

Let's stop throwing stones in the well



By [Anton Ressel](#)

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There is a song called 'Traffic in the Sky' by laid-back musician Jack Johnson that contains a lyric that has always stuck with me. Lamenting our callous abuse of and disregard for the environment, the eco-conscious Johnson sings 'If you keep adding stones, soon the water will be lost in the well'. I like it because it is stark, simple and impossible to argue with.

I also like it because it offers a perfect analogy for the way that the small business sector is treated in our country these days. On the one hand, small business is the 'Well' - providing a steady stream not of water but of jobs, opportunity and growth to our economy. Consider that statistics show that nearly 90% of all new jobs created in SA in the last five years were in businesses employing fewer than 50 people, as well as the fact that rampant industrial action has understandably curtailed the appetite of the big corporations as far as hiring new staff and expanding operations is concerned, and this Well starts to look like our only solution to warding off the famine that is our growing unemployment challenge.

Consider too, that everyone from government to the commercial banks to local and international development organisations celebrates this Well at every turn.

Government has, amid much pomp and ceremony, opened an official SME Ministry, while it is impossible to switch on your TV without another banking advert bleating about how you, the entrepreneur, the small business owner, are the future of our country and we are here to help you in any way possible - unless you need a loan to grow your business or a break on your overdraft repayments, that is.

Which brings me to the stones. In spite of the ululating and praise singing from all quarters about the Well that is small business in South Africa, the fact is our country remains one of the most difficult places in the entire world to start a business. Klunk!

As for our labour law, I doubt one could find a set of statutes the world over that make it more difficult for an employer to dismiss unproductive or even dishonest employees, or use human resources as and when needed without having to employ people full time - Klunk! Klunk! And when last did any of you try and access a small business loan from a commercial bank, at an affordable interest rate and without having to literally sign your life away to get it? Klunkety klunk klunk!! Those stones just keep on coming...

How not to encourage entrepreneurs

I agree wholeheartedly with our government and our banks on one thing. The so-called small business sector is indeed the potential saviour of not just our economy, but also our nation in general. One only has to visit a township in SA on any given

day to be truly humbled at the amount of entrepreneurial activity (most of it legal) taking place on every corner. Each car wash, sidewalk exhaust repair shop, shebeen, shisa nyama stand, hairdresser is putting food on the table for a family, lessening dependence on social grants, paying for school uniforms, employing local youths. So how do we reward these brave and intrepid self-employed entrepreneurs, most of whom fly under the radar, as much by ignorance as by fear of being subject to draconian labour laws, stiff taxes and a general sea of bureaucracy that the average small business owner in SA wades through every day? We tell them that each and every one of them HAS to be registered formally, and that compliance will be enforced. Klunkety klunk!

Similarly, we pump money into the fatally flawed business model that is cooperatives, and let enterprise development funding intended for developing small and emerging Black-owned businesses be funnelled into vast ED funds that promise the corporate donor scorecard points in perpetuity, while lending out the cash only under incredibly strict due diligence conditions (and at close to commercial rates), making this resource unattainable to all but those at the very tip of the pyramid. Is this really following the spirit of the BEE code? In that vein, Government is to be commended for making a real effort to give SMMEs and SMEs access to government tenders and public sector work, but then subject these poor little guys to endless administrative headaches and a wait of up to 180 days and sometimes even longer to get paid - Klunk, klunk, klunk!

The bigger the business...

Moving a bit further up the entrepreneurial ladder, we find a situation that tends to mirror a useful cliché - the bigger the business, the bigger the headaches. Suddenly we face a barrage of new stones, such as Skills Development Levies, BB-BEE scorecards, annual audits, bargaining councils, unions, not to mention a general climate of hostility (especially from Leftist elements, not just in open society but in government as well) towards 'bosses' - a sad and probably partly justifiable hangover no doubt of our colonial and apartheid past, but one that makes being an employer a generally thankless and uncomfortable position to be in. The fact that the Lefties in the tripartite alliance tends to paint 'business' with one brush is hugely problematic for me - you cannot equate an entrepreneur who is employing five people and fighting every day to keep them employed, with a corporate Board who own half of the East Rand and whose business model is dependent on carving every pound of flesh from their labour. Yet somehow, we do - business is the enemy, bosses are bad. Klunk!

And this is how we can stop the stones...

So how do we reverse the rising wall of stones that is threatening to dry up the Well that is so crucial to our future prosperity as a nation? Can we do it? The short answer, in my humble opinion, is Yes we Can (sorry President Obama). It starts with a realisation that paying lip service to the importance of the small business sector is of absolutely no value unless it is backed by positive, brave and decisive action. It starts by having an SME Ministry that is not staffed by cadres, bureaucrats or academics, but by entrepreneurs and business people who have walked the walk. It starts by taking bold steps, like exempting start-up businesses from the tax burden for at least the first three years of their existence, so they can beat the odds and not become one of the 5 out of 7 businesses that fail in SA during this period. It starts by allowing businesses to hire people for a specific job, or for a few hours a week, without having to treat them like a permanent employee, because frankly they are not one - yet, at least. It starts by encouraging a culture that respects and acknowledges 'bosses' as the people who help put food on tables and kids through school, often at great personal sacrifice, and not the big bad wolves they are made out to be at every union rally and strike and toyi-toyi. It starts by not being afraid of unions and by wholeheartedly supporting alternative job creation solutions, like internship as offered by initiatives such as the [GAP programme](#) and many others who are trying to get our young people into the workplace.

Most importantly, it starts with a recognition that we are staring down the barrel of a famine, a drought of unemployment that has the potential to lay waste to our fledgling Rainbow Nation. Business as usual will not cut it. Throwing the same old stones will not cut it. The time has come to let the Well flow free, to let it irrigate our land with all the jobs and growth potential lying within its depths, struggling to flow against the weight of all those stones.

ABOUT ANTON RESSEL

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