

SA needs SMEs – and SMEs need branding know-how

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Following the Finance Minister's February Budget Speech, SMEs are optimistic that 2017 will be a better year for them than 2016, but technical and financial support alone is not enough to ensure sustainable success, argues a branding expert from the UCT Graduate School of Business.

Despite an optimistic outlook for small and medium enterprises this year, experts have warned that entrepreneurs cannot afford simple mistakes if they are to get ahead in tough local conditions.

The recent [Business Partners Limited SME Index](#) noted a definite upswing in expectations for SMEs this year, with 77% of South African small business owners expecting 2017 to be a good year, and all seven of the survey's broader confidence indicators reporting improvements compared to the previous quarter.

But, says branding and business expert Raymond van Niekerk, many SMEs are still vulnerable to common branding and marketing errors that can cost them the success of their business.

Van Niekerk, formerly Global Head of Marketing for Investec and course convenor of the Brand Creation for New Ventures programme at the UCT Graduate School of Business (GSB), says: "Some of the most common errors made by new businesses are avoidable marketing and branding errors.

"One reads about the spectacular failures of larger businesses, but far more common are the sum of several small, daily errors like not taking the time to make sure their business and product offer reflects their culture, values, brand identity and business purpose, that ultimately cost the life of what could have been a very successful venture."

According to the most recent data from the [Global Entrepreneurship Monitor \(GEM\)](#), the failure rate of South African SMEs is alarmingly high and in 2016, was greater than the established business rate, which means that the country is effectively going backwards in terms of entrepreneurial activity. South Africans also report a high fear of failure when it comes to entrepreneurship.

"This needs to change," says Mike Herrington, Executive Director of GEM. "In South Africa, the success of SMEs has a potentially significant effect on economic growth and job creation that cannot be ignored."

There are some [2.8 million diverse SMEs](#) in South Africa, and according to the Ministry of Trade and Industry, they account for a contribution to GDP of 52% to 57% and 60% of employment. Other estimates, although more conservative, put the contribution to GDP at around [34%](#), but add that SMEs account for over 90% of formalised businesses. [GEM](#) calculates the contribution of SMEs at 36%.

Ahead of the Budget Speech, there were calls for [tax relief and other legislative support](#) for SMEs, but Van Niekerk says beyond structural and financial support, an underrated but important factor for entrepreneurial success is understanding branding and its impact.

"Many entrepreneurs are intuitive marketers to some extent, but that doesn't mean they can distinguish between good and bad advice, or that they can't be taken advantage of," he says.

"Additionally, they might not know what the most important aspects of branding or marketing are." Naming the business, for example, is often given inadequate attention, Van Niekerk says. It's often treated as an afterthought – but it's the first impression clients get of a business.

Van Niekerk believes offering entrepreneurs, start-ups and NGOs the branding know-how they need to succeed will help inspire confidence.

“Understanding branding basics helps business owners understand their purpose more clearly, but it also helps them to run their business better when they understand that the branding process starts within the business,” he says. “If you have unhappy customers, that’s a branding problem. But if you have unhappy staff, that is also a branding problem.”

In 2016, [SME South Africa](#) listed a number of start-ups to watch in the coming year. Among them was SweepSouth, the cleaning service that has since then become a household name for the simplicity of its online service. Also on the list was TaxTim, the online tax consulting assistant that has similarly gained traction over the past year.

According to Van Niekerk, what sets such successful start-ups like this apart is a clarity of purpose that makes branding much easier. “If you understand the ‘why’ of your business – why you are doing what you are doing – then your naming, your logo, your media choices, everything will become much simpler and you can avoid falling into common traps,” he says.

Raymond van Niekerk teaches the Brand Creation for New Ventures programme at the GSB which runs in Johannesburg and Cape Town. For more information on the course, please contact 0860 UCT GSB or email execed@gsb.uct.ac.za.

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