-lending to clients (household earning R1 500 and below per month). Clients can use the development loan for paying school fees, medical fees and improvements to the household.

SAMAF provides capacity building in terms of management training, working and operational capital, management information systems and savings mobilisations. These services are critical in operating a competitive and sustainable business.

### **2.4.3 Tourism Empowerment Council of South Africa (TECSA) <sup>3</sup>**

The council aims to support the growth of a globally competitive tourism sector that is reflective of the demographics of South Africa and contributes to the establishment of an equitable society.

#### **2.4.3.1 Relevant service offerings:**

The Council has been formed to provide resources and services and to support the implementation of the Tourism Charter, specifically:

- Providing information on how to implement the Charter;
- Consulting with various stakeholders who are enablers for delivery on the Charter;
- Advocating for charter implementation;
- Coordinating with various stakeholders to effectively execute implementation of the Charter;
- Monitoring and reporting on progress with respect to Charter implementation and
- Facilitating implementation of the elements of the scorecard.

This would be an appropriate organisation to MTPA to partner with to educate the industry about the Tourism Charter and how they can benefit from it.

### **2.4.4 South African Women's Entrepreneurial Network (SAWEN) <sup>4</sup>**

This DTI initiative is a networking forum for women entrepreneurs operating within the SA SMME sector. It has branches in most provinces, and the Mpumalanga chapter is soon to be launched.

#### **2.4.4.1 Relevant Service Offerings:**

SAWEN offers the following services to its members:

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<sup>3</sup> Available Online: <http://www.tourismbeecharter.co.za/TheCouncil/tabid/1481/Default.aspx>

<sup>4</sup> Available Online: <http://www.thedti.gov.za/sawen/sawenmain.htm>

- Organising networking forums with regional and international business organisations and partners;
- Facilitating access to pertinent business information;
- Facilitating capacity building and training;
- Lobbying and advocating enabling and supportive policies and legislation.
- Capacity building and training opportunities crucial for your business to survive and grow.

This Strategy is mainly aiming to impact and empower women in the tourism industry and this might be an appropriate organisation to partner with to address the existing challenges faced by women in the Mpumalanga Province.

## **2.4.5 Tourism Enterprise Programme (TEP)<sup>5</sup>**

TEP's main objective is to encourage and facilitate the growth and expansion of SMMEs within the tourism economy. TEP identifies, facilitates and fosters commercially viable business transactions between industry players and SMMEs in the tourism enterprise. SMMEs that can show the potential to grow and create jobs can qualify for financial assistance.

### **2.4.5.1 Relevant Service Offerings:**

It assists SMMEs in the following ways:

- Marketing assistance for events;
- Development of business and marketing plans;
- Preparation and submission of tenders and proposals to become a supplier;
- Training;
- Attending exhibitions and conferences where appropriate;
- Certification and licensing; and
- Identification of service providers.

This is one of the industry specific organisation that can be the first point of departure for any SMME in need of assistance in terms of entering the industry.

## **2.4.6 Development Bank of Southern Africa (DBSA)<sup>5</sup>**

The Development Bank of Southern Africa (DBSA) is one of several development finance institutions in South and Southern Africa. Its purpose is to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure.

### **2.4.6.1 Relevant Service Offerings:**

The offerings include:

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<sup>5</sup> *How to start and grow your own Tourism Business.* Department of Environmental Affairs and Tourism.

- **Grants** - The DBSA Development Fund provides grant funding and co-funding for project-level capacity building projects in South Africa.
- **Lending** - Lending products include a range of financial instruments and other lending related services that are available to the Bank's public and private clients. The Bank offers numerous combinations of financial instruments structured to fit the needs of the client, and lending focused on infrastructure and commercially viable projects.
- **Leveraging Funds and Expertise** - Using its own expertise, as well as its vast network of partners and associates, the DBSA leverages funds and expertise in sector-specific and function-specific areas. The Bank leverages various sources of finance, financial instruments and credit lines and undertakes feasibility studies, investment planning, financial modelling, cost benefit analysis, socio-benefit analysis and environmental analysis for projects.

Should MTPA want to explore specific tourism projects by means of Feasibility Studies, DBSA can be one of the organisations that MTPA can approach to offer financial assistance.

#### **2.4.7 Small Enterprise Development Agency (SEDA)<sup>5</sup>**

SEDA is the DTI's agency for supporting the development of small business in SA. Its aim is to facilitate the integration of the second economy into the first through support, promotion and development of small enterprises, and co-operative enterprises, particularly in rural areas.

##### **2.4.7.1 Relevant Service Offerings:**

SEDA offers assistance with business plans, technical advice on marketing, information on export support, tenders and incentives.

SEDA offers services that speak directly to the overall objectives of this strategy which is to support SMMEs and second economy within Mpumalanga. Signing an MOU with SEDA might prove beneficial in terms of implementing the strategy, with a greater emphasis on Mpumalanga businesses.

#### **2.4.8 Umsobomvu Youth Fund<sup>5</sup>**

The fund was set up by the government to address the high levels of unemployed youth. Its task is to promote entrepreneurship, job creation, skills development and skills transfer among South Africans between the ages of 18 and 35.

##### **2.4.8.1 Relevant Service offerings:**

**The business development services voucher programme:** a voucher document is given to selected clients entitling them to buy business support services (technical assistance) from a list

of approved service providers. The programme will assist youths between 18 and 35 to access the following business development support services:

- Accounting;
- Business plans;
- Marketing plans;
- Company registration;
- Contract drafting;
- Tax advisory services; and
- Tendering.

For any business venture to be successful, the above aspects need to be in place at different stages of a business. MTPA can facilitate the transfer of the above services to assist the youth of Mpumalanga that want to join the tourism industry.

#### **2.4.9 Industrial Development Corporation (IDC)<sup>5</sup>**

The IDC's tourism business unit finances large capital expenditure in tourism business in the form of a loan.

##### **2.4.9.1 Relevant service offerings:**

Finance facilities for mainly capital intensive facilities include the following:

- Loans of between 5 to 15 years;
- Repayments to suit cash flow;
- A possible freeze on the repayment of capital for up to 2 years; and
- Accumulation of interest of up to 2 years.

A viable sound business plan that indicates high possibilities of being able to pay back the loan is a prerequisite to tap into this financial assistance. This means that the evaluation criteria of applications are quite strict.

## **2.5 Conclusion**

The above sets the current situation in the country and the province in terms of what policies and support services are in place to assist SMMEs and Second Economy. MTPA can take the advantage of bridging the gap between what government is offering and what ground level tourism businesses need in the form of being a facilitator, mediator or co-ordinator. The following section introduces programs that can address challenges that are faced by the SMMEs and informal businesses in the tourism sector in Mpumalanga.

## **3 Mpumalanga SMME status quo**

### **3.1 Introduction**

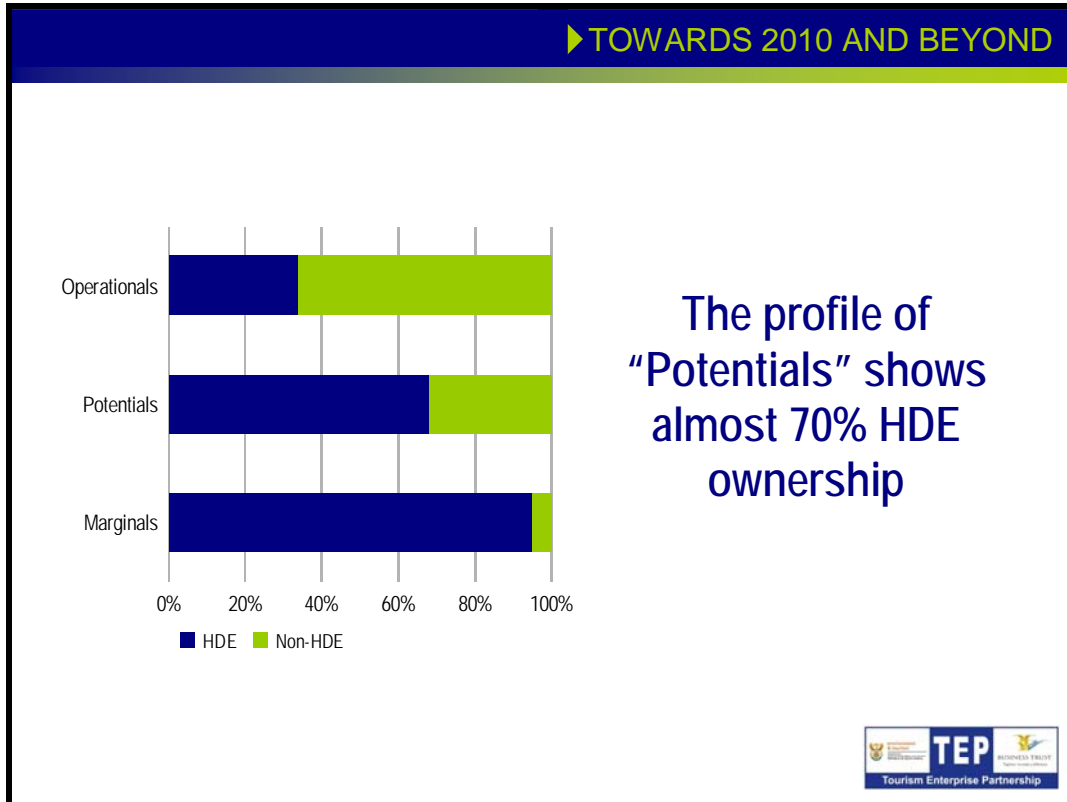
Tourism Enterprise Programme (TEP) undertook a study of the SMME market in tourism for purposes of 2010 in 2007. For the purposes of the strategy, the study will be used to ascertain the status quo of the market in South Africa and where possible in Mpumalanga based on the available information. The study outlines the size of the market in different categories as well as their characteristics. The categories have been differentiated in the following types:

- **Operational:** viable enterprises that are currently ready to provide goods and services;
- **Potentials:** viable enterprises which are not ready to provide goods and services; and
- **Marginals:** enterprises on the margins of viability with little possibility of becoming meaningful service providers in the near future.

The study was conducted over the nine provinces with an intention to provide a credible source of information for all tourism stakeholders to use in order to understand challenges facing SMMEs and interventions required to drive tourism growth. The following paragraphs will discuss the findings of the study in detail.

### **3.2 Situation analysis**

TEP survey consisted of a sample of 4 547 SMME businesses throughout the country. Of the total, 1 594 (35 per cent) businesses were operational, 2 208 (49 per cent) were potentials and 745 (16 per cent) were marginals. The study shows that the majority of SMMEs are located in Western Cape, Gauteng, KwaZulu Natal and Eastern Cape respectively. The survey also indicates the ratio between the historically disadvantaged enterprises (HDEs) versus non-historically disadvantaged enterprises (non-HDEs) within the three categories as indicated in the graph below.



Source: TEP

There is a huge gap between the HDEs and non-HDEs. The operational's monthly turnover is just under R40 000 while that of potentials is about R5 000. The operational segment consists of mainly non-HDEs as they account for almost 70 per cent of the businesses as per the graph above. On the other hand HDEs account for 70 per cent of the potential segment and more than 90 per cent of the marginal segment. This already indicates who the strategy should primarily target.

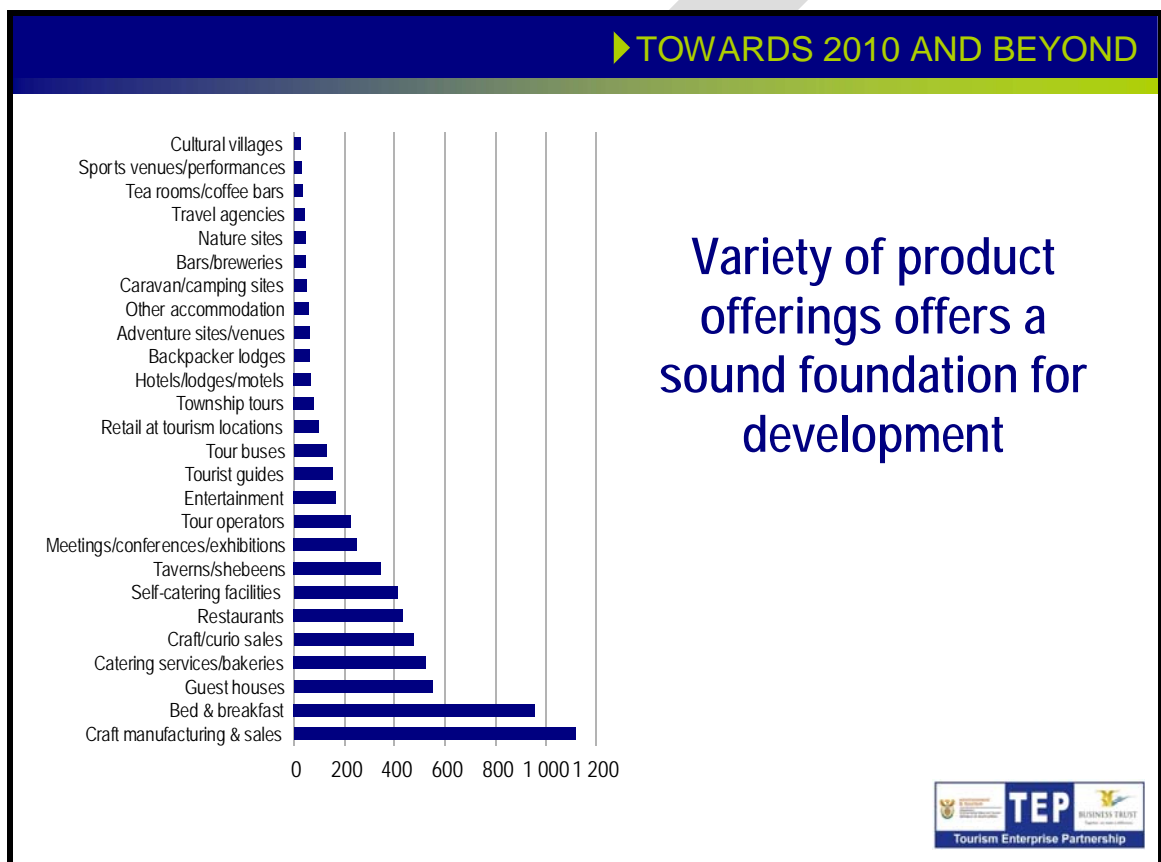
The rationale behind the gap between HDEs and non-HDEs is based on the lack of essential operating resources by the HDEs. The table below highlights the contributing factors to the gap that exists.

Disadvantages of HDEs	Advantages of non-HDEs
<ul style="list-style-type: none"> <li>• Lack of funding</li> <li>• Lack of business skills</li> <li>• Lack of awareness</li> <li>• Business is an extra mural</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to borrow money from banks</li> <li>• Possess business skills and knowledge</li> <li>• Have networks</li> <li>• Have dedication towards the business</li> </ul>

These factors would need to be considered and addressed accordingly in the strategy to ensure that HDE SMMEs and those in the second economy may benefit from interventions addressing these challenges.

### 3.2.1 Types of products

The graph below depicts the types of products that exist, which SMMEs partake in within the tourism industry. SMMEs operate in the three main sectors which are accommodation, food and beverage as well as arts and crafts as per the graph below.



Source: TEP

*Arts and crafts:* Craft manufacturing and sales represents 24 per cent of opportunities offered by the industry which accounts for the most product offering. However, 80 per cent of craft manufacturing (of which most are HDEs) fall within the potential segment and the sales of the crafts fall within the operationals which are mainly non-HDEs. It was found within the study that the majority of quality artifacts produced within the country are in low volumes resulting in high volumes being imported from other African countries. In the strategy, it would be beneficial to look at how to bridge the gap and assist the large portion of potentials that manufacture, to develop into operationals that would sell the goods. Training and a monitoring

tool would also be essential to ensure quality products are sold to the suppliers and tourists to avoid importing goods from other African countries.

*Accommodation:* Bed and breakfast establishments and guest houses represent the second and third places respectively as per the graph above. The main challenge in this accommodation sector is that many of the establishments are not graded; especially within the potential category. This calls for an immediate intervention as it limits further growth of sales. Guests prefer establishments which they can gauge and know what service levels to expect in relation to its star grading.

*Food and beverage:* The food and beverage sector is represented by restaurants and taverns & shebeens. There are more restaurants than taverns & shebeens whereby restaurants are mostly in the operational segment and the taverns & shebeens fall in the potential segment. This leads to an obvious conclusion that restaurants are mainly run by non-HDEs and tavern & shebeens by HDEs. Opportunities of diverse South African cuisine exist for HDEs to begin to fill this gap.

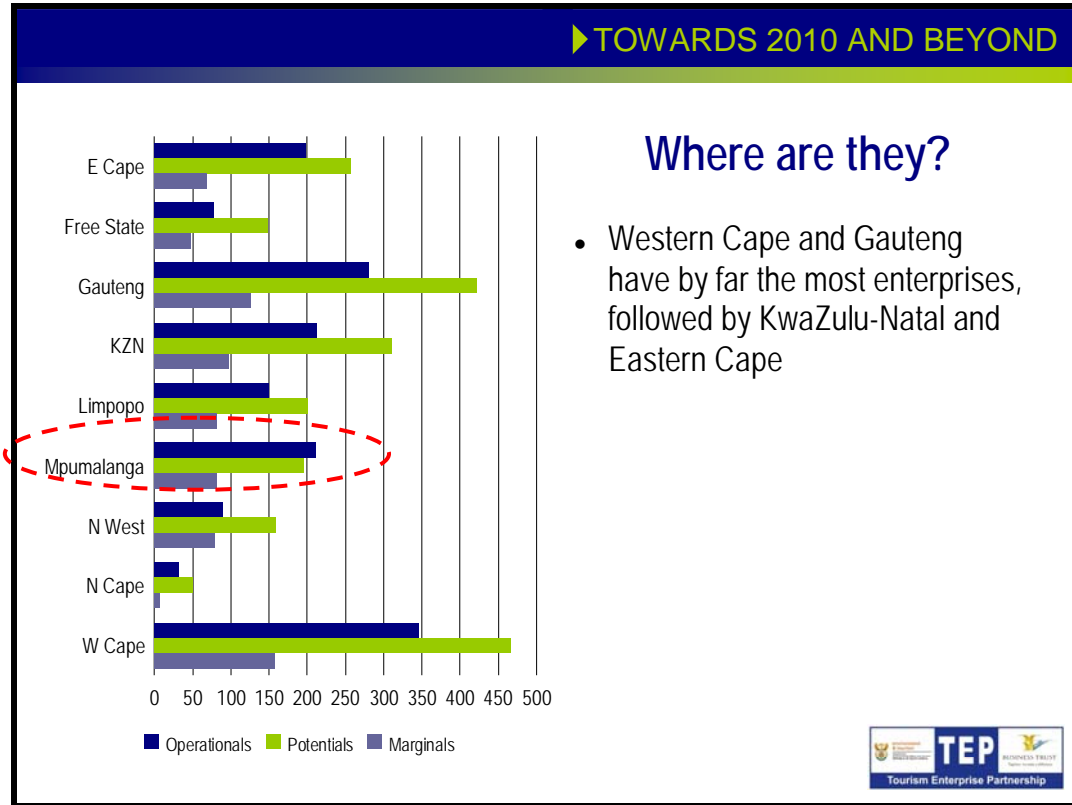
*Tour operators and tourist guides:* There are more tour operators than tourist guides throughout the country. In Kruger National Park there are 197 vehicles of which only three are black-owned. This reiterates the fact that the operational segment specializes in popular sites such as game parks, resorts and adventure tours while potential concentrate on niche areas such as history and heritage and city tours throughout South Africa. This indicates an opportunity that Mpumalanga can make use of by concentrating on making more heritage sites accessible, training more tourist guides and assisting them in being operational.

Other products that present opportunities within the industry include cultural villages, coffee shops, travel agencies, camp sites, adventure sites and backpacking facilities. These sorts of products can be mentioned to new entrants to divert from usual tourism businesses such as B&Bs and guesthouses.

### **3.2.2 Location of SMMEs**

The majority of SMMEs are found in the Western Cape, Gauteng, KwaZulu Natal and Eastern Cape as indicated in the graph below. This can be linked to the high tourist arrivals that Western Cape, Gauteng and KZN receive on annual basis as well as unique authentic experiences offered by SMMEs in the Eastern Cape's rural areas.



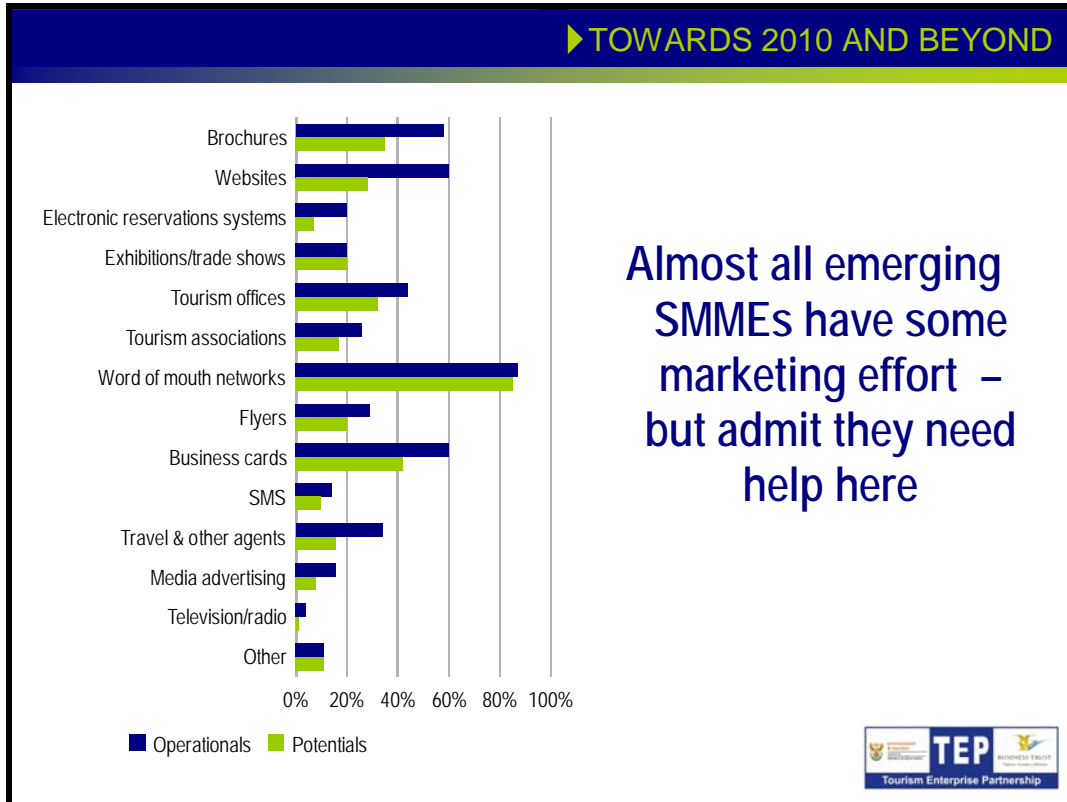


Source: TEP

Based on the above graph there are about 485 SMMEs within Mpumalanga most of which are operational, followed by potentials and then marginals. It is interesting to see that Mpumalanga is the only province with more operational than potentials. The focus for MTPA would then be on converting potentials to operational, focusing mainly on HDEs as they are perceived as larger participators in the potential segment. This would mean more skills training, provision of funding and encouraging dedication towards HDEs.

### 3.2.3 Marketing of SMMEs

Word of mouth, business cards, brochures and websites are the most popular means used by SMMEs to market and advertise themselves as per the bar chart below.



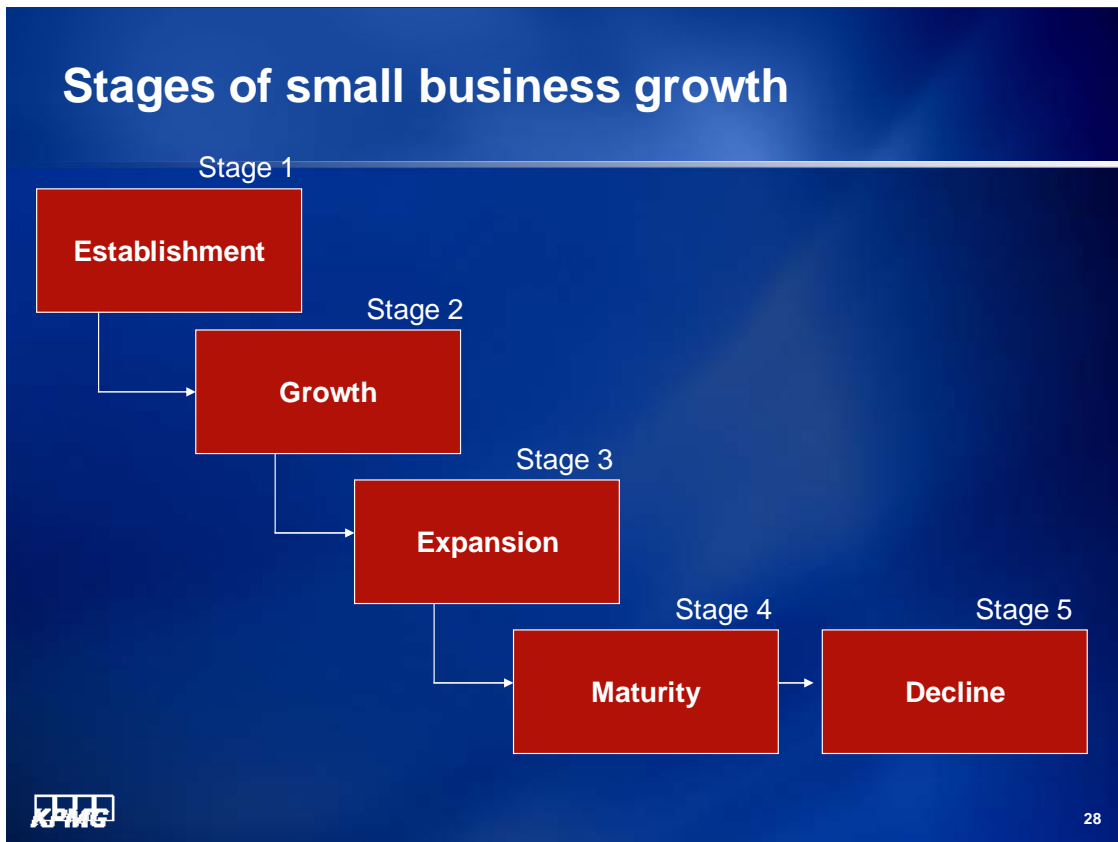
Source: TEP

These marketing tools are supported by certain activities that take place daily within the businesses. In other words, for an establishment to benefit from positive word of mouth the quality of the product and the service offered need to be excellent for people to recommend the business. For an establishment to have appealing brochures and a well maintained website the business needs to be sustainable, maintain healthy partnerships (with TEP, SEDA, THETA etc.) and good networks. In addition businesses need to be registered with LTAs, ITCs and travel agencies.

Running a tourism business needs dedication and hard work like any other business. This needs to be advocated through and through. The frameworks in chapter five breaks down the elements that need to be in place for businesses to be sustainable and grow.

### 3.3 Stages of small business life cycle

The five stages of a small business life cycle are indicated in the slide below:



The stages above are discussed in the following paragraphs:

*Establishment* – this is where a business is created and established, whereby it enters its initial days of operation. This is the most difficult stage to survive and it is where the importance of a good business plan is realized. This is a phase where potentials (“viable enterprises not ready to provide services or product”) are found. Within this phase a business experiences losses (e.g. there is a 30 per cent occupancy rate which barely covers the costs of running a B&B),

*Growth* – this is where a business breaks-even (e.g. occupancy rate increases where all costs are covered with no profit) and then show increased revenues (e.g. enough income to pay all costs and still make a profit) that results in growth. The manner in which a business is managed and how it competes against its competitors will determine its success growth rate.

*Expansion* – in this stage businesses realize sufficient revenues bringing about expansion of the business. During this phase the business increases its staff, expands space (e.g. restaurant), expand the number of rooms (e.g. accommodation establishment), buys more vehicles (e.g. tour operators), invests in more equipment (e.g. travel agency) and arts and crafts would start producing more products based on demand.

*Maturity* – This is a stage where the business becomes matured. During this phase a business has enough capital and support for backup to survive unforeseen circumstances. This may be

achieved through rearranging a management plan and relying more on established markets over the years and those that are less volatile. If a market declines, for a business to survive the profits may take a temporary slide backwards whereby a business would increase at a declining rate.

*Decline* – when businesses go through this stage chances of it failing are extremely high. The starting businesses can easily fall into this phase straight from the initial phase. This happens when profits decline, the business experiences heavy losses and eventually either fails or closes down to avoid further losses.

### **3.4 Conclusion**

A large portion of the “potentials” segment which accounts for 49 per cent of SMMEs in South Africa falls within the “establishment stage”. The operationals segment is spread across the growth, expansion and maturity stages. MTPA would need to focus on facilitating the movement of potentials from the establishment stage into the growth stage ushering them into being operationals.

DRAFT

## **4 SMME challenges within the tourism industry**

### **4.1 Introduction**

Post 1994 the government sought means to address national objectives such as job creation, generation of income and wealth, BEE as well as overall growth of the economy through the role of the SMME Sector. To realize the above, policies were formulated at national and local government levels and suitable supporting institutions were put in place to roll-out support programs. However, there have been gaps with the mechanisms in place as implementation has not been as progressive as anticipated. The following paragraphs unpack the challenges that have been experienced by the SMMEs themselves, the supporting institutions as well as government bodies.

### **4.2 Challenges faced by the SMMEs in Mpumalanga**

Secondary and primary research revealed a number of challenges that are experienced by SMMEs in the tourism sector which hinder the broader objectives of government. The challenges have been categorized into nine segments.

#### **4.2.1 Mpumalanga tourism product challenges**

The following issues were identified:

- Tourism product strength is not evenly spread through out the province;
- Well established businesses operate in silos;
- A number of accommodation facilities are not graded;
- Municipal planning does not assist new businesses with zoning;
- It is difficult to access a large number of tourism products due to bad conditions of road infrastructure; and
- Established businesses do not see the bigger picture of empowering smaller businesses and enlarging market share for Mpumalanga as they fear that black operators are going to take business away from them.

The SMME tourism product framework will address the above mentioned challenges.

#### **4.2.2 Mpumalanga skills development challenges**

The following issues were identified:

- The level of service provision within the industry is not up to standard;
- The motivation of staff is low and the morale as well;
- Ownership of a good product and operational knowledge is not sufficient to grow the business; and
- Businesses invest in training the staff but do not see the relation to staff retention.

The SMME skills development framework will address the above mentioned challenges.

#### **4.2.3 Financial challenges**

The following challenges were identified:

- SMMEs do not know where and how to access funding;
- The turn-around time to access funds is too lengthy;
- Rural areas do not have stand numbers or street addresses which are needed to access funding;
- SMMEs do not understand the implications that are presented by uncalculated risks;
- Crafters are being exploited by bigger businesses; and
- There is price a war among crafters who sell the same artifacts at different prices.

The SMME financial framework will address the above mentioned challenges.

#### **4.2.4 New entrant businesses challenges**

The following challenges were identified:

- Newly qualified students are looking to be employed at a higher level instead of creating job opportunities and being employers;
- Access to funding is a barrier as guarantees are required;
- Business ideas are not viable as they are not supported by research;
- New businesses especially HDEs are not sustainable due to lack of necessary operating resources;
- Businesses do not know how to access existing markets; and

- Rezoning of houses to business rights has huge financial implications with people wanting to develop a B&B or guest house.

The SMME new entrants' business framework will address the above mentioned challenges.

#### **4.2.5 Transformation challenges**

The following challenges were identified:

- Well established businesses still do not fully understand the bigger picture of transformation;
- Other businesses do not have buy-in for transformation and do not see the benefits;
- Government procurement is predominantly white and big businesses; and
- SMMEs are not paid within 30 days of rendering the service.

The SMME transformation framework will address the above mentioned challenges.

#### **4.2.6 Business formalization challenges**

The following challenges were identified:

- Classification of "informal sector" is not clear;
- Businesses do not know who to approach for assistance and how to improve their business' status; and
- There is no formal infrastructure where they can conduct their business next to prominent tourist attractions e.g. infrastructure to sell craft and ablution facilities.

The SMME business formulation framework will address the above mentioned challenges.

#### **4.2.7 Information and communication challenges**

The following issues were identified:

- Certain businesses lack the necessary information to operate effectively and efficiently;
- Certain businesses do not have time to attend workshops;
- Certain business owners do not have means to get to the workshops;

- Some businesses do not attend workshops because they are conducted in English; and
- There is no one stop shop for starting a business in the province e.g. Gauteng Enterprise Propeller or LIMDEV in Limpopo.

The SMME information and communication framework will address the above mentioned challenges.

#### **4.2.8 SMME product packaging challenges:**

The issues below were identified:

- SMMEs are uninformed about the rationale and benefits of product packaging;
- SMMEs are not exposed to and familiar with such marketing tools;
- Some SMMEs are not situated along a tourist route; and
- Rules regarding extent of signage hinder ease of accessibility to the products.

The SMME product packaging framework will address the above mentioned challenges.

#### **4.2.9 SMME marketing challenges**

The stipulated issues below were identified:

- SMMEs can not reach out to the domestic markets that have spending power outside Mpumalanga;
- Crafters in the remote areas can not access the international markets;
- SMMEs are not aware or equipped for different methods to market themselves; and
- There is a perception that LTAs promote white owned businesses therefore black SMMEs do not register with LTAs.

The SMME marketing framework will address the above mentioned challenges.

### **4.3 Challenges faced in dealing with SMMEs**

The following challenges were identified from government representatives that deal with SMMEs directly on a daily basis:

#### **The outlook of SMMEs within the tourism industry:**



- SMMEs see the tourism sector as a quick fix business;
- HDEs businesses are necessity driven rather than opportunity driven;
- Some SMMEs do not have vision and plan beyond 2010 especially HDEs;
- New entrants approach supporting institutions with minimal entrepreneurial skills has caused some institutions to change their approach in services offered. Prior to granting financial assistance SEDA provides skills financial training, assist with viable business plan and then look at granting financial assistance.; and
- SMMEs want to be spoon fed and just receive handouts from government without being proactive.

**Businesses are not sustainable because:**

- SMMEs provide poor quality services because they compromise on material and do not have adequate skills and capacity;
- SMMEs use ‘cheap labor’ i.e. they employ non-South Africans from Zimbabwe with no work permits nor identification documentation;
- SMMEs fire their staff after a number of years and get new people at the bottom of the pay scale;
- After SMMEs are funded they cut ties with support structures and funding institutions;
- SMMEs do not submit monthly financial reports as agreed with funding institutions making it difficult to track progress;
- SMMEs mismanage finances; and
- SMMEs do not attend workshops or they attend half of the workshop restricting them from knowing about current trends in keeping up with demand.

When developing the strategy the challenges faced by SMMEs and supporting institutions will be considered.

#### **4.4 Shortcomings of existing support structures**

The following short falls of supporting institutions were outlined by all tourism stakeholders in the private and public sector as well as parastatals.

- Assistance provided by the supporting institutions is limited i.e. it does not entirely address the specific needs of the industry. They use a rigid ‘one size fits all’ approach;

- The personnel running the support institutions are perceived as not having broader tourism background and knowledge and lack professionalism;
- There is no “umbilical cord” between MTPA and SEDA in terms of the Department being able to escalate challenges on the ground with possible solutions to SEDA;
- The turn around time of finances from the time of starting the process until the actual granting of finances is too long. This may result in delayed commencing of projects result in totally missed opportunities. For example businesses who want to expand for 2010 SWC need to start building as soon as possible;
- Some of Mpumalanga based support institutions are less adequately equipped compared to Gauteng based institutions which are able to provide services to SMMEs efficiently and promptly. There are SMMEs from White River who make use of branches based in Johannesburg rather than Nelspruit.

Addressing the above mentioned issues should be a good starting point in dealing with the challenges experienced by and in assisting of SMMEs. Establishing what needs to be done and how to do it should yield direction in terms of way forward.

## 4.5 SWOT and gap analysis

The SWOT analysis of the SMMEs and the second economy analysis will look at the strengths, weaknesses, opportunities and threats that currently exist within the industry.

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Mpumalanga is well known for its natural and heritage products</li> <li>• There are policies that have been developed at provincial level that can be used to support this strategy</li> <li>• There are SMME support institutions in the province</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Some SMMEs lack operating resources especially HDEs</li> <li>• The outlook of SMMEs is not correctly channeled</li> <li>• SMMEs are not sustainable</li> <li>• Some of the SMME support institutions are not adequately equipped</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• There are possible solutions to the challenges experienced</li> <li>• MTPA can assist through facilitation of certain programs to assist SMMEs</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Unskilled personnel within SMME support institutions</li> <li>• Short-sighted SMMEs can not assist in aiding the economy of the Mpumalanga</li> </ul>

<ul style="list-style-type: none"> <li>• Spread tourism benefits by tapping into the stokvel market</li> </ul>	<ul style="list-style-type: none"> <li>• Corruption and nepotism within government</li> </ul>
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The issues addressed within the SWOT analysis above gives a clear picture of the situation on the ground within the province. However, it is encouraging to see that the existing weaknesses and threats can be dealt with and in long term be turned into opportunities.

#### 4.5.1 Gap analysis

The gap analysis identifies aspects and issues affecting SMMEs and second economy that need to be addressed within the industry that need attention. These issues can be dealt with over short, medium and long term. The identified gaps include:

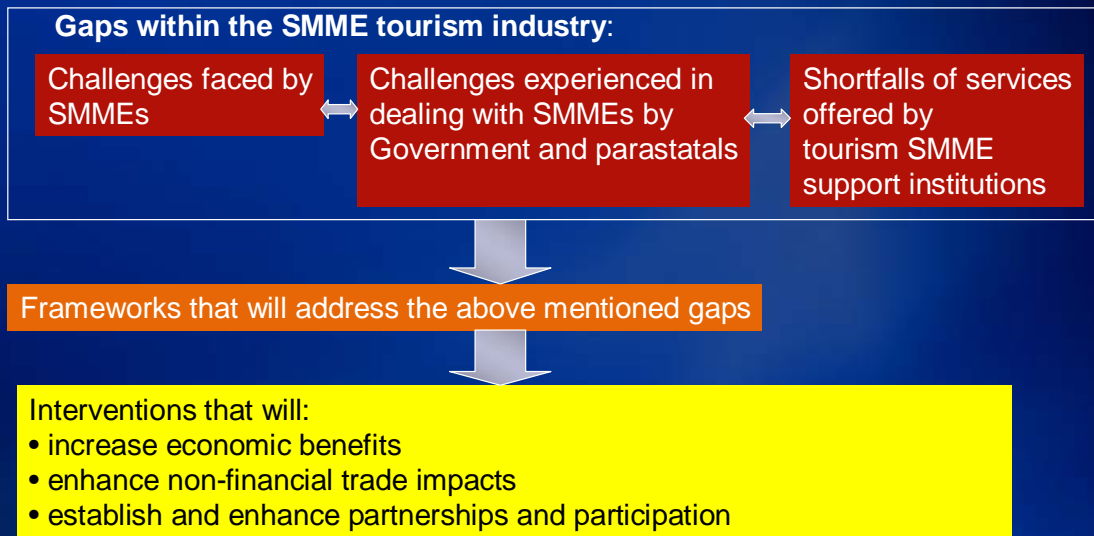
- There is no sufficient and prominent collaboration between established and emerging businesses;
- A larger portion of bed and breakfast as well as guesthouses are still not graded;
- Service levels offered by SMMEs needs to be improved;
- Different training programs need to provided for SMMEs;
- SMMEs need to come to the party, i.e. it would take effort from both parties (SMMEs and government) to grow the pie within the industry;
- There is a lack of infrastructure in terms of road and structures along tourist routes and outside attractions for vendors and crafters;
- There is lack of awareness regarding existing business opportunities in the tourism industry;
- Signage is not sufficient especially for products not situated in town;
- Businesses struggle to remain sustainable due to lack of operating resources; and
- Majority of HDEs fall within the ‘potentials’ segment.

These gaps would need to be kept in mind when developing specific programs and interventions to ensure that the gaps are addressed.

## 4.6 Bridging the gap

The diagram below outlines the approach that will be taken in addressing the challenges that have been identified within Mpumalanga

## Bridging the gaps



The following chapter will be introducing the frameworks within which the challenges have been categorized. The framework entails objectives and strategies together with key interventions that will try and speak to the existing challenges, taking into account what role MTPA needs to play and how the supporting institutions show assist going forward.

## 4.7 Conclusion

The issues that have been discussed in the preceding paragraphs pose a challenge to all stakeholders involved in the industry. Although it may not be easy and may take some time to deal with the issues at hand, it is of utmost importance that private and public sector work hand in hand. Through definition of roles and responsibilities and accountability, the implementation of the strategy should yield tangible benefits for SMMEs and second economy.

## 5 Framework development

### 5.1 Introduction

In order to address the key existing challenges faced by all relevant stakeholders in the tourism sector, a number of frameworks have been developed. The frameworks clearly outline the objectives per identified classification of challenge and stipulate strategies that need to be implemented to realize the overall objectives for the Strategy.

The majority of the recommended programs below are focused on assisting potentials to be converted into operationals as a large proportion of businesses fall within the potential segment. However, some of the programs are still applicable in further assisting operationals to perform better. The slide below indicates which programs would be suitable for which segment of the businesses:

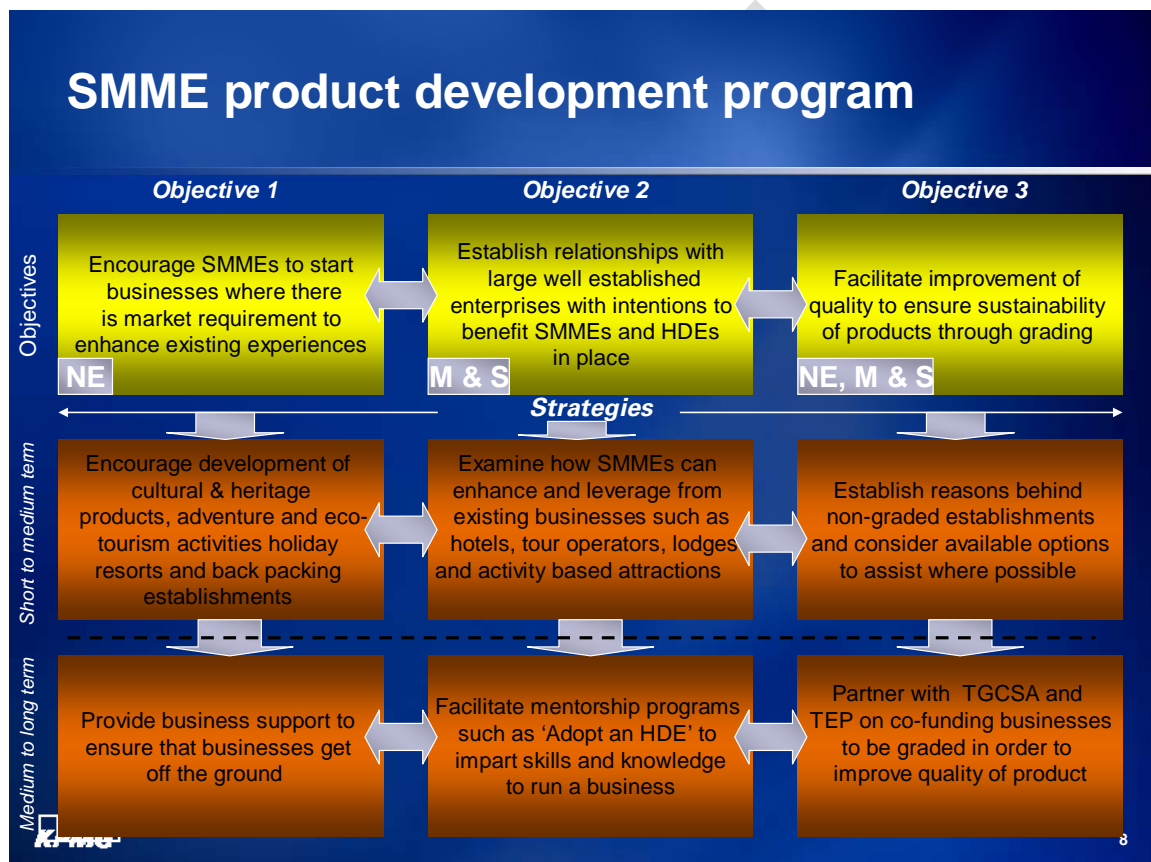


In the frameworks that are applicable to both segments, the objectives developed will differ based on the stage in which the business is found.

## 5.2 SMME product development program

The SMME product development program has been developed to guide MTPA in creating opportunities to improve the quality and diversity of SMMEs in the province.

**Vision:** *To have a sector that allows the broader community of Mpumalanga (in urban and rural areas) to partake in providing high quality and diverse tourism products and experiences to visitors and benefit from visitor expenditure and sector investment.*



Key: NE-new entrant; M-micro; S-small

Product development is one of the critical areas that ensures the growth and the sustainability of businesses and therefore maximizing the benefits to be derived from domestic and international markets that come to experience the product offering in the province.

### 5.2.1 Key interventions:

The interventions below will assist in achieving the above mentioned vision and objectives

- **Cultural and heritage, adventure and eco-tourism products and activities** (targeted at potential new entrants) - establish cultural and heritage, adventure and eco-tourism projects already in the pipeline (e.g. the Cultural Precinct in Secunda) that are going to be developed

and create opportunities and conducive environment for SMMEs and informal businesses to be involved or benefit from the projects. Many tourism studies have been undertaken in the whole of Mpumalanga by District and local municipalities thus far. Rather than duplicating and re-inventing the wheel MTPA should build on the existing studies and further catalyze the implementation of the studies.

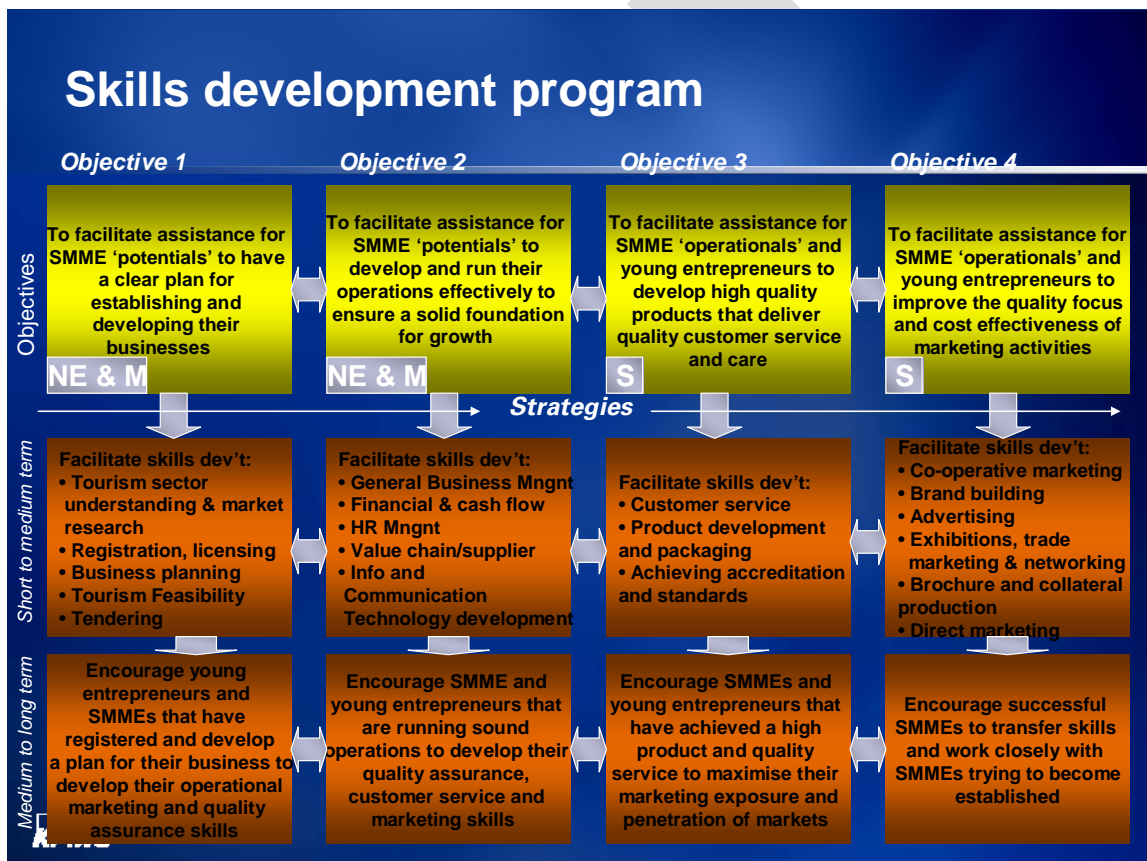
- **Tourism Quality Assurance and customer service** (targeted at micro and small businesses) - with the assistance from the Quality Assurance Department within MTPA ensure that businesses which will be partaking in the trade shows would represent Mpumalanga well in terms of being easily accessible (have proper signage), graded and are in an excellent state irrespective of their star grading.
- **SMME Township Tours** (targeted at small businesses) – determine what tourism opportunities are out there in townships and rural areas that will revamp ‘township tourism’ and restore its authenticity. Assist product owners of small established businesses to build experiences, package them and sell to existing and potential markets.
- **Funding of a tourism value chain** (targeted at potential new entrants) - fund a study that would explore the value chain concept (aligned to the Globally Competitive Provincial Strategy) in the tourism industry to identify areas of opportunity for tourism business development. The strategy is based on the sustainable chains of value and can be used as a basis for the study to drill down into tourism opportunities. The focus should be on the supporting business activities that enhance the primary tourism activities. E.g. when a conference is hosted in a lodge, traditional dancers can be invited to perform for guests after dinner around a fire and corporate gifts for delegates can be bought from local suppliers.
- **Reward systems for mentors** (targeted at micro and small businesses) - create and introduce reward systems that can be used to attract well established businesses to partake in mentorship programs for smaller and up-coming businesses. Addressing the challenges of existing SMMEs should be a primary focus to encourage sustainable businesses rather than simply encourage more entrants which will experience the same issues once established.
- **HDEs success stories** (targeted at new entrants and micro businesses) - sponsor road shows in the province to tell success stories on HDE businesses that have flourished through partnerships with established businesses. This can be a mechanism to educate on benefits of empowering smaller business through growth of market share.
- **‘Co-operative 2010 Tourism Grading Program’** (targeted at new entrants, micro and small businesses) - educate people about the benefits of being graded (one of the 2010 SWC criteria) and implement the ‘Co-operative 2010 Tourism Grading Program’ that will be in preparation for the Soccer World Cup and partner with TEP and TGCSA.

This is one of the important programs that form the foundation of the industry and will have great impact on the 2010 SWC due to take place in a year’s time.

### 5.3 Skills development program

The Skills Development program has been designed to channel MTPA to assist SMMEs plan and operate effectively at different phases of their business cycle to improve the quality of their service, assist in how they can deal with human resources and facilitate successful marketing and networking skills.

**Vision:** To equip the emerging SMMEs with skills that would enable them to operate efficiently and effectively both internally and with external partners sustainable in order to be sustainable over time from establishment to growth and maturity and to progress.



Key: NE-new entrant; M-micro; S-small

Any business needs adequate skills to survive and to perform at its maximum potential. A business may have high through-put because of its strategic positioning but could lack proper service and consist of unhappy staff with low morale, affecting the operation of the business.



### **5.3.1 Key interventions**

To achieve the above mentioned vision, the following interventions will need to be undertaken to activate the objectives of the program.

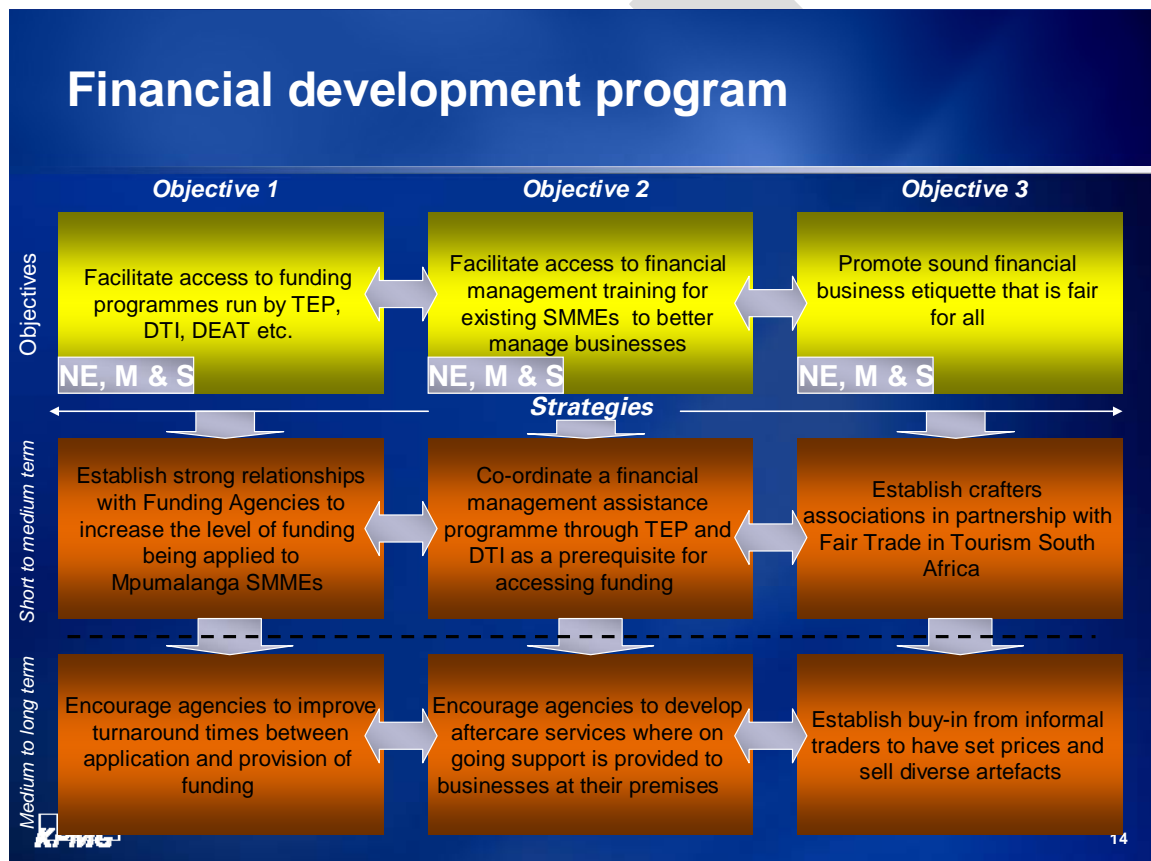
- **Customer service campaign** (targeted at small businesses) - roll out a customer service campaign in partnership with THETA to demonstrate the impact of poor customer service in terms of how it affects repeat business, length of stay and increased expenditure.
- **Develop tourism planning and operations skills development partnerships** (targeted at new entrants and micro businesses) – establish partnerships that would equip potential SMMEs with planning and operational skills that are essential to operate a sustainable business.
- **Establish Tourism marketing skills development partnerships** (targeted at small enterprises) – once businesses become operational additional skills are needed to keep the demand for business by delivering products and/or services
- **Facilitate staff management workshops** (targeted at small businesses) - form partnerships with the Department and SEDA and facilitate staff management workshops within the districts. The intention is to highlight how high morale and motivated staff can establish relationships with guests and boost the business.

Implementation of the above will assist with ensuring quality service and sustainability within the tourism industry.

## 5.4 Financial development program

The financial development program is designed to guide MTPA to facilitate access to funding for SMMEs, financial management training and promote sound financial business etiquette in order to have cost-effective and well financially managed small, medium and large operating tourism businesses.

**Vision:** Bridging the gap that exists between the first and second economy within the tourism sector in the province through assisting the establishment of financially efficient and effective tourism small businesses.



Key: NE-new entrant; M-micro; S-small

Equipping SMMEs appropriately in their different spheres will result in efficient and profitable businesses that can enable growth of businesses within the industry and boost broader economic growth.

#### **5.4.1 Key interventions**

To achieve the above objectives, the following interventions will be used to instigate change in the existing challenge of financial mismanagement of SMMEs.

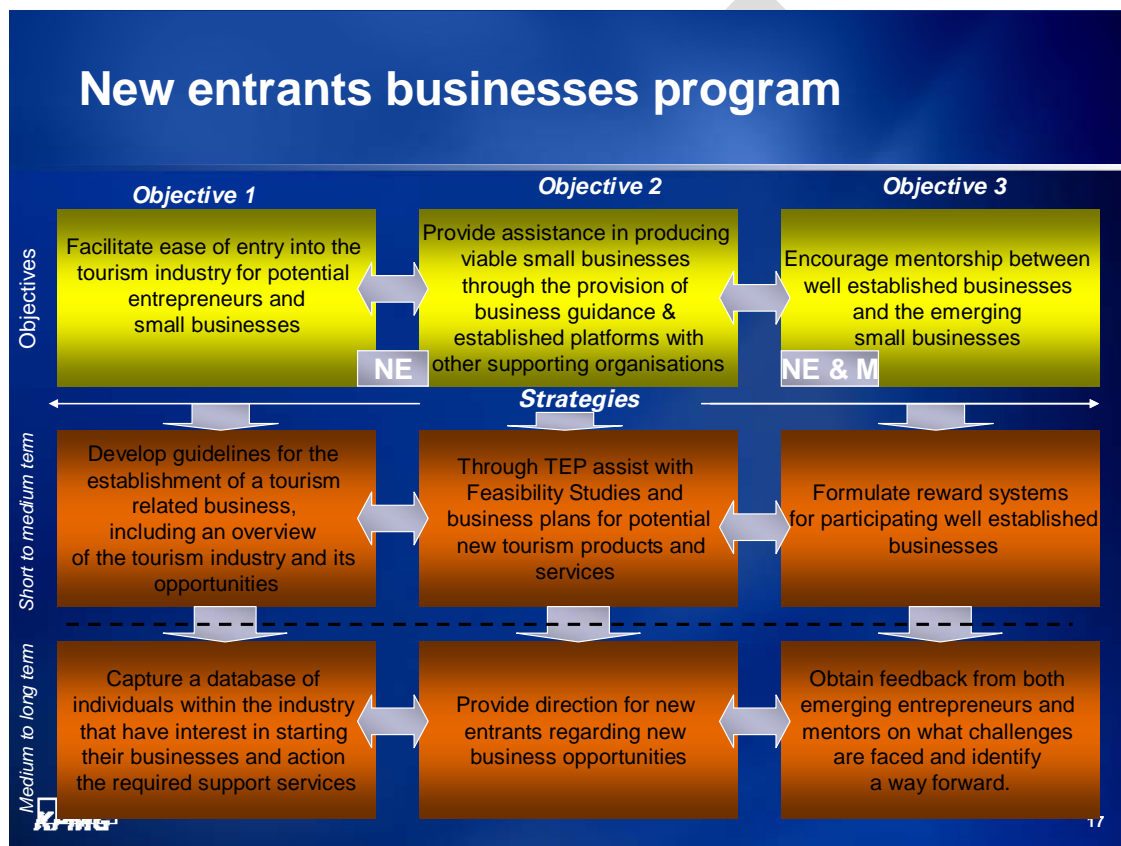
- **Financial Manager Assistance Program** (targeted at new entrants, micro and small businesses) - co-ordinate a Financial Manager Assistance Partnership Program through TEP and DTI;
- **Red tape reduction** – (targeted at new entrants, micro and small businesses) the intervention intends to simplify the process for SMMEs to access funding from the funding institutions and maybe accelerate turnaround time of finances.
- **Clarify the role of MTPA** (targeted at new entrants, micro and small businesses) - communicate the role of MTPA regarding assistance in terms of funding to SMMEs in the province and create awareness of what other financial bodies can offer, where they are located as well as their funding thresholds.
- **SMME Incubator Feasibility Study** (targeted at new entrants, micro and small businesses)
- **Funding for a “one stop shop” for SMMEs** (targeted at new entrants, micro and small businesses) - co-fund a feasibility study for a “one stop shop” for SMMEs based on the model of Gauteng Enterprise Propeller or Limpopo Economic Development Enterprise. The organizations were established to support the establishment, growth and sustainability of SMMEs with Provincial Government and the Department of Economic Development and Planning.
- **Rural Tourism SMMEs Financial Development Access Program** (targeted at new entrants, micro and small businesses) - make use of multipurpose centers and community halls in semi-urban and rural areas, have stalls of financial institutions that can assist SMMEs maybe twice in a year.
- **Fair Trade Awareness Campaign** (targeted at new entrants, micro and small businesses) - organize road shows with Fair Trade in Tourism to create awareness and educate emerging businesses about fair and just business dealings. This is where LTOs and DTOs can assist in ensuring that local producers are being paid fair prices by curio shops in parks and prime tourist attractions.

Sound financial basis will ensure healthy and sustainable tourism businesses that will contribute greatly to the economy of Mpumalanga

## 5.5 New entrants business program

This program aims at alleviating the poverty barrier through the facilitation and encouragement of new SMMEs into the tourism industry.

*Vision: Assist with higher success rate of new business start ups in tourism sector by providing access to a supportive environment and guidance on type of business required.*



Key: NE-new entrant; M-micro

### 5.5.1 Key interventions

The tourism industry is renowned for being labor absorbing due to service being a key component of the tourist experience. Therefore, there lies opportunity for small businesses to enter the industry as either a direct or indirect service provider.

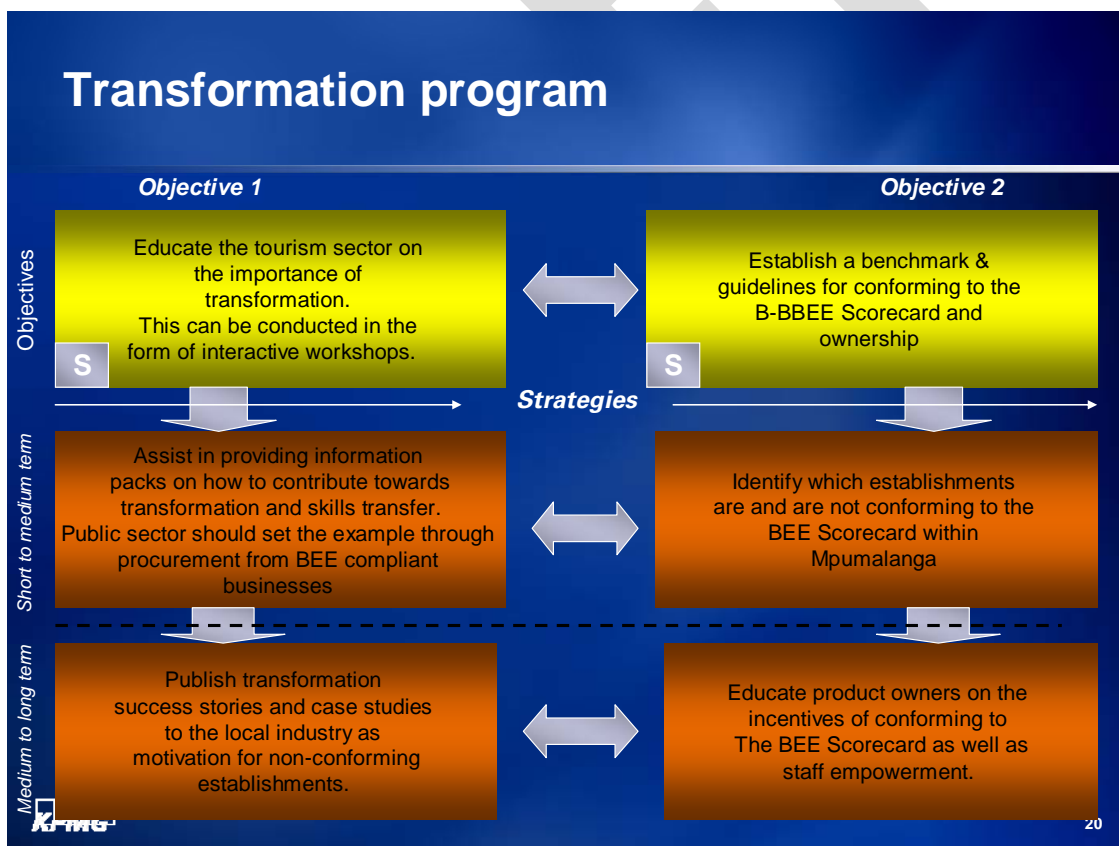
- ‘New business suggestions’ framework (targeted at new entrants) – prepare a list of cultural, heritage, adventure and eco-tourism business opportunities to encourage new businesses in these areas;

- **‘Entering the tourism industry’ campaign** (targeted at new entrants)- embark on a promotional campaign that will illustrate the possibilities available in the tourism industry for emerging SMMEs:
  - the campaigns must be informative and educational, high-lighting areas where there is scope and demand for the set up of operations; and
  - the campaigns should also highlight the potential barriers and educate entrants on issues such as the importance of skills and the potential threats in order to prevent a misconception about the industry being an easy quick-win business environment.
- **Potential new entrant’s database** - identify potential small businesses and entrepreneurs who expressed interest during the campaigns about entering the tourism industry and capture them, their location and details in a cohesive and well managed database.
- **New entrant development program** (targeted at new entrants) – the following requirements for successful SMME development and growth will include the following areas to be addressed with partner organizations:
  - SMMEs require guidance and assistance in developing their tourism related businesses in a sustainable and profitable manner;
  - SMMEs face challenges in marketing themselves due to budgetary constraints, and identifying the right channels through which to market themselves;
  - SMMEs need to be motivated to develop themselves in a manner that conforms to the standards and expectations of tourists to the province. Proactive SMMEs should set an example and show the rewards to other existing or potential entrepreneurs; and
  - established product owners in the local tourism industry should be encouraged to mentor and assist SMMEs in areas such as growth and development, operations, staffing, marketing, etc.
- **Basic structures for business** (targeted at new entrants and micro businesses) - provision of formalized but basic business structures from which individuals could operate i.e. shelters for curio sellers with under-cover structures themed to the local environment.
- **Co-fund feasibility studies and business plans** (targeted at potential new entrants) - getting supporting organisations and service providers onboard to facilitate in conducting feasibility studies and business plans for possible product development opportunities within Mpumalanga.
- **provision of aftercare services** (targeted at new entrants) - for SMMEs in the early start-up phase where certain challenges may arise and become de-motivating.

## 5.6 Transformation program

The transformation program aims to facilitate buy-in to transformation within Mpumalanga’s tourism sector. Facilitation of skills transfer staff empowerment will facilitate the successful implementation of the strategy.

**Vision:** Clear picture of the B-BBEE scorecard of the tourism sector in Mpumalanga and adoption of the B-BBEE Charter by the majority of businesses.



### 5.6.1 Key interventions

Strategies that will encourage the procurement from and the development of small enterprises need to be adopted.

**Industry B-BBEE Charter Guidelines** (targeted at small businesses): develop guidelines for the tourism industry that will assist stakeholders to conform to the standards set out in the BEE Charter;

**Get Stokvel markets to invest in tourism** (targeted at small businesses) – put together a proposal and lobby the market to invest in the tourism industry through the relevant key players within the Stokvel market (National Stokvels Association of South Africa, Stokvel Company etc.). The intervention would transform the tourism industry in terms of black ownership, management, enterprise development, empowerment equity and skills development. Although the stokvel market is an informal savings market, it is a R12 billion market annually and is looking to invest in property for tourism purposes.

**B-BBEE Sector Audit & Buy-in Strategy** (targeted at small businesses):

- identify the status of transformation in Mpumalanga;
- identify the extent to which large established tourism stakeholders have conformed to the BEE charter;
- illustrate the growth of tourism related BEE companies in the province;
- identify areas in which gaps exist in the transformation process and address these as priorities going forward.
- monitor the progression of transformation in the tourism industry and identify whether the goals and objectives identified are in the process of being met.
- **BEE Partnership Program** (targeted at small businesses) - develop an enabling environment in which tourism stakeholders have the opportunity to work together in a mutually beneficial manner and concurrently meet the BEE Transformation (**BEE ownership and B-BBEE**) requirements. The MTPA could act as a mediator in this regard:
  - establishing a platform whereby established tourism stakeholders can identify and work closely with entrepreneurs and SMMEs with strong BEE credentials;
  - identify additional ways in which industry can play a positive role in community upliftment, such as using (or promoting the use of) local community products and services, funding local community initiatives, sponsorships, educational assistance, etc. and reward/ publicize those industries that have embraced this approach; and
  - identify stakeholders that are hesitant in complying with the BEE regulations on a one-to-one basis to address their concerns and propose initiatives whereby working with BEE partners can prove mutually beneficial.

**Public sector must set an example in this regard by ensuring that:**

- procurement of Government goods is undertaken largely from qualified and skilled BEE service providers where possible (for example stationary, accommodation provision, conference venues etc.) and ensure that they pay the service providers within 30 days of rendering services;
- responsible BEE bodies must pro-actively and continuously educate public and private sector bodies on the BEE charter and what needs to be done to achieve these objectives;
- communicate regularly with the general public on progress that is being made and provide examples/case studies of companies that have successfully transformed their businesses; and
- provide a platform for public and private sector individuals to ask questions and seek assistance and guidance.

Transformation through skills transfer and empowerment is an important pillar to build within the tourism industry. This is an area to which the MTPA needs to focus on facilitating alongside both public and private sector.

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## 5.7 ‘Formalize your tourism business’ program

The formalization stage of an SMME indicates the transition from the informal second economy to the formal mainstream business economy etiquette and operation. These businesses would become registered and seek to adopt professional business principles.

*Vision: To usher the informal tourism businesses into the formal stream through providing access to business and financial guidance as well as a monitoring system that will track progress.*



Key: NE-new entrant; M-micro

### 5.7.1 Key interventions

Encouraging the informal SMME businesses in Mpumalanga’s tourism sector to become formalized holds many benefits on a social level. The following points will be areas of focus when implementing this particular program:

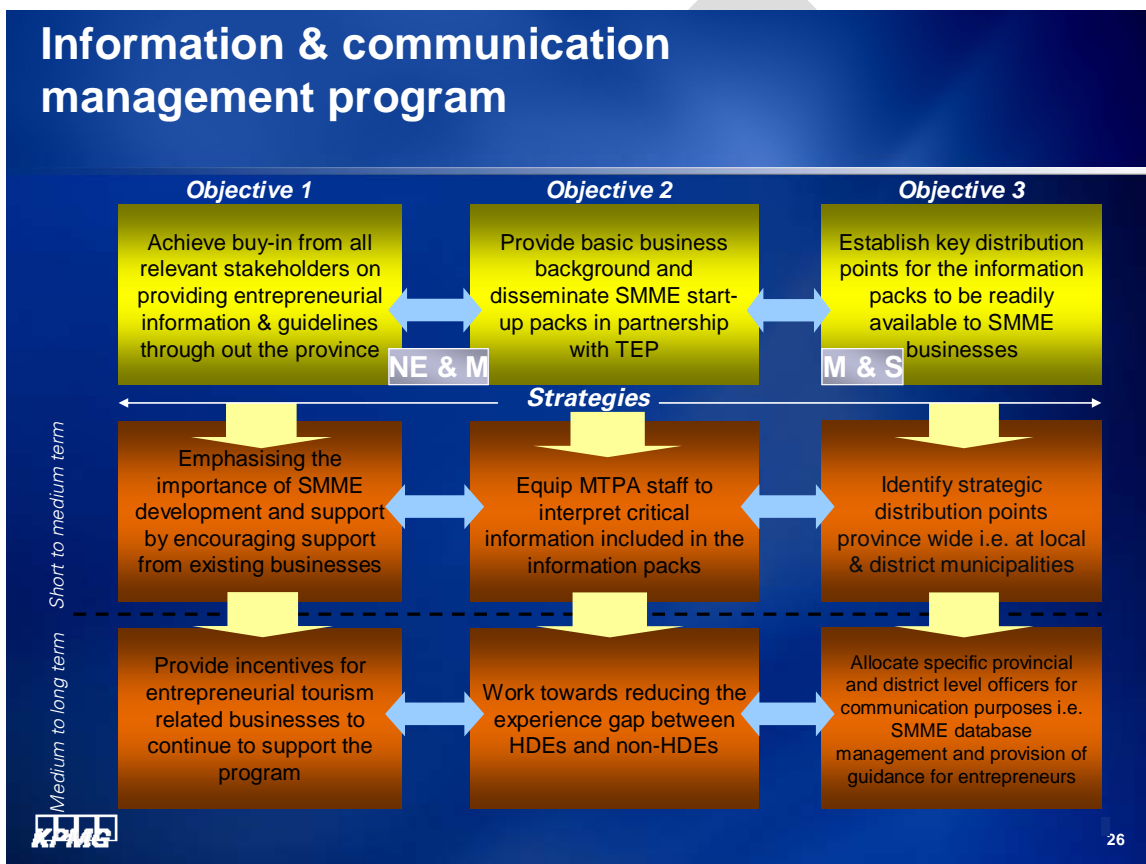
- This program needs to be supported throughout the Province's tourism sector, especially within the three District's tourism and LED departments. Once buy-in is achieved, the roll-out of this program should reap good results.
- **'Formalize your tourism business' awareness campaign** (targeted at new entrants) - embark on an educational drive to second economy informal businesses operating within the region's tourism sector of, both direct and indirect services. The provision of awareness on how to go about becoming a formalized SMME should create a level of interest and action from some small businesses. Once the awareness process has been conducted the facilitation process can begin.
- **Create a platform for second economy** (targeted at new entrants and micro businesses) - the MTPA would need to facilitate this program by creating a platform for second economy SMMEs to have access to key funding, educational and business supporting bodies within their regions (i.e. TEP, THETA, Chamber of Commerce etc). This 'pointing in the right direction' facilitation process will be key in achieving a good level of second economy businesses becoming formalized.
- The signing of MOUs with the above mentioned bodies is another step the MTPA could take in ensuring a committed approach to the implementation of this SMME formalization programme.
- **Newly registered SMME database** (targeted at new entrants and micro businesses) - monitor the rate of SMME formalization through a recorded database of newly registered businesses and follow up to ascertain progress in order to identify any gaps in the programme.

The SMME formalization programme is an important one for capitalizing on the tourism sector's social benefits.

## 5.8 Information and communication program

The following strategic interventions have been identified for the development of an information and communication program to be developed for the MTPA to consider.

*Vision: To ensure the right type of information and guidelines are readily available for emerging SMME businesses and the most effective communication channels are used to make the information readily available.*



### 5.8.1 Key interventions

This objective aims at encouraging the whole of the province’s tourism sector to buy into the development of emerging SMMEs by providing support and guidance wherever possible. In achieving SMME support in the short to medium term the MTPA will need to:

- **Tourism B-BBEE Awareness Program** (targeted at new entrants and micro businesses) - educate public and private sector and communities about the tourism BEE charter and what objectives need to be achieved within certain timeframes. This could be used as a platform

to emphasize the objective of the charter which is to enlarge the tourism pie so that business opportunities can be increased and SMMEs especially HDEs can participate and create jobs for themselves.

- educate the public and private sector on the importance of SMME support and its long term benefits both from an economic and social perspective through seminars and conferences, in addition, emphasize the importance of growing the region's second economy;
- adopt an 'open door policy' by communicating to SMMEs that they are welcome to visit MTPA offices to voice their concerns they may have towards the programme or perhaps suggestions on how it can be improved;
- obtain any SMME guidelines provided by the public / private sectors i.e. documentation, programmes, volunteered mentorship etc. so that they can be disseminated from the MTPA offices
- **more mentorship programs** (targeted at micro and small businesses) - encourage more mentorship programs available from the up-and-running businesses within Mpumalanga's tourism sector and get an indication of the number of stakeholders willing to provide mentorship to emerging SMMEs; and
- **incentives for information and communication program** (micro and small businesses) - provide incentives for those establishments willing to participate on the information and communication program. This should provide motivation for continued service as well as attract additional businesses to join the program.

Co-operation, partnerships and understanding are what is required to achieve desired results.

**SMME 'starter packs' and programs** (targeted at new entrants) - it is going to be important to ensure that businesses are able to implement the consolidated information and guidelines in SMME 'starter packs' and programs. The following points should be considered:

- **'crash courses' for the MTPA staff** (targeted at new entrants and micro businesses) - arrange with TEP that they run 'crash courses' for the MTPA staff to be in a position to assist SMMEs to a certain extent;
- Ensure that all key information provided within the information packs is meaningful to the user. This can be obtained by running sessions with SMMEs prior to giving them information packs. The areas of importance include: financial guidance, business management guidance, marketing guidance as well as customer satisfaction guidelines. The sessions will also give SMMEs an opportunity to ask questions and clarify any possible concerns.

**key distribution and communication channels** (targeted at new entrants and micro businesses) - in addition, the establishment of key distribution and communication channels for the information packs need to be readily available to SMME businesses. This could be achieved though undertaking the following:

- Identify key distribution points within each District. These are likely to include:
  - Municipal offices; educational and training establishment buildings; libraries etc.
- Allocate resources within each main distribution point (District municipal offices) to be available for any queries not covered in the information packs. The tourism municipal officials can attend the crash course that would be offered by TEP to MTPA.
- Identify other communication channels, such as a customer care phone line and / or website.

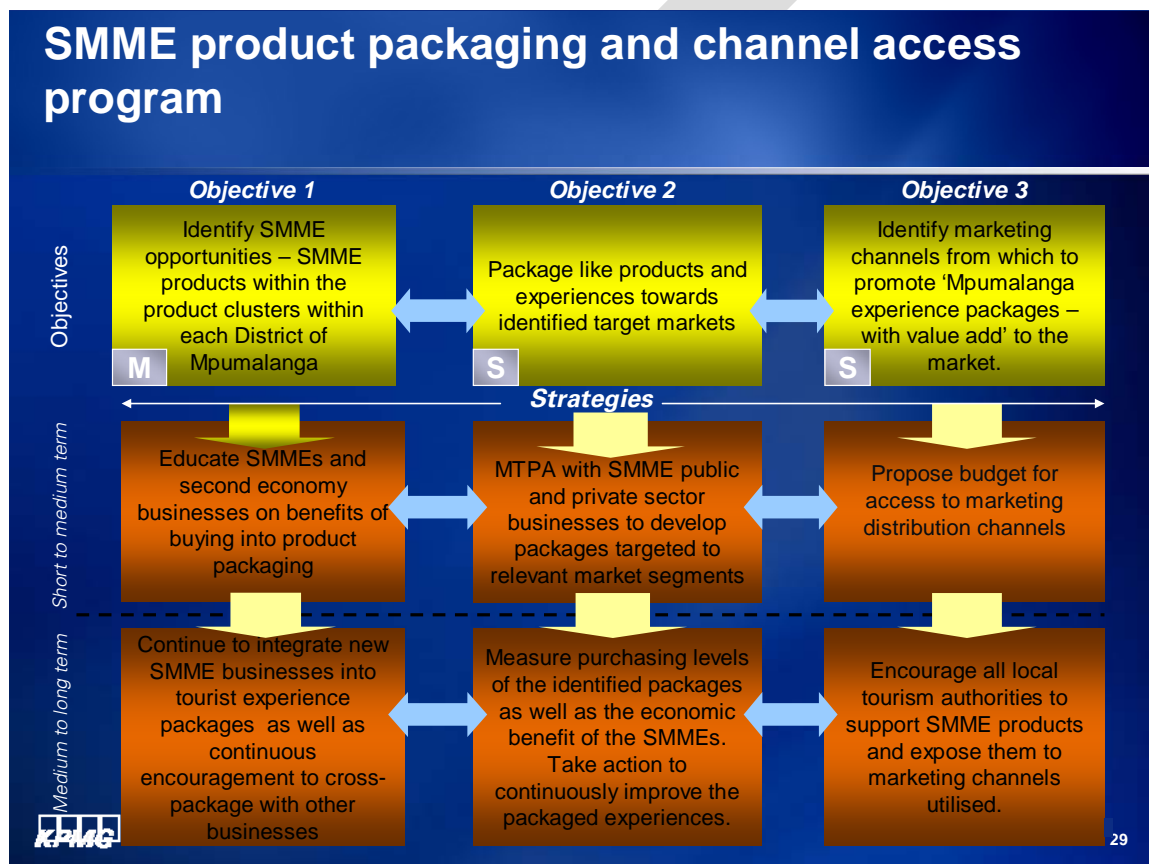
The information and communication programs are key for setting a foundation for supporting the development of SMMEs and Mpumalanga's second economy. Without industry buy-in and the provision of critical basic information and guidelines for emerging entrepreneurs many challenges will prove difficult to overcome.

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## 5.9 SMME product packaging and channel access program

In order for a small business to be operational and sustainable, access to the particular target market as well as being able to fulfill market needs is key. The MTPA should aim to provide assistance and guidance in terms of integrating emerging SMME businesses into mainstream product packaging as well as small business experience packaging.

**Vision:** That SMMEs become a significant part of product packaging in the province towards the identified target markets.



Key: M-micro; S-small

Furthermore, once packages have been developed, access to relevant marketing channels will be required in order to successfully penetrate specific market segments. The objectives of this program are further identified below:

### 5.9.1 Key interventions

**Co-operative SMME Product Packaging Program** (targeted at small businesses) - Mpumalanga already has well branded tourism clusters, namely:

- The Panorama;
- The Wild Frontier;
- The Lowveld Legogte;
- The Grass and Wetlands;
- Cosmos Country;
- The Highlands Meander; and
- The Cultural Heartlands.

Understanding which tourist region they fall into and the type of market needs surrounding them could facilitate in understanding where and how they can be packaged, whether integrated into main stream packaging, with the larger and more established businesses or package on a smaller scale.

**Co-operative Product Packaging Skills Development Program** (targeted at medium businesses) - Educate small businesses on the benefits of cross-packaging with other service providers i.e. an accommodation establishment packaging itself with an adventure activity business or fine dining restaurant etc. This can be easily facilitated through RTOs and LTAs. There is a need within the industry to clarify these bodies are there to market HDEs and non-HDEs.

- Continuous identification of SMME opportunities within Mpumalanga's tourism sector, and promotion of these opportunities to the emerging businesses themselves such as back packing lodges, coffee shops, cultural villages etc..
- The classification of tourism product into an experience package has the potential to be beneficial to the particular product owner, as it can result in repeat business from the package supplier i.e. existing tour operators can extend their Kruger tours to include SMMEs products (authentic accommodation in a rural area where there can be cultural dancers, have a group of crafters with their wares and a story tellers about the village) etc. to promote SMMEs.
- Work with both public and private sector to identify market opportunities and develop packages targeted to specific market segments for each tourist region / experiences. The integration of emerging SMMEs into these packages should be considered. E.g. a birding experience in Wakkerstroom (the Grass and Wetlands region) can feature a SMME local coffee shop where tourists can have breakfast or lunch and make the tourists aware of a stall that sells t-shirts, mugs and caps with different sorts of birds found in the wetlands.

**SMME Packages Promotional Campaign** (targeted at small businesses) - Identify specific marketing channels through which the MTPA can market and promote these packages and focus on participating in prominent domestic and international tourism campaigns and shows, such as

the Tourism Indaba and Getaway Show. On a local level MTPA can facilitate 'tourism flea markets' along Kruger routes where SMMEs can have stalls and market themselves once a month. Not only will they market themselves to the tourists but they will have an opportunity to network and establish partnerships amongst themselves.

- Propose and confirm a budget specifically aimed at the packaging of emerging SMMEs and assisting them with access to key marketing channels. A brochure can be produced with a map outlining where the businesses are situated within the province.

This SMME product packaging and channel access program is key for supporting the sustainability phase of a newly established SMME.

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## 5.10 SMME marketing program

The program is developed for MTPA to give guidance in terms of creating platforms for SMMEs in the domestic and international markets as well as producing an SMME guide which can include SMMEs from different tourism sectors.

**Vision:** To enable the SMMEs to contribute in increasing the province's market share, tourism spend and length of stay as well as reducing seasonality.



Introducing the SMMEs to the existing markets will create credibility and buy-in from the tourism industry and possibly create interest in regards to assistance from well established businesses

### 5.10.1 Key interventions

The key interventions that need to be undertaken by MTPA include:

- **Integrate SMMEs into SAT's Shot Left Campaign** (targeted at small businesses) – this would be a plan to expose the SMMEs to the domestic markets throughout South Africa;
- **Branding of SMME accommodation establishments** (targeted at small businesses) – create an accommodation group chain of guesthouses or B&B's under one brand based on the grading, caliber, location or target market that the establishments service.
- **Assistance with marketing material** (targeted at micro and small businesses) - work in partnership with the municipalities and other supporting organizations e.g. SEDA and THETA to co-sponsor SMMEs with the necessary marketing material such as brochures and business cards and trade marketing and networking skills to ensure effective participation in trade shows.
- **Educate SMMEs with lead-up to trade shows and follow-up actions required** (targeted at micro and small businesses) - equip the SMMEs with information packs and have a briefing session on how they can utilize trade shows as an opportunity and benefit from it. Emphasize that attending trade shows e.g. the Tourism Indaba Trade Show which is usually held in Durban is not a holiday but a networking opportunity to sell a business and clinch possible future business deals. The intention is to aggressively market the business and launch your business.
- **Host top five overseas tour operators** (targeted at small business) to sell established SMMEs Mpumalanga abroad - approach large well established businesses and sell the idea of hosting tour operators from overseas that might sell Mpumalanga packages on behalf of the province in their own countries. The packages can then feature SMMEs to help expose them and create business opportunities for them.

This platform can be utilized to create a positive light for SMMEs and second economy businesses that they offer quality service at an affordable price.

## 5.11 Conclusion

The frameworks above provide direction for MTPA in addressing the issues faced by the SMMEs in different spheres within the province.

The more detailed report will address the above interventions in more detail in relation to timeframes and responsible organizations in the Implementation Plan.

## **6 Implementation plan**

### **6.1 Introduction to implementation tables**

This is the last Phase of the project and deals with implementation of the interventions developed during the third phase of the process. It contains interventions that have been derived from the nine programs that were developed to address the challenges that were identified within the SMME and Second economy tourism industry in the Mpumalanga Province. The programs include the following:

- SMME product development program;
- Skills development program;
- Financial development program;
- New entrants business program;
- Transformation program;
- ‘Formalize your tourism business’ program;
- Information and communication management program;
- SMME product packaging and channel access program; and
- SMME marketing program.

The implementation tables below would need to be read together with the framework development section.

MTPA SMME and Second Economy Support Strategy Implementation Plan														
May 2009 to December 2009														
Program	Activities	Quick win/Short Term						Med-Term	Long-Term	Results/Outputs	Lead Dept.	Partners	Budget	Aligned programmes
		May	June	Jul	Aug	Sep	Oct							
<b>Vision</b>	To have a sector that allows the broader community of Mpumalanga (in urban and rural areas) to partake in diverse high quality tourism products and experiences and benefit from expenditure and sector investment													
	Appoint a project steering committee & project manager for the product development and implementation	X							Have sound direction in terms of how the implementation of the SMME product development program would roll out	Tourism SMME Development				
	Ascertain how much budget is available and prioritise the interventions based on availability of resources	X							Ensure that the interventions that will be undertaken are done thoroughly and that funds are not thinly spread across all interventions without attaining results	Tourism SMME Development				
<b>Implementation of 'Co-operative 2010 Tourism Grading Program'</b>	Update the SMME accommodation database with contact details, physical addresses, number of rooms and beds and ascertain if establishments are graded	X							Have clear understanding of the status quo of accommodation establishment in Mpumalanga	Tourism Product Development	TEP	R 550 000	SMME Development in Leandra, Secunda Ermelo and Piet Ritief; Hazzyview, Driekoppies, KaMhushwa and in Nkangala District	
	Use the database to establish how many establishments are not graded and where are they established	X							Acquired direction in terms of the number and the location of establishments that will be assisted and figure out the necessary budget					
	Form partnership with TEP and decide on which establishments would be assisted with funds for grading	X							Get buy-in from SMMEs as a provincial destination marketing organisation					
	Start with the grading process with the assistance from TEP, monitors the process and upgrade the database accordingly		X						More graded accommodation establishments within the province					
<b>Identify culture &amp; heritage and eco-tourism opportunities in the Pilgrim's Rest Project</b>	Identify and understand the developments that will be involved within different projects that are currently in the pipeline	X							Distinguish activities or jobs that can be sourced from operating SMMEs	Tourism Product Development		R 550 000	Entombe Tourism Complex, Ebutsini Cultural Village, Ndwandwe Trust Development	
	Ascertain types and number of viable opportunities that could be allocated to SMMEs	X							Assist with job creation					
	Alert SMMEs about the opportunities via adverts in local municipalities and host a question and answer session for potential businesses	X							Start equipping the potential businesses					
	Notify the potential SMMEs of all available support institutions	X							Informed potential SMMEs					
	Track the process of these potentials and continue to provide direction and information				X				Attain new entrants into the industry					
<b>SMME Township Tours</b>	Determine the authentic and unique experiences that can be offered within townships and rural areas (cultural, historical or natural)			X					Report on existing experiences	Tourism Product Development		R 550 000	Development of SMME Township Tours	
	Build relationships with chiefs, communities and tour operators (established and emerging) and manage expectation					X			Civilised relationships					
	Educate SMMEs based in rural areas and townships on tourism triple bottom line and its importance					X			Informed SMMEs that can make informed decisions					
	Assist in developing rural tourism products but still keep them authentic					X			Worth seeing tourism products in townships					
	Develop and package SMME Township Tours (and feature informal businesses)					X			SMME Township Tours					
<b>Fund a study that would explore the tourism value chain concept</b>	Allocate budget for the tourism value chain study								Identify avenues where tourism opportunities can be leveraged, enhanced and maximised	Tourism Product Development	DEDP	R 420 000		
	Start with the tendering process to find a suitable service provider					X			Finding a suitable service provider					
<b>Create and introduce reward systems for mentors</b>	Together with DEAT work on a reward system to lure established business to mentor the emerging businesses						X		Buy-in from more established businesses to mentor emerging businesses	Tourism SMME Development		R 450 000		

	Activities	Quick win/Short Term						Med-Term	Long-Term	Results/Outputs	Lead Dept.	Partners	Budget	Aligned programmes
Program	Skills development	May	June	Jul	Aug	Sep	Oct							
Vision	To equip the emerging SMMEs with skills that would enable them to operate efficiently and effectively both internally and with external partners in order to be sustainable over time from establishment, to growth and maturity and to progress.													
	Appoint a project steering committee & project manager for the SMME skills development program and implementation	X							Have sound direction in terms of how the implementation of the SMME skills development program would roll out	Tourism SMME Development				
	Ascertain how much budget is available and prioritise the interventions based on availability of resources	X							Ensure that the interventions that will be undertaken are done thoroughly and that funds are not thinly spread across all interventions without attaining results	Tourism SMME Development				
Roll-out a customer service campaign	Organise exhibiting material (banners, brochures, etc.) and goodies (t-shirts, caps, etc.) for customer service campaign						X		Emphasise the impacts and implications of poor service delivery	Tourism Skills Training		R 650 000	Gwebu Lodge, Mavis Lodge, LoMshiyu Community Project, Ndashe Centre	
	Plan dates and venues with DTOs and LTAs to be used for the campaign and roll out the campaign						X		Awareness on importance of customer service in the industry					
Develop tourism planning and operations skills development partnerships	Host a meeting with TEP, SEDA, THETA, MEGA, TECSA, IDC, Umsobomvu, DBSA and invite LED departments from the district municipalities			X					Announcement on how MTPA can assist with transfer of tourism planning and operations skills	Tourism Skills Training	TEP, SEDA, THETA, MEGA, TECSA, IDC, Umsobomvu, DBSA	R 400 000	Mnisi Resort, 38 operating SMMEs in Nkangala	
	At the meeting discuss the intention to facilitate skills development with everyone's help as partners		X						Realization of the importance of partnerships					
	Discuss and allocate roles and responsibilities and procedures going forward			X					Assurance that everyone is taking part in the process					

Program	Activities	Quick win/Short Term						Med-Term	Long-Term	Results/Outputs	Lead Dept.	Partners	Budget	Aligned programmes
		May	June	Jul	Aug	Sep	Oct							
<b>Financial development</b>	<b>Bridging the gap that exists between the first and second economy within the tourism sector in the province through assisting the establishment of financially efficient and effective tourism small businesses.</b>													
	Appoint a project steering committee & project manager for the SMME financial development program and implementation	X							Have sound direction in terms of how the implementation of the SMME financial development program would roll out	Tourism SMME Development				
	Ascertain how much budget is available and prioritise the interventions based on availability of resources	X							Ensure that the interventions that will be undertaken are done thoroughly and that funds are not thinly spread across all interventions without attaining results	Tourism SMME Development				
<b>Red tape reduction for SMMEs to access finance</b>	Set up a meeting with all SMME support institutions that provide funding		X						Other stakeholders within the industry to know MTPA's intention	Tourism SMME Development	MEGA, IDC, DBSA, Umsobomvu, banks	R 350 000	DTI Incentive Facilitation for Nkonyama Hotel, Humulani Cultural Village, Huntington Village, Maphanga Lodge, Burlington Lodge, and Mangwazi NR (info centre) Mahatma Gandhi Museum, Standerton Cultural Village and Museum and Dullstroom Tented Camps	
	With assistance of the CEO, approach the organisations that offer financial assistance with suggestions on how to reduce red tape for SMMEs to access funding. A representative from Mpumalanga Provincial Government can be invited			X					Reduction of red tape for SMMEs to access finance					
<b>Coordinate a Financial Manager Assistance Partnership Program</b>	Liaise with TEP and DTI with possibilities of arranging a Financial Manager Assistance Program	X							Ascertain how TEP and DTI can assist with providing financial courses for businesses in different scenarios	Tourism Skills Training	TEP, DTI		Gwebu Lodge, Mavis Lodge, LoMshiyi Community Lodge, Sibanye Guest House, Ndashe Centre	
	Set dates and arrange suitable venues with districts and LTAs for Financial Manager Assistance Program						X		Better management of businesses especially HDEs					
<b>Communicate and clarify the role of MTPA</b>	Publish a flyer about the available funding bodies within the industry and what role can MTPA play in terms of facilitation	X							Make SMMEs aware that MTPA's main role is a provincial marketing institution	Tourism SMME Development		R 550 000		
<b>Roll out Rural Tourism SMME Financial Development Access Program</b>	Liaise with TEP, SEDA, THETA, MEGA to avail representatives to go to rural areas							X	Assist potential HDEs in rural areas	Tourism SMME Development	TEP, SEDA, MEGA, THETA	R 550 000	All SMMEs located in rural areas	
	Arrange dates and venues with DTO for financial institutions to go to rural areas to provide assistance to SMMEs							X	Assist potential HDEs in rural areas					

Program	Activities	Quick win/Short Term						Med-Term	Long-Term	Results/Outputs	Lead Dept.	Partners	Budget	Aligned programmes
		May	June	Jul	Aug	Sep	Oct							
<b>Program</b>	<b>New entrants business</b>													
<b>Vision</b>	<b>Assist with higher success rate of new business start ups in tourism sector by providing access to a supportive environment and guidance on type of business required</b>													
	Appoint a project steering committee & project manager for the new entrants business program and implementation	X								Have sound direction in terms of how the implementation of the new entrants business program would roll out	Tourism SMME Development			
	Ascertain how much budget is available and prioritise the interventions based on availability of resources	X								Ensure that the interventions that will be undertaken are done thoroughly and that funds are not thinly spread across all interventions without attaining results	Tourism SMME Development			
<b>New business suggestion' framework</b>	Undertake research within Mpumalanga on new business opportunity with TEP							X		MTPA to know where tourism business opportunities lie	Tourism SMME Development		R 550 000	
	Compile a report of all available opportunities and the extent of their feasibility							X		Knowledge on viable tourism opportunities for new entrants				
	Announce the opportunities to the industry and those potential new entrants							X		Lobbying of new entrants				
<b>Entering the tourism industry' campaign</b>	Together with all relevant institutions host a meeting and allocate roles and responsibilities for the 'entering the tourism industry' campaign							X		Create buy-in and, avoid duplication and ensure participation from all institutions	Tourism SMME Development	National Stokvel Assoc. of SA and Stokvel Company	R 450 000	Tapping into the Stokvel market program
	Set dates and arrange venues for the campaign							X		Implementation of the campaign				
	Compile a database after the campaign to enable follow-up meetings							X		Identify potential small businesses				
	Introduce potential SMMEs to relevant SMMEs supporting institutions							X		Assist emerging businesses to run their business in sustainable and profitable manner				
<b>Provision of basic structures from which businesses can operate</b>	Together with the department, influence IDPs to make provision for necessary tourism infrastructure								X	Established necessary tourism infrastructure within the province	Tourism SMME Development	District municipalities	R3-6 million	Pilgrims Rest Project, Bridal and Lone Creek falls
<b>Provision of aftercare services for SMMEs</b>	Compile a database with relevant contacts for aftercare services for reference							X		Ability to facilitate aftercare service for emerging businesses	Tourism Product Development		R 650 000	

	Activities	Quick win/Short Term						Med-Term	Long-Term	Results/Outputs	Lead Dept.	Partners	Budget	Aligned programmes
Program	Transformation program													
Vision	Clear picture of the B-BBEE scorecard of the tourism sector in Mpumalanga and adoption of the B-BBEE Charter by the majority of businesses	May	June	Jul	Aug	Sep	Oct							
	Appoint a project steering committee & project manager for the transformation program and implementation	X								Have sound direction in terms of how the implementation of the transformation program would roll out	Tourism SMME Development			
	Ascertain how much budget is available and prioritise the interventions based on availability of resources	X								Ensure that the interventions that will be undertaken are done thoroughly and that funds are not thinly spread across all interventions without attaining results	Tourism SMME Development			
<b>Develop a B-BBEE Sector Audit and Buy-in Strategy</b>	Together with TECSA find out the reasons why the industry does not conform to the BEE Charter in Mpumalanga									Discover stumbling blocks in regards to the BEE Charter	Tourism SMME Development	TECSA	R 550 000	
	Monitor the progress of transformation in the tourism industry							X		Progress report on transformation within tourism industry in Mpumalanga				
	Host a Mpumalanga SMME Conference to create a platform where established and emerging businesses can network and mingle and get an opportunity to learn from each others experiences							X		Fruitful networks amongst established and emerging businesses				
	Give incentives to BEE compliant businesses by not only paying them within 30 days of rendering services but sign contracts over longer periods for them to secure business and make money							X		Sustainable SMMEs supported by government				
	Activities	Quick win/Short Term						Med-Term	Long-Term	Results/Outputs	Lead Dept.	Partners	Budget	Aligned programmes
Program	Transformation program													
Vision	Transform the industry in terms of ownership, management, enterprise development, empowerment equity and skills development, due to financial power of stokvel market	May	June	Jul	Aug	Sep	Oct							
<b>Get Stokvel Markets to invest in tourism</b>	Put together a proposal on how the stokvel markets can invest in tourism opportunities										Investment promotion	Stokvel Company and NASASA, Techno Spaza	R 500 000	
	Set up a meeting with Stokvel Company, National Stokvels Association of South Africa (NASASA) and Techno Spaza													



Activities		Quick win/Short Term						Med-Term	Long-Term	Results/Outputs	Lead Dept.	Partners	Budget	Aligned programmes
Program	Formalize your tourism business' program	May	June	Jul	Aug	Sep	Oct							
Vision	Usher the informal tourism businesses into the formal stream through providing access to business and financial guidance as well as a monitoring system that will track progress													
	Appoint a project steering committee & project manager for the formalize your tourism business' program and implementation	X							Have sound direction in terms of how the implementation of the 'formalize your tourism businesses' program would roll out	Tourism SMME Development				
	Ascertain how much budget is available and prioritise the interventions based on availability of resources	X							Ensure that the interventions that will be undertaken are done thoroughly and that funds are not thinly spread across all interventions without attaining results	Tourism SMME Development				
Create a platform for second economy businesses	Visit the vendors outside top attractions and chat to them about the manner in which they can be formalised					X			Informed second economy businesses	Tourism SMME Development	Fair Trade in Tourism South Africa	R 80 000		
	Arrange for Fair Trade in Tourism representatives to visit these crafters and vendors accompanied by MTPA staff						X		Second economy being ushered into the formal stream					
	Arrange for business supporting bodies to go to visit the stalls as well						X		Second economy business having access to the support institutions					
	Monitor the rate of businesses that are being formalised and address any gaps within the approach							X	Track record of formalised businesses (i.e. potential businesses becoming operational businesses)					

Program	Activities	Quick win/Short Term						Med-Term	Long term	Results / Outputs	Lead Dept.	Partners	Budget	Aligned programmes
		May	June	Jul	Aug	Sep	Oct							
<b>Vision</b>	<b>To enable the SMMEs to contribute in increasing the province's market share, tourism spend and length of stay as well as reducing seasonality.</b>													
	Appoint a project steering committee & project manager for the marketing program and implementation	X							Have sound direction in terms of how the implementation of the marketing program would roll out	Tourism SMME Development				
	Ascertain how much budget is available and prioritise the interventions based on availability of resources	X							Ensure that the interventions that will be undertaken are done thoroughly and that funds are not thinly spread across all interventions without attaining results	Tourism SMME Development				
<b>Integrate established SMMEs into SAT's Sho't Left Campaign</b>	Have a meeting with SAT and ascertain the requirements for SMMEs to be part of the Sho't Left Campaign and the procedures	X							Comprehend the process for SMMEs to be part of the campaign	Marketing Department		R 750 000		
	Facilitate a meeting with established SMMEs that are ready to provide adequate service to the industry	X							Presentation of the opportunity and getting buy-in from the SMMEs					
	Assess the tourism products and accommodation establishments if they meet requirements to feature in the campaign	X							Ensure that products and establishments are ready for consumption					
	Start with the procedure		X						integrate established SMMEs into SAT's Sho't Left Campaign					
<b>Branding of SMME accommodation establishment</b>	Draw up a criteria to be used for a chain of guesthouses or B&Bs based on either grading, location or type of establishment						X		Establish clarity on the criteria that would be used	Marketing Department	TGCSA	R 250 000		
	Meet with TGCSA and discuss approach and procedure						X		Equip staff with 'know how' in terms of approach					
	Start lobbying buy in from owners of establishments						X		Sign-up interested product owners					
	Commence with implementation							X	Brand SMME guesthouses and B&Bs					
<b>Educate SMMEs with lead-up to trade shows and follow-up actions required</b>	In partnership with DTI produce information packs on do's, don'ts and tips on how to benefit from trade shows						X		Successful trade shows	Tourism SMME Development		R 250 000		
<b>Host top five overseas tour operators to sell established SMMEs Mpumalanga abroad</b>	Budget a certain amount of money (e.g. 50% of what is necessary) and get private sector to raise another 50% or offer their services (accommodation and transportation) to host operators from overseas							X	International exposure of SMMEs to top international markets of Mpumalanga	Tourism SMME Development		R 120 000		
	Put together packages that can be advertised to the overseas operators							X	Channels to the international markets and platform for SMMEs					

Program	Activities	Quick win/Short Term						Med-Term	Long term	Results / Outputs	Lead Dept.	Partners	Budget	Aligned programmes
		May	June	Jul	Aug	Sep	Oct							
<b>SMME marketing program</b>														
<b>Vision</b>	<b>To enable the SMMEs to contribute in increasing the province's market share, tourism spend and length of stay as well as reducing seasonality.</b>													
	Appoint a project steering committee & project manager for the marketing program and implementation	X							Have sound direction in terms of how the implementation of the marketing program would roll out	Tourism SMME Development				
	Ascertain how much budget is available and prioritise the interventions based on availability of resources	X							Ensure that the interventions that will be undertaken are done thoroughly and that funds are not thinly spread across all interventions without attaining results	Tourism SMME Development				
<b>Integrate established SMMEs into SAT's Sho't Left Campaign</b>	Have a meeting with SAT and ascertain the requirements for SMMEs to be part of the Sho't Left Campaign and the procedures	X							Comprehend the process for SMMEs to be part of the campaign	Marketing Department		R 750 000		
	Facilitate a meeting with established SMMEs that are ready to provide adequate service to the industry	X							Presentation of the opportunity and getting buy-in from the SMMEs					
	Assess the tourism products and accommodation establishments if they meet requirements to feature in the campaign	X							Ensure that products and establishments are ready for consumption					
	Start with the procedure		X						integrate established SMMEs into SAT's Sho't Left Campaign					
<b>Branding of SMME accommodation establishment</b>	Draw up a criteria to be used for a chain of guesthouses or B&Bs based on either grading, location or type of establishment						X		Establish clarity on the criteria that would be used	Marketing Department	TGCSA	R 250 000		
	Meet with TGCSA and discuss approach and procedure						X		Equip staff with 'know how' in terms of approach					
	Start lobbying buy in from owners of establishments						X		Sign-up interested product owners					
	Commence with implementation							X	Brand SMME guesthouses and B&Bs					
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	Put together packages that can be advertised to the overseas operators							X	Channels to the international markets and platform for SMMEs					

Program	Activities	Quick win/Short Term						Med-Term	Long term	Results / Outputs	Lead Dept.	Partners	Budget	Aligned programmes
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<b>SMME marketing program</b>														
<b>Vision</b>	To enable the SMMEs to contribute in increasing the province's market share, tourism spend and length of stay as well as reducing seasonality.													
	Appoint a project steering committee & project manager for the marketing program and implementation	X							Have sound direction in terms of how the implementation of the marketing program would roll out	Tourism SMME Development				
	Ascertain how much budget is available and prioritise the interventions based on availability of resources	X							Ensure that the interventions that will be undertaken are done thoroughly and that funds are not thinly spread across all interventions without attaining results	Tourism SMME Development				
<b>Integrate established SMMEs into SAT's Sho'l Left Campaign</b>	Have a meeting with SAT and ascertain the requirements for SMMEs to be part of the Sho'l Left Campaign and the procedures								Comprehend the process for SMMEs to be part of the campaign	Marketing Department		R 750 000		
	Facilitate a meeting with established SMMEs that are ready to provide adequate service to the industry	X							Presentation of the opportunity and getting buy-in from the SMMEs					
	Assess the tourism products and accommodation establishments if they meet requirements to feature in the campaign		X						Ensure that products and establishments are ready for consumption					
	Start with the procedure			X					integrate established SMMEs into SAT's Sho'l Left Campaign					
<b>Branding of SMME accommodation establishment</b>	Draw up a criteria to be used for a chain of guesthouses or B&Bs based on either grading, location or type of establishment							X	Establish clarity on the criteria that would be used	Marketing Department	TGCSA	R 250 000		
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	Put together packages that can be advertised to the overseas operators							X	Channels to the international markets and platform for SMMEs					