



GORDON INSTITUTE
OF BUSINESS SCIENCE

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Part II: Case Narratives

Part II comprises chapters 4 to 11, each of which contains a narrative summary of the transcripts of the interviews conducted for each of the eight cases in the study. Each summary reports on the personal, social, business and environmental levels of analysis, in line with the literature review which appears in chapter 2.

CHAPTER 4. CASE SUMMARY: AHMED

Ahmed is a 36-year-old Indian male who has worked his way through the ranks of the IT (information and technology) consulting and software development industry. Techthink was started by Ahmed and his partner Jorge some seven years ago, and has been growing steadily.

This chapter summarises transcripts 1A-1D, which appear in appendix G to this document. Analysis of Ahmed's case appears in chapter 12.

4.1. Personal context

Ahmed sometimes seems older than his years, an impression reinforced by his compact, rounded body, grayish hair and genial personality. He chats easily in the clipped manner of South Africans of Indian extraction, and presents a calm and thoughtful demeanour.

4.1.1. Key characteristics

Behind Ahmed's calm and deliberate persona lurk high levels of stress, which he believes is particularly symptomatic of the current stage of the business's development.

I think it's also the phase where we are now in the business. You never ... your mind never relaxes. You can lay down and relax your body, but your mind never relaxes. I think it's just the consequence of growth. (1A MIMG 6:211)

Part of the problem is that Ahmed is a perfectionist, as demanding and detail-oriented when it comes to his own work as he is when dealing with his family and employees . and he will persevere until his standards are met, according to his daughter.

He is the type of person that if things are not right, it can work on him until it's right. One of the days there was an accounting issue and he sat and looked at it and looked at it until he figured it out. He couldn't understand it so he sat and sat. That is how he is, he will not let something go. He will make sure that it gets done. (1C MIMG 5:178)

Ahmed is responsible for the finance and administration function in Techthink, and this plays to his particular strengths. He maintains tight control over spending in the business, and monitors day-to-day cash flow personally.

From a financial perspective, I'm very hands on. I'm very careful. Sometimes I get carried away and I worry about the cents and not the rands. I go to that level of detail. And then I am asking people "why do you want to spend ten bucks on this when we can get it for eight bucks?"(1A MIMG 5:181)

Ahmed acknowledges that the level of control he exerts is possibly extreme in a business the size of Techthink, and that this may often slow decision-making processes. But he finds it difficult to relinquish his natural interest in financial minutiae. This appears to make Ahmed somewhat risk averse in his business and personal life, a quality that is valued by Jorge, his somewhat more reckless business partner.

He doesn't take risks, everything is calculated. He will analyse something to death before he takes a step. I know in his personal life, everything is structured and organised and he knows exactly what's going on. To the point where he goes shopping with his wife and he knows exactly what pennies are going where. So that's what I respect about him. (1B MIMG 13:414)

It seems likely that Ahmed's need for control arises at least partly from feelings of insecurity about his ability to function effectively in a largely white-owned and highly educated corporate environment:

I always felt intimidated, because I didn't know what to expect. Maybe it's because of the past, coming from the previous South Africa, you were always intimidated. You were never exposed to that level of management and, from that level, it was always just instructions. It was never ... there was never a discussion. (1D MIMG 23:818)

4.1.2. Education

Despite his success as a businessman, Ahmed considers his education to have been incomplete. His schooling in Lenasia, where he grew up, was uneventful until he was forced to leave at 16 to support himself and his mother.

I used to work on Friday afternoons and Saturdays in a clothing shop to earn extra money, to look after my mom. That was a big motivating factor because I knew I had to do something to inspire myself. And of course university wasn't an option, it wasn't even in my vocabulary because, from a financial perspective, there was just no way. It was just 'find a job and work, and then you can support your mom'. That's what inspired me, that's what motivated it. (1A MIMG 3:88)

Initially, Ahmed was apprenticed to his motor mechanic uncle, but soon discovered the somewhat glamorous world of IT through a friend who was training as a software developer. After completing a series of diplomas in IT, Ahmed was employed as a developer and then relied on work-related training programmes to help advance his career.

As a result, Ahmed refers to himself as a graduate of the University of Life and relies heavily on his intuition and natural good business sense to make the right decision.

Like my partner knows all the theory, he has got an MBA, and like a lot of decisions I make or that we talk about you know my decision would have been that. So the theory guides you, no doubt about it, but if you've had practical experience, the result is ... in most cases the practical experience is more real than the actual theory. (1D MIMG 17:606)

Ahmed's partner Jorge senses that Ahmed considers himself at somewhat of a disadvantage because of his lack of formal business education, but admires his determination to succeed despite this.

I think he's had a hell of a lot of learning to do. He hasn't had the experience or the exposures to my kind of life. He hasn't studied, so I think off the bat he's very wise and brilliant person. I think he's been under a hell of a lot of pressure in the past couple of years, to catch on and to get going, because he doesn't have the tools, he hasn't been given those tools. (1B MIMG 13:423)

4.1.3. Work experience

Ahmed grew up in an impoverished environment, and worked after school and on weekends in a relative's clothing shop in Johannesburg's CBD. From an early age, he also sought every opportunity to make a deal to earn extra income.

I think I always had an entrepreneurial spirit in me, because while I was at school I started selling cars as well. So you know, I knew somebody that was selling cars, I knew someone that wanted cars. I got a car from there, sold it there, made a profit and that's how I used to fend for myself. (1D MIMG 2:73)

Ahmed notes that given South Africa's socio-political context at the time, there were limited career opportunities available to Indian males like himself, especially those who could not afford tertiary education. However, he realised that the world of business represented a more even playing field.

Coming from a poor background, I knew that in the previous South Africa there was really no opportunity to develop a career, to make a success. It was always about business – that was the only thing you could see. (1A MIMG 3:84)

When Ahmed entered the IT industry, he spent several years moving from one job to another, each time increasing his salary and learning a different part of the IT system. Eventually, Ahmed was employed by SellMor, a large general goods wholesaler, where he spent some ten years. At SellMor, under the mentorship of a progressive boss, Ahmed flourished, moving from one function to another and learning about IT from a big-picture perspective.

I got exposed to IT in a bigger way. You know, they were a corporate, there was opportunity to move around, to get exposed to everything. I started off in the network department; I've been through the operational cycle. Then I always wanted to get into programming, because that was the next step, and I had the opportunity to do all of those things. So you know that was, I think from an experience perspective, and a career and what got me to where I am, is really the time I spent at SellMor. (1D MIMG 7:257)

Even though he says he was contented and enriched by his experience at Sellmor, Ahmed continued to seek out even the smallest opportunities to do deals on the side continually demonstrating his entrepreneurial instincts.

It may sound silly, but I knew a guy, what they do, they make all the military boots, all those things. So I knew a guy in there, and I used to get their slight reject boots, but like a fraction of the price. So the boots and all of those things, I used to go and buy that, and wholesale it to people hawking, and all of those things. (1D MIMG 7:247)

Ahmed left SellMor because he was offered a position at an IT consultancy as an independent contractor, and saw this as an opportunity to increase his earning potential and also contribute to his personal growth.

Ahmed sees his experience at the consultancy as a stepping stone to becoming more risk tolerant, as well as living up to the promise of being more financially rewarding than full-time employment. However, he quickly realised that opportunities to progress in the organisation were limited by his ethnicity, rather than by his ability to perform.

At the time, the owner was a one-man show, so there was no room to grow for me. I think it was a colour thing, it was race-related. He wasn't prepared to let me grow because of my colour. It did make me angry – I did everything, but I still couldn't go forward. I was going to move on anyway. (1A MIMG 2:43)

Reflecting on his work experience, Ahmed does not describe a planned route towards entrepreneurship but describes his career as the consequence of a determined effort to improve his skills and living standards.

Really it's been about survival. For me since day one, I started working because I had to work, and everything from there on was just, "how do I improve on that?" Obviously you know if you go back to the apartheid days, there wasn't real opportunity to earn good money. You know you always, you could go to a point and that was it. (1D MIMG 6:203)

4.2. Family and social context

Ahmed is a husband and father of two daughters and a son, and maintains close relationships with all members of this nuclear family, which includes his mother. He is deeply involved in all aspects of family life, which appears to adhere in many respects to traditional Muslim practice. He is well connected in his community and enjoys socialising with a wide circle of friends. However, his relationships in the business context seem more complicated.

4.2.1. Childhood and parental influences

Ahmed grew up in Lenasia, the Indian township south of Johannesburg, where he lived with his parents and older brother. He readily attributes his turning point to the death of his father at age 11. At first, they were supported by the older brother, but the brother married when Ahmed was 16, leaving Ahmed with the burden of supporting his mother financially.

Ahmed acknowledges that this put him under enormous pressure, both financial and familial, and this profoundly influenced his character and the choices he made. Not only did the circumstances engender feelings of insecurity but also acted as a powerful motivating force for self-improvement, according to his daughter.

I think that at the back of his mind, because of what he went through when he was younger, I think that motivates him to make a better life for himself and for us. I think that is the major thing that has an impact on him. (1C MIMG 11:369)

4.2.2. Family support

Ahmed considers his entrepreneurial success to be at least partly due to the solid support and abundant encouragement he receives from his immediate family, even as he recognises the sacrifices they are forced to make.

You need to understand what you are putting at risk, because it can destroy families. And that's the most important thing in your life, more important than anything else. You need to get the buy-in of everybody involved. If you don't have the support structure of your family, it's very, very difficult. People must understand what that means, and what sacrifices that needs. (1A MIMG 9:303)

He communicates with them continuously about developments in the business, but also ensures that daily family time is a priority. Ahmed believes his family relationships play an active role in helping him to manage his stress levels.

Jorge's description of Ahmed's home life seems to suggest that he and his family live a fairly traditional Muslim lifestyle.

We are so different; if he comes to my place I won't serve any alcohol, and we've got special pots that we cook in for them. It's just respect, and I think they value that immensely. When we go to their place, in their culture the women sit in the kitchen while the men eat, if I had to tell my wife to wait in the kitchen while I eat with the boys ... I think I would have a divorce on my hands (laughter). (1B MIMG 14:461)

At the same time, Ahmed's relationships with his children seem strong and close, unlike those in other Muslim families, at least according to his daughter.

They are our parents, and we treat them like our parents, but they are more our friends. We can speak to them about anything, you know. The same with my father, if you are confused about anything, you can sit down with him. Even if it is something that he doesn't like, he'll sit down and tell you why he doesn't like it, the pros and cons, and why you shouldn't be doing it and stuff like that. (1C MIMG 4:139)

Ahmed's influence is strongly felt in the lives of his children. He drives their educational performance and influences their social relationships. One of Ahmed's daughters works for Techthink, and it is likely that the other daughter will at some time in future become an entrepreneur.

One of my kids, she wants to have her own business, that's what she is always talking about. She wants to study, but she also wants to start her own business. Is it because of me? I would think so, I think it's had an influence on her. (1A MIMG 7:241)

4.2.3. **Social and business relationships**

Ahmed is strongly connected to and respected in his community. His friendliness and positive outlook, together with his recognisable business success, make him an appealing friend, as his daughter relates:

He has a lot of friends. Wherever we go, it's like every second person stops to chat. For some reason people look up to him, and I don't really know why. I look up to him as a father, but people respect him. I suppose it's because he respects them. He never makes you feel low, you know, if you are happy with what you are doing then that's the important thing. (1C MIMG 7:241)

Establishing and maintaining multi-level business relationships is considered a critical success factor for Techthink. In many respects, relationship building has been a core strategy, and with no small degree of success, says Jorge, Ahmed's partner.

We have had a lot of support from our clients. The biggest success in our business has been relationships. You know we have never had a sales force. All our business has been done through relationships. (1A MIMG 8:276)

In general, Ahmed finds it easy to communicate with people in a light-hearted way, and has no trouble connecting with others. However, he cannot easily convert this capability into a business advantage.

I think my strength as an individual is that I can talk a lot. I can communicate with people. I'm by no means a salesman. I can chat, but to put pressure on people to sign on the bottom line is hard for me. It almost seems rude. (1A MIMG 5:178)

His conservative nature sometimes seems, to potential clients, to represent remoteness or a lack of trust, and therefore while he often establishes contact with new clients, he now hands the business over to someone else to develop, observes Jorge.

You could say that's one of Ahmed's weaknesses, relationships, because of that conservative approach. You're sitting with all your cards over here, which doesn't enable relationships and he's putting down one, and that comes across immediately. I think that's his biggest challenge. (1B MIMG 14:435)

Relationships with employees are another critical success factor in the life of Techthink. A small business often finds it difficult to attract and retain the specialist skills that Techthink requires to operate effectively. The organisation has been carefully designed to ensure that employees work in a nurturing and stretching environment.

However, as the organisation grows, systems and processes must become more formal, and Ahmed, as the person responsible for this development, feels this puts a strain on his natural relationship style:

At the moment you almost seem to be wielding the whip more than being the oke that says "well done". So ... and it's a process we have to go through unfortunately. It's not a process I enjoy, because you always want a person to want to do something than to have to tell him to do something. (1D MIMG 22:783)

The relationship between Ahmed and his partner Jorge is at the foundation of the business success. It sets the tone for the way the organisation operates and appears to function effectively despite acute differences between the two.

We couldn't be two different people if we tried, if we designed this thing. I'm Catholic, he's Muslim, I'm Portuguese, he's Indian, I'm white, he's black. He comes from a very disadvantaged background, from what I've heard and what he's told me, he has been very disadvantaged. I wasn't. My parents aren't wealthy but I've never needed anything in my life. So it's two completely different approaches. He's tight and when it comes to cash he's as tight as you can get, whereas I don't like talking about money, I would rather hand that to him and I carry on with new opportunities. (1B MIMG 12:369)

In spite of these differences, there is clearly respect between Ahmed and Jorge, conflicts are resolved easily and important decisions are made jointly.

4.3. Business and organisational context

Ahmed and Jorge are the major shareholders in Techthink, an IT consultancy with over 100 employees and turnover of R36 million in 2007. Essentially an outsourcing business, Techthink develops and implements software solutions for a variety of high-technology applications. Over time, the business has developed a special capability to operate in the rapidly growing telecommunications sector. Since the outsourcing business is competitive and relatively low-margin, Techthink has begun to diversify into new markets, principally in sub-Saharan Africa, and is developing a series of proprietary software products.

Funding and employee retention are two of the major challenges facing Techthink as it grows into a professionally run, sustainable enterprise.

4.3.1. *Inspiration and preparation*

Ahmed sees his inspiration as deriving from his impoverished background and the dearth of career opportunities he believed were available to him under apartheid. Early successes at survivalist trading, often in partnership with his brother, reinforced his interest in business and his enjoyment in making the deal

It was something I always wanted to do, have my own business. Business always did it for me. It's the interaction with the people, it's the moving and shaking. It's an environment I enjoy, I grew up in it. (1A MIMG 1:27)

However, his drive for financial security meant that employment was initially a far better option than entrepreneurial endeavour. After some years, Ahmed was able to take his first risk, namely to move from full-time employment into consultancy, where the earnings potential was greater but there was no certainty of a regular salary. He continued to focus on achieving financial security and stability, and becoming debt-free.

I think personally from a survival point of view, his house is far more in order than mine, his bond was paid off and his cars were paid off and I know that he would have done his homework to the nth degree, he would have been able to survive for a year or something without earning a salary. (1B MIMG 15:498)

Eventually Ahmed began to realise that even as a consultant, his security depended on the largesse of the principal and was therefore not really secure at all. By the time Jorge approached him to start Techthink, Ahmed's domestic financial affairs were in a healthy state, but the decision reportedly filled him with anxiety, says his daughter:

I think it was big. It was a really big thing. It was really exciting and really stressful. All the money that he had saved he invested in this company, and he didn't know whether it was going to work. I think it was a big ... play, it was a game. He didn't know whether he was going to win at the end. So that's why it was very stressful in the beginning as well, because he needed to make it work, because if it didn't work, it was going to be a problem. (1C MIMG 12:431)

4.3.2. **Opportunity search and evaluation**

In this case, the business idea did not originate from the entrepreneur himself, but rather from his partner Jorge, who was in search of some way of operationalising all that he had learned on his recently completed MBA.

Jorge originally conceived of Techthink as a specialist education-sector business, but quickly realised that the most significant opportunity lay in the imminent enactment of black economic empowerment legislation. Corporate IT departments, especially those serving governments, were under enormous pressure to hire black IT professionals who were . at the time . rare, extremely expensive and difficult to retain for any length of time. As a black-empowered outsourcing business, Techthink offered a solution to the dilemma, claims Jorge:

I can't specifically say that we got this business because of Ahmed, but I can tell you that the whole intent and the whole approach was built around a partnership and around empowerment, and from there we evolved, we reaped the benefits. It's part of the message ... when you're talking to the customers you're talking to their various pains and their various needs and one of those is empowerment. (1B MIMG 17:547)

Having partly articulated the opportunity, Ahmed and Jorge began to approach potential clients with a low-cost, high-empowerment outsourcing solution, explains Jorge.

Most people thought I was crazy! The market didn't understand what the true meaning of empowerment was and they all thought it was fronting and so there was a whole negative connotation to the whole thing. (1B MIMG 2:57)

However, the project-based nature of the business has meant that at least during its initial development, each client contract represented a distinctive opportunity that required evaluation before the partners elected to pursue it. Ahmed says evaluating a particular opportunity often involves offsetting immediate losses against possible future gains, either in financial or, more typically, relationship terms.

It's sometimes the case that you might not be making money on an opportunity right now, but the off-spin from that, the follow-on from that will make ten times the amount of money. You have to have profit at the end of the day, but the accounts don't always tell the true story. Sometimes you just break even but you do it because you are going to create much more wealth in the end. (1A MIMG 6:189)

Based on their descriptions of the opportunity-evaluation process, it would appear that both Ahmed and Jorge derive a fair amount of pleasure and satisfaction from this process alone.

It's the dynamics, that's what I love about it. How you take an opportunity; how you find an opportunity, how you explore it, and how you conclude it. Most opportunities are unique. It might be similar to something else, but there's so many different ways of closing it; and of presenting it and you know, at the end of the day when it's happened, it's like ... all right, that was good! (1D MIMG 16:577)

4.3.3. Start-up decision and sequence of events

The start-up decision seems to have been made once the partners had agreed on a formal structure for the business, even though at the time the target and market offering were not clearly defined.

From a shareholding point of view, we started to talk about how we would split it. I realised I was gaining a partner but I wasn't enabling the empowerment structure that I needed, so I just made a call at that time and said, "well it's early days, there is no cash flow at the moment, so let's rather tackle this thing together", so we made it 50/50 and we climbed into this thing. (1B MIMG 1:20)

While they were still employed, and using their personal contacts, Jorge and Ahmed approached corporates to provide IT skills on an outsourced basis and, within a relatively short time, had secured first one, then two three-month contracts.

The first deal we landed was a two-year contract up in the DRC to provide BTU with two resources. That's when Jorge left and joined the business full time. And then I landed a three-month contract with the Metropole for myself and that's when I walked out. So I based everything on a three-month contract. (1A MIMG 3:75)

The nascent business had two paying customers, and so the risks were lowered. It seemed a reasonable basis on which to start a business, although it appears that the business model itself was poorly defined at the time. The thrill of the chase outweighed all else, explains Jorge:

It's exciting landing new business, and he likes that, you can actually see he likes the wheeling and dealing. So here was an opportunity and when we started he was still employed, he had his income, so the risk wasn't there. I did my usual, dived into it and we landed that business, so in essence when he came across we had two customers that were paying, so the risk was OK. (1B MIMG 15:491)

While executing the contracts, Ahmed and Jorge began to pursue other potential clients. In retrospect, Ahmed acknowledges that the partners did not initially know what they were doing, and alienated several major clients because of their ignorance and inexperience.

It's only now you realise that when you talk to the IT director of Comcorp, you need to talk business. You need to show him solutions, you need to show the business benefit of this, you need to demonstrate how it's going to affect him. We were nowhere near ready to have that discussion. We actually feel embarrassed when we think about it now. (1A MIMG 2:64)

However, Ahmed claims that once the start-up had taken place, the possibility of failure barely crossed his mind.

No, you know, it was never thought that we could fail. We were going to make it work, we had no choice. So it was ... we went all out, you know, it came to a point where if it didn't work, we would have to deal with it, but it was never ... in my mind anyway, you know, it was never an alternative that we would not succeed, no, you know, we just had to make it work ... just had to make it work. (1D MIMG 26:933)

The major strategy for penetrating new clients was to get a foot in the door using a competitive pricing strategy, however small or low-margin the business appeared to be initially. Slowly, Techthink would build up its relationship within the corporate until the client began to realise the significance of its contribution and a more formal partnership could be established.

So we had three people on site and then we had four. So they're giving you all little bits of the business below the radar. You're a small business, you're high risk, but because you've got a relationship with someone they're giving you the little bits and that's all you need. So if you're not wanting to get rich in six months, you are prepared to build the business over time, you're just taking those little bits and you're delivering, and slowly you build the business. (1B MIMG 8:255)

Today, Techthink continues to use this approach to develop new business, emphasising penetration of the existing client base over attracting new clients. The disadvantage of this strategy is that the business has become dependent on a relatively small number of clients for the bulk of its monthly turnover.

Developing a client base was not the only problem Techthink faced. In an IT outsourcing business, the ability to attract and retain the relevant skilled people is a cornerstone of success. Initially, Techthink could recruit individuals once a contract had been secured, but the business quickly realised that a secure source of skills was a critical means of appealing to new clients. The serendipitous

closing of the consultancy at which Jorge and Ahmed previously worked gave them a ready-made and familiar pool of skills.

Right in the beginning, when we landed the Comcorp business, we lost the Dealmakers business, at the same time. Because of our size. So what happened was all these people were without work, from Brainshop, because he had closed down the business ... and I approached all the guys and said, "right you've all got jobs"....so we went from like 10 guys to 23 guys that morning. By the afternoon we had lost everybody again. (1B MIMG 6:187)

Early weaknesses caused by the outsourcing model are slowly being corrected by a shift in strategy from offering outsourced skills to offering proprietary software solutions. An established client base views Techthink as a strategic partner. Several bankers are interested in offering longer-term funding as the business model becomes clearer and more sustainable.

However, it is by developing an appropriate environment for their employees that Techthink perhaps finds its competitive edge. Ahmed and Jorge clearly derive enormous satisfaction from the HR initiatives they have instituted, to the extent that they define their company's *raison d'être* as empowerment.

What's more important is making a difference in people's lives. When you are an employee there is just no way you can make an impact. I mean, you can make an impact, but it's only in a very small way. Over here, we've got the opportunity to change people's lives, we can really enable people to become something special. And in that process, of course you are enabling yourself. (1A MIMG 1:33)

4.3.4. Resourcing the business

Ahmed and Jorge felt out of their depth in the early stages of the business development, and sought a mentor . an experienced executive who could advise and support the business from a strategic perspective. The business could not afford to pay this resource, but Ahmed and Jorge offered some equity in return for this advice and support.

And slowly, that was an educational process that we went through as an organisation, and we had this consultant in effect, giving us information and saying, "right, now, this is what you have to do, this is why you're doing it, strategically you need to position yourself in the following things". So we got a lot of guidance from him. I would come back and say "hey I found this piece of gold" and he would say,. "this is what to do with it", and that's how we did it. (1B MIMG 5:161)

The most critical resource for a business such as Techthink is being able to access the skills required to deliver on client contracts. Ahmed's employment history also acted as a counterpoint for his contribution to creating an organisation culture in Techthink that offers an employment experience radically different from his own, says his daughter.

Another thing is, what made him the way he is, the way he looks at things, it's his experience. He has been in different companies, he has had different jobs. And I think that made a difference, because you see the different legs of the company. Then you can take out the unhappiness that you experienced in each company when you formed your own company. (1C MIMG 13:468)

From the outset, Ahmed and Jorge envisaged an organisation that would offer employees a unique work environment, and the partners have succeeded in achieving this. Their latest initiative is the establishment of an employee-owned trust, which offers employees equity and profit-share options and delivers true empowerment to the whole organisation.

You know, you can earn a salary anywhere, you can get paid an extra R50 by going somewhere else. But why do people stay in Techthink? We are trying to create a group company. It's like the family atmosphere, it's about people, our staff turnover is less than 5%. You don't get that in our industry, you don't get things like an employee-owned company. (1B MIMG 5:162)

Given the narrow margins under which Techthink operated, especially under the labour-broking model, and the fact that the business depended heavily on a few major corporate clients, cash flow problems inevitably arose. The partners applied to several financial institutions for a short-term loan to fund working capital. However, they were turned down by bank after bank, apparently because traditional financial institutions considered the business inordinately high risk. Ahmed believes banks have failed to understand their business model.

Our investment is in IP, it's not tangible. It's not like buying this glass and selling it at a profit, because then they can see it. Here you are investing in people and in intellectual property. How do you put a value to it? I can understand from their perspective that there is a risk attached to that, because payment is not based on selling this thing, it's based on delivering. It's only when something is delivered that you get paid. Now how do you measure that delivery? Now obviously you can show them a track record. But I don't think that the banks have taken that step to understand. (1A MIMG 8:260)

Eventually, Ahmed and Jorge decided to refinance their residential properties to access the cash they required. Ahmed makes the point that this was only

possible in an environment of relatively low interest rates, rapid increases in property values and a relatively relaxed credit control regime.

The fact that the value of property has escalated so much, it means that we were able to go and bond our houses and use that money in the business. Without that, I don't know how far we could have gone. That's how we've done it from a financial perspective. (1A MIMG 7:252)

4.3.5. Managing risk

Managing risk is seen by both partners as inherent in their business operations. Three factors appear to have contributed to this perception. First, as noted earlier, the partners both enjoy the experience of taking risks, in the same way some individuals enjoy extreme sports. There is some evidence to suggest that Ahmed's conservative nature means he extracts greater pleasure from risk taking than the more risk-tolerant Jorge.

Secondly, the project-based nature of the business has meant that each opportunity or project in each client organisation has to be separately evaluated for the risk it represents to the business. In this regard, particularly, the partners have come to regard risk as part of their everyday business experience, provided it has some greater potential or significance.

It has to be strategic to your business or your thought process, to put it into an entrepreneur's mind. It's got to be strategic to your thought process. So you understand I am taking the risk because, you know, if it does pan out, those are benefits, and if it doesn't pan out then I ... if I didn't take the risk I can't take the next step in my business. (1D MIMG 29:1026)

Thirdly, risk is considered inherent in the business operations because of the extent to which each partner was required to finance the business from personal savings and investments.

It just feels right. It's almost that sixth sense, where you are looking at it, and if you put it into perspective, if you do a due diligence, it doesn't make sense. You know, if we had to go through those processes when we started the business, we wouldn't be where we are. You just ... you sense it, you know what, there's the opportunity, you are not making money, but you are going to do it ... you are taking a risk, it might not work, but if it does work, that's going to come off. (1D MIMG 27:966)

4.3.6. Exit strategy

Both partners claim they set out to achieve more than simply a profitable business, and since that yardstick has been passed, Ahmed and Jorge believe their business is at a sufficiently mature stage of development that contemplating an exit strategy has begun to seem feasible.

Ahmed describes himself as ambitious, in the sense that the business is a vehicle for his own personal growth.

As an individual I always want more. I want to move and shake and grow. You need to take some risk to be successful in a big way. We could have developed this business in lots of different ways. We could have started and kept it at a point where it's sustainable, where it's making a profit. (1A MIMG 4:113)

In this respect, Ahmed finds it hard to contemplate where the end of his personal growth might lie, and therefore cannot easily articulate an exit strategy.

There's a vision of enabling and growing yourself, so you would never stop there. I don't know where the line is at this point. You would think at somewhere, with all the stress and the pressures and so on, that you would get to a point where you would want to slow down. Do you ever get to that point? And if you do get there, does it turn out to be something that you want? It only when you get to that point that you can really make the decision to slow down. Is that what you really want? (1A MIMG 4:118)

4.4. Macro-environment and competitive context

In this case, both the subject and his business partner appear to be relatively highly sensitised to both macro-environmental and competitive conditions, both in terms of their potential impact on the business, and the opportunities they represent.

4.4.1. Macro-environmental conditions

Seven years ago, corporate South Africa was beginning to feel pressure to develop and implement black economic empowerment codes of practice. This was particularly difficult in businesses that required high levels of technical skill. Many businesses found it simpler and sometimes cheaper to contract out IT functions to an empowered consulting firm than to try to attract and retain affirmative action candidates themselves.

Techthink was one of the first equity-empowered IT services businesses to offer black technicians and developers to resolve the problems faced by corporates. The business was in effect built on the back of changes in the socio-political environment. However, the partners are concerned that Techthink is vulnerable to a reverse in the outsourcing pendulum.

Partly in response to this threat, Techthink has begun to shift its core business way from labour broking towards a more tangible proprietary combination of software and services.

A second area of macro-environmental interest in this case is the impact of culture on the functioning of the Techthink business partnership. The cultural differences between Ahmed and Jorge are acute, but seem to add to rather than detract from the effective functioning of the relationship. These cultural differences are seen against a backdrop of similarities between all migrant groupings in the South African context.

You know when you leave a country, your home country, and you go to a new one, you have to make things happen, and you don't necessarily have all the skills, all the tertiary education. You have to be optimistic, you have to wheel and deal and make things happen. Look at the Portuguese, the Indians and Jewish people have also done that ... (1B MIMG 19:419)

4.4.2. Competitive environment

Because of its disintermediating position between corporate clients and skilled employees, Techthink's major interest in the competitive environment rests on these two areas. Although BEE status represented an important advantage for the business, its relatively small size has continued to hamper growth.

A lot of corporates want you to be big and sustainable from an operational perspective and from a financial perspective before they are willing to take the risk of doing business with you. And there we were, myself and Jorge. (1A MIMG 2:57)

Throughout its development, Techthink has made every effort to correct the impression that the business was unstable and therefore high risk.

We were really trying to make the customer feel comfortable with us. You know it's all about perception. You create structures, you create corporate structures and group structures so you can say, 'we own this and we own that which owns this, that, that'. It's creating a picture which makes the people feel comfortable. You have to do whatever is right for the time. (1A MIMG 6:202)

Techthink's patient relationship-building strategies have paid off handsomely with the major corporate clients it has targeted, and have been used with equivalent effect in developing relationships with employees.

4.5. Describing the experience

For Ahmed, it appears as if challenges and opportunities create equivalent anxieties. The business challenges sometimes seem intractable, and the opportunities that could be open to it almost too abundant for this still-vulnerable business.

4.5.1. *Business opportunities and challenges*

Funding cash flow has been a major challenge for the business, particularly as its needs have grown more substantial and largely beyond the capabilities of the founders' resources. Each month, a single client's payments are required to cover a substantial proportion of Techthink's costs. Any delay in this payment causes a major cash flow crisis, a crisis which bankers are generally unwilling to help resolve. For Ahmed, this is an extremely stressful situation.

We've reached a point in the business, particularly from a financial perspective, where it is out of your control and that is the worst stress. Not last month but the month before when there was a delay in our payment from Comcorp, and you can't pay salaries. I can't explain to you the level of stress, it's just, it's completely different. (1D MIMG 13:456)

Ahmed finds this particularly difficult given that Techthink is an organisation that emphasises its care and concern for employee welfare. He seems to find it easy to imagine the worst-case scenario:

It's scary, you know, and it's that ... I don't ever want to be in a position where you actually can't pay a person their salary, because imagine what it does to them. You know, apart from business and insecurity, I mean here is an oke, he's committed; he's bought a house; he's got a family; he's got kids; he's got ... you know at his level, his stress level might be even worse than mine because it could break him down completely. (1D MIMG 15:520)

The organisation has grown to a point where formal structures and systems need to be implemented, instead of adopting a cowboy approach and praying that things will turn out for the best. Designing and implementing these structures has required an enormous amount of time and effort from Ahmed in particular.

When you get to the point where you've got sufficient cash in the bank, you've got the cash flow, you're growing sustainably and you've got all the management and administration structures in place, it will be a lot easier to relax. (1A MIMG 6:216)

4.5.2. Personal opportunities and challenges

His lack of corporate experience and business education means the entrepreneurial experience has been a steep learning curve for Ahmed:

You've never sat in boardrooms, you've always been held, kept away from those environments, and you've always been dealing with supervisors, type of environment. (1D MIMG 23:801)

Looking into the future, Ahmed believes this personal growth is likely to continue, since much of what Techthink is planning is innovative and outcomes cannot readily be predicted.

Where we are right now in the business, it's a new experience. It's not something that I can relate to, it's not something that you can always share and get knowledge or experiences from other people, unless they've been in this situation. So it's really exciting. (1D MIMG 16:561)

The relaxation Ahmed refers to seems unlikely to take place in the near future. However, he is beginning to recognise that his personal and family life have suffered in the past seven years, and he is intent on achieving a better work-life balance in future.

I think also the last five years in business has been very successful. It has taken up a lot of my time, you know where ... I wouldn't say I have neglected the family, but I've given the business more attention, and I've also realised that you've got to find the balance, because otherwise, you know, what is all this for? You know, if you don't have the balance, so you become a millionaire, and you haven't enjoyed it with your family, and when you are ready to enjoy it, you collapse. So what have you achieved in life? (1D MIMG 12:417)

CHAPTER 5. CASE SUMMARY: ANDILE

Andile is a 24-year-old black male with a commerce degree, working as a marketing professional in a high-profile fast-food franchising business. Andile and his partner Thabo are months away from launching an innovative denim jeans brand aimed specifically at young black women.

This chapter summarises transcripts 2A-2D, which appear in appendix G to this document. Analysis of Andile's case appears in chapter 13.

5.1. Personal context

Andile is of average height and build, and wears his hair closely cropped. His clothing is relaxed and fashionable, although not overly expensive. His passion is quickly evident, even though his voice is gentle and accent refined by private schooling.

5.1.1. Key characteristics

Andile considers himself both highly competitive and driven to succeed, for its own sake rather than to achieve a particular goal. Since his school days, Andile has sought the top slot . in sport, academically and at work.

I think it comes from the people that I've met. They have always had that drive to achieve, so you are always pushing yourself to achieve. For me, like at school, it was never about trying to achieve good marks, it was always about being at the top. That's what I was always pushing for, basically. And there were a lot of times that I did manage to achieve that. And that feeds you. (2D YBMS 9:336)

Andile's drive is evident to friends and family, and is a source of admiration, rather than a criticism, says his partner Thabo.

I just think he is used to succeeding. He believes that he will win basically. So I think that drives him as much as he wants the business to succeed and to make money out of it, with his personality, he really believes he will succeed in whatever he does, and when he puts his mind to it there is nothing that can stop him. (2B YBMS 9:300)

Unusually for those who are so highly motivated to win, Andile seems able to deal with set-backs quickly and effectively. Thabo relates that failure might give Andile pause for thought but he treats it as a learning experience and sets out to improve himself and the situation in which he finds himself.

In our process now of creating the jeans there would be small little hurdles and small little failures that he would go through and he would easily pick himself up and carry on because he understands that he did something wrong then or something didn't work out and he would solve it and go around it and improve on himself. (2B YBMS 14:475)

His will to succeed does not waver in the face of obstacles, in that Andile will reportedly persevere against all odds until he overcomes them. The long lead time for the development of the business is testimony to his commitment, says his father.

Maybe his main strength is perseverance. This current business that he is busy with, I think it has taken him and Thabo about five years. For years and years they have gone on and on. When nothing was forthcoming from the people they applied for finance from, they still went on and on and said "please, please, please". And they tried this and this and that. So I think that is his main strength. (2C YBMS 5:181)

This perseverance does not constitute patient passivity, however. Andile's energy is only rarely satisfied by recreational activity, even though he is simultaneously engaged in a full-time career and in building a business.

He considers himself an introvert, and typically prefers his own company to that of his friends. As a result, Andile believes he portrays an image of being remote and emotionally cold. He finds relationships difficult to establish and the emotional nature of others difficult to understand.

I think people who don't know me well probably see me as very stand-offish. I don't see it, but a lot of people say I'm very cold. I can laugh and joke with people but I'm not a very emotional person. I've admitted that I struggle with that. (2D YBMS 10:372)

As a rational and analytical decision maker, Andile prefers to collect information independently rather than accepting situations at face value.

I get as much information as I can. I research things, but I'm not about over-analysing. I'm not going to make any blind decisions, I'll never just say, "yeah right, let's do it, let's go". I always say "give me a day, give me half a day", let me at least just check something out. Once I've got that, then at least I can say, I've got this information here and my decision is XYZ. (2D YBMS 15:562)

At the same time, however, Andile is learning from past experience that his intuition can be a valuable marker that a situation may have negative consequences, so he is learning to pay attention to and trust in the intuitive signals he receives.

5.1.2. Education

Andile attended five different schools in three different cities across his primary and tertiary years, but this dislocation seems to have affected him very little, either academically or socially. Andile claims his academic success did not come naturally, but that he worked hard to achieve good marks.

At school, I did well. But then I put in the time. It was never something that just came to me. It was probably that I didn't really like my school subjects much. The only one I did like was business economics, and that did come to me easily. I didn't have to put in hours upon hours. It was just something that I understood. It was something that I could just basically 'get'. So ja, I did well at school. (2D YBMS 4:123)

Andile also excelled in a variety of sporting codes at the private schools he attended in KwaZulu-Natal and Pretoria.

Then I moved to Alecstone and I picked up rugby there. I played A-team then, the whole way through. Which was odd, again for a black male. I played hockey for a while, did athletics, did well in long distance. I swam for the school team at Jacaranda, did well in that. (2D YBMS 4:143)

Andile elected to study marketing at the University of Pretoria, specifically because he believed it offered a combination of business and creativity which suited his interests and talents.

I've always known that I had a creative side in me. I actually looked at advertising first, but then I kind of realised that although I liked the creative side of things, that wasn't necessarily where my talents lie. Like I said, I had an interest in business economics and business. So I wanted something that would balance out the creative and the business. (2D YBMS 6:184)

5.1.3. Work experience

Over the past six years, Andile has held brand and product management positions in a variety of marketing organisations. He is currently employed by the franchisor of a multinational food business.

Andile claims to have intended to start his own business from an early age, and has therefore always explicitly considered his career to be preparation for entrepreneurship. His interest in starting his own business is strongly motivated by a need to achieve something of significance.

You wake up in the morning, eat, shower, come into work, answer a couple of calls, look at your emails, go home and you get paid. That comes very easily, all you have to do is show up. I could never do that for the next 40 or 50 years. I need to be able to wake up and think, OK what is this huge thing that I have to do? What is this challenge, this thing that's in my way that I have to move and get rid of and change? I thrive on that. (2D YBMS 9:298)

Andile believes his employment experience has allowed him to develop a good grasp of business processes and practices and has, in some sense, emulated entrepreneurship.

You get an overall view of things ... I'm involved in the brand management side, and that I can basically say is like running your own business because you're involved in the financial side of the product, managers, setting price points, all the marketing and advertising, the only nice thing is you're working with someone else's money and the only difference now is it's ours. (2A YBMS 14:444)

His performance in his career has been good, and his earnings are therefore relatively high. Although this pleases Andile, he has generally used the income to build an asset base and fund the development of AfroBlue.

I don't think I want to be working for someone at 50 or 60 when I know it's not benefiting me ... like I say I've never worked for a pay cheque, I kind of see it as a default, I like my work and I like what I've gotten into. The pay cheque as I say lets me buy things that interest me, be it the latest toy like a sound system or something like that. (2A YBMS 11:371)

There is some suggestion that, at work, Andile regards himself as something of a rebel, who questions authority rather than simply accepting it.

In work terms, sometimes that's a problem. Just because someone is in a senior position to me, maybe older, doesn't mean I'm just going to take in everything they say. I'm going say, OK, explain why you think that way and I'll gladly explain what I think. And if what you say makes sense, then I'll listen to you. (2D YBMS 16:555)

In spite of Andile's acknowledgement that his career has played an important educational role in his understanding of basic business processes, he is unable to single out any one individual who has influenced him profoundly.

5.2. Family and social context

Andile currently lives alone, but remains close to his parents and younger sister, and his family has clearly had a significant impact on the development of AfroBlue. Although Andile considers himself an introvert, generally preferring his own company to that of his social circle, he has developed relationship skills that are adequate for establishing a useful business network.

5.2.1. Childhood and parental influences

As noted, Andile's childhood was marked by several moves, as well as time spent living with grandparents and extended family in Soweto. At the age of 11, Andile was sent to boarding school in KwaZulu-Natal, but claims that rather than affecting him negatively in any way, it may have contributed to family harmony.

I've grown up very independently, so it wasn't really very traumatic. Plus I think my parents and I were probably pretty stressful for each other. I think that's because I grew up away from them, and also because I was independent, I started to become assertive at a very young age, so I was always rubbing them up the wrong way. So boarding school was a good solution. So holidays were nice, but it was good to go back afterwards. (2D YBMS 3:78)

This early independence was reportedly combined with ambition that was evident from an equally early age, relates Andile's father.

The mother used to say is, "Andile, please Andile, pick up your things, make your bed. You must learn how to do your own things, because in the future, you will have to do these things for yourself". And I remember vividly Andile's answer, "Mom, I will have people to do it for me. I will have enough money to have people do it for me". (2C YBMS 1:08)

Perhaps the single-most important influence on Andile was that his father, a trained pharmacist, started his own business when his son was around 9 years old. The pharmacy was the first located in a particular township, but suffered under competition from dispensing doctors and other traditional retailers, before succumbing to township unrest in the late 1980s. Andile's father describes the experience:

So after having tried to grow the front shop, I decided no, just give up. So I went to the wholesalers and said to them, "guys, I still owe you some money for the stock, just take over whatever is left". And, well, I lost everything, whatever little bit of pension had come out, and I think also I had used some of my wife's money. (2C YBMS 3:96)

The financial loss came at a bad time for the family, as Andile's mother was studying and his father found it difficult to find employment. He embarked on survivalist-style entrepreneurship to keep the family afloat financially.

But then, after closing the pharmacy, that was the time when my wife was still busy with her studies. So I did a little bit of sewing, making those Afro shirts that was how I got a few cents together. I was selling for R150, take R100 for home and then take R50 and run and pay the bond and all those things. So that is how I survived. (2C YBMS 3:109)

Interestingly, although Andile describes his parents as entrepreneurial, he seems to have been too young to understand fully the difficulties experienced by his family.

A lot of things seem to come very easily to my parents. I don't know, they've just been lucky that way, I think. Like my mom, she's just started her business and that's just taken off. It's come very easily. She met one guy who had connections and he was an importer-exporter. So now all of a sudden she's got all these contacts and these potential orders that could come in. I just haven't been that lucky, I have always had to hustle and work hard. (2D YBMS 10:362)

Instead, the entrepreneurial activity by his parents and extended family members has served as an inspiration to Andile.

I've got family members who are in business, and it's always just driven me, their personality, the way that they are and those kinds of things, so maybe that passion does come from them. (2A YBMS 19:614)

5.2.2. Family support

For Andile and his partner Thabo, there has been a great deal of direct family involvement in entrepreneurial activity generally and in the fashion and textile industry specifically. As a result, the partners are fully supported by their respective families.

Whenever something's going really wrong, and it's tough and it's hard, they are there for me. For example when we were having trouble with the pattern, they were always encouraging, asking how it was going, saying "I know someone I can speak to about it". So they have always been upbeat and excited about it, helping me to get into it. That's always one of the first things they ask about, how's the business going? What's happening now? (2D YBMS 14:493)

As Andile and Thabo have funded the development of the business so far from their own earnings, family support has taken the form of advice and networking rather than financial support.

There are a lot of mistakes you can avoid making, there are a lot of contacts that they have that you can use. So ja, I think it does help having those people who've been in the industry to help us out a lot, so you can kind of use their contacts. So you're not trying to make relationships from scratch. (2A YBMS 6:176)

Both Andile and Thabo also receive abundant positive feedback from friends, both specifically on the product they are developing and their plans to start AfroBlue generally. This feedback has served to motivate and inspire the partners from inception. It is interesting to note that, although the two are considered trailblazers, Andile believes several members of his social circle are considering entrepreneurial activity.

In our circle of friends, we are probably the only two guys that basically have taken it this far and started our business. And you always get motivation from them as well, when they say, "I want to see myself as you are in two years", and you say, "ja it's taken us five" (laughter). So a lot of people around us are talking business, business, business. But we're just waiting to execute, execute. But it helps to motivate us, I think. (2A YBMS 16:512)

5.2.3. Business and social relationships

As an archetypal introvert, Andile clearly struggles with personal relationships, although he has made and kept a few significant friendships, says his father.

He is not like a party-type of person. He makes friends and the friends are normally the good type, you know the type that a parent wants for his child. He would make friends with sensible people. If you tried to talk to him about issues with friends, he would listen, and then make up his mind. (2C YBMS 5:175)

The most important of these is his relationship with his partner Thabo, who explains that the business partnership is built on a long-standing friendship and considered by both partners to be an important contributor to success. Not only has the partnership helped to maintain focus and motivation over the years it has taken to develop the business this far, it also strengthens strategy and operations.

For me, being our age and it all being a start up, it's almost like everything is going against you, so it's important working with someone and having someone in the business who ... you guys can at least trust each other and

you know that no matter what is going on there is at least one person who is kind of supporting you. Like they say being an entrepreneur it's a lonely road and a lot of new roads, so it's important especially when you've got a partner that you still don't feel alone. It's important that that person is there and you can bounce things off each other, and I think it's just easier having a partner than not. (2A YBMS 6:185)

In his social circle, Andile is recognisably awkward with others, but more than capable of hiding his discomfort when it comes to establishing business relationships, says Thabo.

On a personal level, he's not a people's person when it comes to socially, he becomes that. He sort of puts on that Hollywood face when it's got to do with business, but when it comes to people socially ... I think that's his weakness. (2B YBMS 15:496)

Andile believes that establishing and maintaining good relationships is a critical factor in the success of any business. Both partners have been active in establishing a network of insiders, advisors, informants and stakeholders, either currently or potentially useful to the business.

On the fashion, advertising type of side, which is where we would be affected ... I think it's a lot easier because the journalists most of the time ... when something is new and all of that, every one is trying to get in on it. (2A YBMS 4:119)

The relationship Andile has developed with a key supplier, the company that will manufacture the AfroBlue product, illustrates how this networking has helped in the evolution of the business.

We've known our guy that we use for about two years now and he's helped us out quite a lot now. He's more than willing and excited for us to launch, and he's more than willing to help us out wherever he can. So we have managed to establish our own contacts in the industry. (2A YBMS 4:129)

One of the most important functions this business network plays is as a proxy for the relative inexperience of Andile and Thabo, in business generally and in the industry in which they have chosen to operate.

But the main thing we have been able to do is wherever we have gaps in terms of our knowledge, we have gotten outside people to help us out. So having mentioned the fact that our parents are involved in the fashion industry helps. A lot of the time, if we get a garment made we can give it to them and say, "is this the right quality? Looking at it, it looks fine, yes or no, or did they cut corners?" (2A YBMS 5:159)

5.3. Business and organisational context

While Andile and Thabo were still at school, they conceptualised a denim jeans design and sizing system aimed specifically at naturally curvy black women. They have spent the past five years refining and patenting the design, researching the market, finding the right suppliers and developing their business plan. They have funded the development of the business through their own earnings, but recently received a R1 million loan from an entrepreneurial development non-government organisation to launch their AfroBlue jeans into their own retail store.

The major challenge facing Andile and Thabo is to access space in an appropriately high-profile retail mall to launch and to implement a low-cost marketing strategy that can compete effectively against high-spending global competitors.

Although the AfroBlue product has been in development for some seven years, plans for manufacturing and marketing are fully developed and funding has been secured, the business has yet to launch.

5.3.1. *Inspiration and preparation*

Andile can barely remember a time when starting his own business was not top of mind. He chose to study subjects at school and university that he believed would be of most use to him in an entrepreneurial venture and, after graduation, chose employment only because his own venture was not ready for launch.

In terms of motivation, I think through high school I never had the intention of becoming employed. I think that's pretty much by default, the fact that we hadn't gotten this business right yet, that we hadn't started it yet, we had to start working. So it's always just been something in me to actually start my own business. (2A YBMS 8:250)

Thabo too grew up surrounded by family members engaged in entrepreneurial endeavours of one kind or another, and believed so much that it was the correct route for him that he has been self-employed since graduation.

I think the need to be independent has always been there. My parents have always been independent. So on my side my mom's had her boutique since the 1980s, so she's always been an entrepreneur. My dad has had his medical practice also since the 1980s, so in my family I haven't really ever known anyone to work for someone. (2B YBMS 17:599)

The inspiration for AfroBlue was rooted in a T-shirt printing hobby that began to interest Andile and Thabo as teenagers.

It started way back in high school, way back, we basically had a group of friends and it was kind of a gang, not in the bad sense, but a gang of friends basically. And we just started with that. Our group had a name that we gave ourselves and we just started making T-shirts and jackets for a group of friends and people liked what we had made and we kind of thought, "this could be something that we could do". (2A YBMS 1:13)

5.3.2. Opportunity search and evaluation

The idea for the business came from Andile's father. Having recently observed his daughter struggling to find jeans that fitted, he suggested the partners focus on developing jeans for black women, on the grounds that their natural body shape is generally substantially more curvaceous than that of Western women.

The waist was the problem, it was always too big. And if the waist was alright, then she can't get them on, because of big bums and all that. And I said, "Andile, that's your market". I said to him, "you can make the jeans". He said, "are you talking of stretch material and all that?" And I said, "no, I'm not talking of stretch material, I'm talking about the original jeans material, make pants that fit onto the person, and not the person fitting into the pants". I said, "That's your market, Andile. Look at the blacks all around you, most of them have big hips, so make something that will fit them". And that is how the whole thing started. (2C YBMS 1:30)

Initially, Andile and Thabo thought the idea a joke, but as time went by, they began to see that it might have real business merit.

In the beginning we thought he was crazy and we spent the first few months laughing about it and not really taking him too seriously. After a while it clicked that this is really a good idea and if we can find a solution and work out a solution to this problem, it would be a very good opportunity. (2B YBMS 2:34)

Early evaluations of the idea centred on informal conversations with friends, which established that the problem of fit was a widespread one among young black females.

So that's when we started thinking about it, and "OK this could be that unique thing about our brand". So then we started speaking to friends and things like that, and people kept commenting that, "ah, we can't find jeans that fit us well or all clothing in general that fits". And then we just kind of gravitated towards things and at that point we could just see that everyone had a pair of jeans on, so it started to make sense. (2A YBMS 9:290)

Andile and Thabo began the long process of developing a prototype, experimenting with a variety of different designs and materials. Sometimes designs were discarded because they did not function properly, sometimes because they were not sufficiently unique.

In the beginning we tried to experiment with the combination of stretch fabric and real denim. I think we moved away from the stretch because we really wanted to have a real solution without cheating in a way. Because when you go stretch it's not really a solution, it's just that the jeans have some kind of give and it might seem like it could be some sort of solution but it's not real. So we decided to get away from using stretch denim as a solution. (2B YBMS 3:88)

Andile acknowledges that the partners did not know what they were doing, especially from a technical perspective, but eventually hit on the simple and compelling solution of offering different hip sizes for each waist size.

So, it took a long time and a lot of trial and error to eventually get to the point where we are now. Basically we've got a pattern where it accommodates for the different degrees or if I can call it the curvaceousness amongst women, which then provides them with a far better fitting garment than is currently available on the market. (2A YBMS 2:51)

A series of prototypes was developed, and each one informally tested and evaluated with individuals in the target market. On each occasion, the partners received positive feedback, which led them to conclude that there was indeed a demand for the concept and that it represented a feasible opportunity.

In the seven years that we've been working on this whole project or business if I can call it that, every time the product has improved, has improved even though it wasn't 100%, you would always get this good reaction from people, like ... "wow, I like the concept of what you guys are doing". (2A YBMS 2:67)

Once the prototype was developed, more formal market research was conducted and Andile began to put together a business plan to demonstrate the viability of the opportunity.

5.3.3. Start-up decision and sequence of events

No defined start-up decision point is discernible in this case. The evolution of the business model has taken place over a protracted period, and incorporates elements of preparation, opportunity search and evaluation over the entire period.

Since inception, new venture creation has occurred at a pace commensurate with the available time, skills and money that the partners were able to dedicate.

At that point we didn't have any money, anything, anything, so at that point it was a lot of drawing and kind of thinking, "how do we solve this?" Then when we started at university, that's when we kind of started getting a little money, doing odd jobs. Then we started getting involved with girls who were studying fashion and asked them to help us out in terms of making patterns. (2A YBMS 9:296)

Product development has taken place on a shoestring budget and at a relatively slow pace, as the partners learned about the industry and the market they were targeting. Each enhancement to the design has been tested in the market, and responses have been positive, almost without fail.

I really do believe in the idea. Every day you do a little bit more research, something on the internet and something else pops up. And then there's someone complaining about their jeans and not being able to find decent jeans or women's clothing that fits them in general. So it's kind of like, "wow, someone in the United States or Britain or somewhere else in one of these countries is complaining about the same thing and no one has addressed it", it's kind of like, "wow, it could really be huge". (2A YBMS 11:340)

Perhaps the most striking feature of the new venture-creation process in this case is the length of time over which development has taken place. In spite of this, Andile and his partner have maintained momentum; researching, thinking through and documenting every aspect of the business in detail.

So whenever the patterns went away with someone who was working on them, we would think, "OK, what can we do to push things ahead?" So it would always come back to the business, so what can we do on our side to kind of get things moving. So that once the pattern is actually done, we are more than ready to start. We need to be ready, we don't want to have a finished pattern and product and still be trying to get our business stuff together. (2A YBMS 15:473)

This detailed planning process has allowed Andile and his partner to prepare for the launch of the new business almost as if they were conducting a trial run. As a result, both now believe they are ready to launch the business.

It's always about plotting, planning, thinking way down the road what's going to happen. So it's just preparing for things further down the road that you can actually see. A lot of times we've found we've prepared for things way ahead and it's come to a point where something is required or something has happened and we've done that three or four months back already, so we are ready to handle this thing, so I think it is about that. (2A YBMS 17:569)

The launch of the business is imminent. All that remains is for AfroBlue to secure access to retail space in a shopping mall which services its target market. The most popular malls have long waiting lists and may be reluctant to accept an

unknown brand. While the partners wait, Andile acknowledges that the launch approach creates both excitement and trepidation.

I think for five years you're saying, "we're starting our own business, we're starting our own business", but in the back of your head you're thinking, there's always quite a little way to go. And now we are at the point where the product is done and we've managed to get some funding, so now everything is in place to actually happen. So now it's like, "OK, I've got this nice job and it pays me this constant salary" and it comes back to the security aspect and a job that is comfortable, it's safe and you're thinking, "hey the petrol price is high", and now you have to start paying for this yourself. (2A YBMS 16:523)

5.3.4. Resourcing the business

Until recently, the business was resourced by Andile and Thabo, in bootstrap style. Wherever possible, functions were performed by the partners themselves, or income from employment was used to purchase supplies and outside resources. AfroBlue has also succeeded in attracting pro-bono support from industry experts.

We didn't have money, but somewhere somehow we always managed to get people to help us out. Somehow we managed to get a fashion designer to help us out, putting together patterns. We somehow managed to get money to get models to come and fit stuff. We somehow managed to get money to buy material so we could put these patterns together and sew the stuff. (2D YBMS 9:308)

Andile particularly has spent a great deal of time and energy researching every aspect of the business to understand how each process will function most efficiently.

I think in general in the past two years we've done a lot of process-driven things in terms of business side of things, in getting things solid even before the business was ready to launch, to the point of where we even know all the details in terms of the configuration of our product, from how we package it to how our manufacturer gets it to us. So that now, it's a lot easier for us, to find exactly the size we need to start a store so we are not sifting through 400 boxes to find one size. (2A YBMS 15:455)

Funding has been secured for the launch, mainly for marketing and funding the initial manufacturing costs. However, Thabo notes that the launch campaign will have to achieve high impact at low cost to compete with existing high-profile brands.

There are a lot of alternative points of brand contact that we are looking at that aren't conventional. We are going to be putting ourselves in magazines and such and in addition to that we are going to work that much harder, so we

will put it in some alternative media. Not specifically the conventional type of advertising, but something that is below the radar, that isn't really cast as advertising. (2B YBMS 5:147)

5.3.5. **Managing risk**

The partners believe that, to date, they have minimised any risk they might have faced in developing the business by moving slowly and carefully through the process, researching each step thoroughly before taking the next.

I think a risk is when you buy a ticket to China and you land there and think you're going to do something there, that's a risk. When you get there and you know no one, and you're not really sure where you're going to get your next meal. But I don't see what we've done as risky, I see it as calculated steps, and we've been able to minimise our risk so far, so I don't see the risk at all, so far. (2B YBMS 19:656)

A second mechanism for managing risk has been to remain employed, by a large corporate in Andile's case and through his own business in Thabo's case.

So up to now we've gotten to a point where we've done everything without really taking any risks, but using the income we've been getting from our 9-to-5s and our other business ventures to feed our business. So I haven't seen the risk yet, so up to now we've built it up to a point where now there is something there, and we've used our own resources and, if it had to all disappear, we would have lost nothing. (2B YBMS 19:645)

Thirdly, Andile and Thabo have deliberately set out to create a contingency fund from savings and investments that will pay their personal expenses while the business is establishing itself.

In the future I see it, but even then we've been saving from our jobs and saving so that if we do get to a point when we're working for six months and we are trying to break even, and there is no real income, we do know that we've still got our savings and our other investments that can keep us afloat. (2B YBMS 19:662)

Andile is so certain the product will succeed, he finds it difficult to imagine what business risks might face AfroBlue in future.

There are risks, but maybe it's just naivety in terms of ... people say the world hasn't had time to bash me yet? (laughter). But personally I think this kind of product is something where it's an either-or situation, so either you want clothing that doesn't fit or you want clothing that fits, and the general assumption is that you want clothing that fits. So I feel it's something that is almost 100% guaranteed. (2A YBMS 13:405)

Although the design has been patented, the greatest risk facing AfroBlue in Andile's eyes is the risk that a better-resourced competitor, possibly even an international brand, will copy their idea and launch pre-emptively.

Something that could go wrong would be someone else taking the idea. With this product specifically, someone bigger than us could take the idea and run with it, and market it worldwide and becoming known in the market as the brand that does this. I think that's the biggest risk that we are faced with. (2B YBMS 20:708)

5.3.6. **Exit strategy**

Given that the business has yet to launch, it is perhaps unsurprising that Andile finds it difficult to articulate a clear exit strategy. The longer-term vision is to build a national South African brand first and then to expand internationally to meet what is believed to be an omnipresent need.

We want to go international, and we are going to push for it. As I've mentioned, we've done a lot of future planning and it's up to that aspect. In terms of should it go international, how are we going to do it? Who do we need to speak to, and all those kinds of things. So we've worked that far ahead. We've already started doing and figuring those things out. (2A YBME 19:627)

Andile anticipates that, however substantial the business becomes, he is likely to remain directly involved in operations and as a shareholder, if only on an ad hoc basis.

Probably the biggest driver for doing this is I have a love for travel and I see this business as a mechanism to allow me to do that. But I will still definitely be involved in this business and actually working, I have that drive and passion. I don't think I'm one of those people who want to cash out and spend my money, I don't really see that. (2A YBME 19:636)

The main motivating force for Andile to persist in new venture creation is the desire to create an enterprise that is sustainable, independently of its founders. He believes the satisfaction derived from the act of creation will have its own reward.

I think it's an ego-boosting kind of thing when you build this successful business. There's just this feeling that you've done something and you own something. So that's just the thing for us, just knowing that you've built something solid and it's worked, that's probably the big thing for us knowing that it is actually successful. And the other thing is probably that a bunch of young guys from South Africa have done it and even if we could do it overseas, then it comes back to the whole ego thing where ...one day you

hope to see some big-name celebrity in your jeans, and you can say, ja we made those, that's us. (2A YBMS 12:385)

5.4. Macro-environment and competitive context

This case makes little reference to macro-environmental conditions that have an impact on the business, although the competitive environment has enormous significance from the perspective of day-to-day operations.

5.4.1. Macro-environmental conditions

Andile and Thabo are aware of social trends, especially as they relate to their potential target market, and they do appear to take these implicitly into account in their strategic thinking. For Andile, the experience of new venture creation has also provided insight into the way in which entrepreneurship in general is viewed in the broader social community.

I think that's where a lot of these government organisations say they are trying to help our kind of business but are failing. Also, a lot of people start for the wrong reasons, it's about daily survival. Someone just thinks, "let me start a business" and two weeks later he thinks he's got something, but there was no thinking behind it, there was no, "where's the best place to be? Is there a demand for this?" (2A YBMS 22:719)

5.4.2. Competitive environment

Andile and Thabo are acutely aware they are about to enter a relatively hostile competitive environment. Most industry participants are substantially larger and have been in business for years.

It is very competitive, primarily there are big players, big international labels. Our focus is ladies denim, so we compete against guys like Levi's, Diesel and Guess, a couple of local clothing labels ...which have launched recently and done fairly well. The guys who did Stoned Cherry and Sun Goddess, Loxion Kulcha and those guys have done fairly well, that's probably the closest local label that I can think of, as well as your denim brands like Sissy Boy as well. (2A YBMS 1:27)

Most incumbents have entrenched brand positions and Andile feels somewhat threatened by their power and influence. He notes that, as a result, the partners have had to be careful what they say, and to whom, in this fragile stage of the business life cycle:

It is a very insider industry, you always limit how much you tell people, and from what I've heard from a lot of people it's pretty much a hard backstabbing industry ... so we are talking fashion in general. So again it comes back to you only tell people what they need to know basically, you only trust so much. (2A YBMS 5:141)

Initially, the AfroBlue strategy was to use large clothing retailers as a distribution channel for its products but, after several approaches, Andile concluded that there were a number of disadvantages to doing so. Perhaps the most significant of these was the space retailers were willing to make available to a single brand.

AfroBlue has therefore elected to launch its product in its own retail outlets. Andile believes this will give the business much better control over its brand but acknowledges that, to be successful, this strategy requires space in a large, high-traffic shopping mall, which reduces the need for large advertising budgets.

In terms of selling the product, the intention is to be in the big retail malls, and primarily the drive for that is that the black females still frequent those malls and they are the prime location in terms of where they go shopping for clothing. So it's just the perfect place to be to get the majority of our target market. It also enables us to get foot traffic without just relying on our advertising alone. (2A YBMS 3:84)

Despite the hostile competitive environment Andile and Thabo face, their confidence in their product and the extent of market acceptance they expect is virtually unshakeable. Their faith in the product is apparently continuously reinforced by positive feedback from the target market.

I remember seeing this one girl walking into YDE and we were just looking at her and we said I bet she's got problems and we spoke to her, we walked straight up to her and we started talking to her and asking her how hard is it to find jeans. And it so happened that day that she said it was her third store or something like that, just trying to find jeans. So it's kind of like there is a definite demand for this product. (2A YBMS 13:424)

5.5. Describing the experience

For Andile, the challenges and opportunities, both at personal and business level, presented by the new venture-creation process are what makes the experience interesting and enjoyable.

5.5.1. **Business challenges and opportunities**

The major challenges facing AfroBlue currently are the barriers to entry faced by all start-ups in a highly developed and competitive industry such as fashion design and retailing.

The first issue relates to the business's ability to gain access to large retail malls. The second is the problem of creating a relevant and differentiated brand that communicates the features and benefits of an innovative sizing system, with an extremely limited budget.

So for us, it's about creating that aspiration and feeling towards our brand, which I think is important, that they don't see it as a technical solution, because the second it comes across like that then I think the product could then very much die. So it's just making sure we balance and discuss the functional benefits of our product, but still meet the need for the ego side of people. So I think if we don't strike that balance in our communication, then I think it could go pretty wrong. (2A YBMS 18:603)

The third challenge the business faces is to deal with well-resourced major competitors copying the business idea and launching before the association between AfroBlue and well-fitting jeans can be established in the consumer's mind.

The thing is to launch as fast as we can, so that as soon as possible it's in people's minds that this is the system and this is the solution and we are responsible for it. If you need the solution, you need to come to us and no one else. As soon as we get that into people's minds the better, because no matter how big the other brand is that comes through and has the same solution, they will always be seen as copycats. (2B YBMS 21:722)

5.5.2. **Personal challenges and opportunities**

Andile approaches the challenges he faces in the process of new venture creation with a degree of objectivity, somewhat as if there is an intellectual problem to be solved that does not involve him emotionally.

Like we don't have enough money, so how do we make this happen? There's always been things to think about, as opposed to "let's do this", and it just happens. (2D YBMS 8:259)

At the same time, he seems determined to enjoy the experience of new venture creation, not least because he is having fun with his best friend.

I know business is serious but I think a lot of people take it too seriously, to their own detriment. We know that there are going to be hard times along the way and things will be really, really tough, and it's going to come back to the two of us to really motivate each other to keep going, keep going. So there are going to be times when it's really tough, but you've still got to enjoy what you're doing. (2A YBMS 17:546)

Andile does acknowledge there will be hard times ahead, even though he can barely imagine what they might be.

I definitely don't have any romanticised views of what it's going to be like. I know it's going to be hard once we do start. But I don't think you can anticipate how hard it actually is. But until I actually go through it, I have no clue exactly what it's going to be like. But I know it will be hard. (2D YBMS 7:225)

However, Andile also seems sufficiently self-aware to know that new venture creation is a series of challenges and that overcoming these is what keeps him interested and motivated by the process.

And failing and failing and failing. Having stumbling block after stumbling block after stumbling block. And still keeping it going. That's given me a lot of faith that what we're doing is worth doing, if I can put it that way. Because I think that anything that's ever come to me very easily, I've given up on. After a short while, I lose interest. I think anything that's made me work, I appreciate it a lot more. And I put a lot more of myself into it. I just value it more than something that just happens. (2D YBMS 7:246)

CHAPTER 6. CASE SUMMARY: BYRON

Byron is a 37-year-old black male with both an undergraduate electrical engineering degree and a master's degree in industrial engineering. Byron and his wife Cynthia started CallServ three years ago to sell American paging technology to fast-food and restaurant businesses.

This chapter summarises transcripts 3A-3D, which appear in appendix G to this document. Analysis of Byron's case appears in chapter 14.

6.1. Personal context

Byron is classically tall dark and handsome, with a brilliant smile that enlivens his often solemn features. His conversation is measured and thoughtful, revealing both his impressive intellect and personal warmth.

6.1.1. Key characteristics

Byron has presence. He is physically commanding and deliberately projects an aura of leadership and confidence, a skill he says he learned from his father.

I have been taught to stand up and be seen. You know, don't go into where there are 30 people and just come out, you know like, just be there and be seen, your presence should be felt, you are there, you know, make your contribution felt. (3D MBMS 12:420)

Byron works hard to maintain his equanimity in the face of difficult circumstances, and seems seldom upset by external events, according to a work colleague. His wife Cynthia notes that when he is under pressure, Byron withdraws from those closest to him, finding it difficult to express his disappointments and anxieties.

I get into my wife role, I start nagging, "talk to me". But I think in a way it could have been worse if I wasn't in the business, I wouldn't have known and he wouldn't have told me. Now he finds it easy to come home and say to me, "ah that person said no", because he knows when I come to work tomorrow, I will find out. (3C MBMS 14:451)

For all his outward calm, Byron understands his own anxieties and actively uses others to moderate his demanding nature and offset his tendency to obsess about details.

I try to calm down, you know, in order to proceed but I find that difficult so what I then do is I ... normally under stressful conditions I tend to ... I work better in a team, then I will use my team mates to help me with that because I tend to be edgy. Maybe I push too much for things that people think are not important ... I'm fussy, maybe I am fussy about things that people think are small when to me they look big, they look big because I probably look at detail. (3D MBMS 16:573)

There is some evidence that Byron approaches work as an intellectual exercise in which detailed planning and robust process result in an ideal outcome. In many respects he is a perfectionist, according to a business colleague. However, his dedication to entrepreneurship and his resilience, given that the business has failed to generate the cash flows he anticipated, is greatly admired, especially by those closest to him.

I would say in the current business that he is in now if he was not a resilient character he might have left and come back here. It is not that he is not employable, he is a very employable guy, but he is wanting to make this thing work and it is not easy, so I think he is resilient, he is an intelligent man, he is a very good communicator and he is a good team player. (3B MBMS 4:127)

His wife Cynthia agrees that Byron's determination to succeed is admirable, especially in the face of what has become a significant personal financial burden as well as a business cash flow crisis.

Sometimes I think are we holding on because we have spent a lot of money, or is it because we truly believe that it is going to work. But speaking to him more and more I realise it's because he believes it will work and he is putting his energy into it, and you can really see that he believes it. (3C MBMS 9:284)

Byron himself sees his persistence and determination as a product of his religious conviction and of his faith in the relevance of his business idea.

But again, as a Christian, I am a Christian, as a Christian on the other side, I believe in a thing called faith so ... which is more like, you know, if I look you in the eye and say this thing is going to work and I strongly believe that it is going to work and I have faith that this thing will work, it will work and my gut has told me that it will work and I ... my faith, I am saying this thing works and it works. (3D MBMS 15:526)

Not only does Byron believe CallServ will eventually be successful, he has come to realise that the trial-and-error skills he has developed during its evolution can readily be applied to the identification and exploitation of other business opportunities in future.

I think my greatest strength is identifying opportunities. I can see opportunities. Over the years I have learned ... I have done a lot of small things where I have burned my fingers. I know an opportunity when I see one. (3D MBMS 12:414)

Byron's educational background and work experience have been heavily rational and analytical, and he is said to have drawn on these skills extensively at work.

He is an analysis man as I see it. He won't make decisions that's on the fly, from what I know him to be. He is a man who would like to have the right information and then make the right decision. So he is ... the Byron that I know is really from the consulting world where you have to show the process of arriving at a decision (laughter), not just to say. You have to thoroughly explain why you made that decision in a systematic and process manner. (3B MBMS 6:231)

It is therefore somewhat surprising to find that his decision-making style relies fairly heavily on his non-rational, intuitive capabilities.

The decisions that we make, or that I make rather, some of them are gut feel. You decide on something and you feel it is going to work then you go for it, because you don't have much information, so you go for it and just go for it. There are two parts, it is a gut feel that I have, which I have always said, you mustn't kill that gut feel because that is what ... we use that gut, you know, to make decisions at some point. Obviously we then look at, you know, other things to see does it work, does it not (3D MBMS 15:518)

6.1.2. Education

Although he went to primary school in the township where he grew up, Byron's intellect ensured he was selected from several hundred applicants for a bursary to attend a private high school. He believes the disciplines instilled at this school had a lasting impact on his values and behaviour.

Actually this school was run by Jesuit priests so they had a lot of rules around, you know ... how we handle ourselves, you know, and how we do a lot of things, the way you dress, the way you present yourself, it built of lot of character in me and discipline as well, because there was a lot of order in terms of running the school. (3D MBMS 2:61)

In particular, the school encouraged boys to compete with each other academically and this ignited in Byron a powerful desire to achieve.

There was a lot of pressure to be on that board, on that top eight. At the end of each term, they would put the top eight students on the board. There was no prize or anything, but just your name on the top eight, everyone wanted to be in the top eight. (3D MBMS 3:89)

His academic achievements at high school set the stage for a university education and entry into a profession. Attracted to the sciences, Byron chose to study engineering rather than the less-appealing medicine, despite his earlier interest in and facility for business-related subjects. Later, Byron completed a master's degree in industrial engineering to balance his technical knowledge with more commercially oriented skills.

Despite his educational achievements, Byron readily acknowledges that in terms of new venture creation, experience has proved the most important teacher.

6.1.3. Work experience

Immediately after graduating with his engineering degree, Byron was employed in a technical capacity at a South African power utility. Here, he quickly began to feel the need to make the transition into a more business-oriented role.

During that period I realised that I really need to do something that would allow me to understand the other side, the business side. Because one of the things that was happening in the project where you would come up with a very good design, maybe of a transmission line, take it to the head office, present it to, you know, 10 or 20 people. Then they start testing you on the pay-back period, NPV on that project, your very commercial side. (3D MBMS 6:203)

After some years, he resigned from the utility to join LGD, a multinational food franchise, then moved to a large consulting firm and finally found himself in the purchasing department of a multinational mining house. Byron believes that, in retrospect, these rapid and apparently random changes of direction also had the important benefit of allowing him to develop skills in a number of disciplines and industries.

It doesn't look good, but if you look through, the common thing is the flexibility, the ability to change, and that I think is the important thing that comes out of that. The ability to switch and say I can now start doing this. I'm not held back by knowledge or experience, I can easily move. (3A MBMS 7:246)

Despite his rather unconventional CV, it appears that Byron's performance as an employee was exemplary and he remains in demand for relatively senior positions, even after three years out of the corporate environment. In part, this acts as a psychological safety net for him.

If this thing had to fail tomorrow, he will put in his CV in the marketplace and he will be working the next day. Not exactly that but he won't be in the labour market for three, four months. He has got the confidence, he has got the skills, he has got something. (3B MBMS 15:571)

From Byron's perspective, broad-based knowledge of this safety net also has negative implications in that it sometimes erodes the support of family and friends, who continually question the wisdom of his commitment to new venture creation.

The difficult part comes where people know what you are capable of doing and what the market is offering. They know that in the Sunday papers there are all these jobs that are there, the senior positions which I am capable of taking up, they have approached me a number of times. People from the UK have called me for senior positions and if I personally wanted them I would get them. (3A MBMS 14:490)

However, Byron will probably not find it easy to return to the world of full employment, partly because of his strong need for independence and partly because he believes his desire for new venture creation will not easily serve a traditional employer.

I don't believe I can work for someone for eight hours, putting my mind to their business when I can make my own money on my own. It's almost like cheating, I would be sitting wondering how I'm going to make money on my own ... so that drive won't go away unless that is achieved. (3A MBMS 14:513)

The veracity of this comment seems borne out by his entrepreneurial history. Throughout his career, Byron has attempted entrepreneurial ventures, including a consulting firm, a children's educational franchise and a retail store at a market that sold clothes.

We were importing clothes, nice clothes, corporate suits. So we brought them there, but it didn't work. We later realised that people go to the flea market on a Sunday and they just walk about and read the paper, that is when you go to the flea market, and you go and buy ice cream. (3A MBMS 5:189)

6.2. Family and social context

Byron is married to Cynthia and has two young children. He comes from a large extended family of 11 children, some of whom live in South Africa, but most of whom remain in Zimbabwe. Byron is close to his family, involving his siblings and especially his wife in the business financing and operations.

6.2.1. Childhood and parental influences

Byron grew up in a township outside Harare, where he enjoyed a carefree childhood surrounded by family and friends.

We played a lot of games outside, there was control, but it was limited control, because when we would come back from school, the parents have gone to work and then you would use the time, maybe play soccer, money games and a lot of games. (3D MBMS 1:15)

The familial influences on entrepreneurship were strong, as Byron's father ran his own construction company, which employed a sizeable workforce, including several members of his own extended family. He ensured his business was visible to his children by working from home and including them in operations wherever possible.

He had a lot of influence in terms of how we did things because, you know, he would employ a lot of people, his relatives and not relatives, and we could actually see him run the business from home where every Friday these guys need their wages so he would bring all this money in bags and that kind of thing, then putting them in envelopes and we would be giggling... (3D MBMS 4:145)

The children in the family were encouraged to work in the business as labourers whenever they needed money of their own. However, they were watched carefully by their father, so that no favouritism was extended to them.

He would tell you okay, you come but you will work as a ... we called them dagga boy but basically you would be, you know, in the mixing and the passing on the cement to the builders and you would be paid for what you have done and when you are at work my father used to also actually do the work so you'd work but you get paid for what you have done and if you don't perform you would be fired like any other person. (3D MBMS 5:152)

It appears Byron's father made every effort to ensure important life lessons were communicated and that the family was strongly connected to each other.

6.2.2. Family support

At the outset, Byron and Cynthia decided to embark on the new venture together, a move the partners believed had a number of important benefits, including that the two have complementary skills.

Mostly it was because of our skills complement. I have a computer science background and IT and Byron was an engineer, but he's also done his

master's in engineering, and even when we were working on the business plan he was understanding more than I do ... I would look at what he's done and I would say no let's change this, let's change this. (3C MBMS 6:199)

The partnership between husband and wife also helps maintain an open communication channel between domestic and business affairs, ensuring that family support for the new venture creation is readily available to Byron.

The most important people are my business partner, who is my wife (laughter), mainly because she is in it and the challenges of communication are not so great. I think ... if you are in it and the other person is not in it, then you need to be a very good sales person for him to continue for five or six months without money coming in. But she was seeing the deals and the way they were coming in and she was just as passionate. (3A MBMS 11:411)

However, combining personal and business relationships also creates difficulties. At first, Byron and Cynthia tried to maintain a boundary between work and home, but found this increasingly difficult to do as the business faltered and stress increased.

It's the challenge, sometimes you wake up and talk about business, and if you are at the office sometimes you want to talk about personal issues. My brother used to say to me, you should cut the line where at work you talk about the office and when you get home you talk about the family. But it's not that easy, you can't just cut the two. (3C MBMS 16:514)

This was particularly important because Cynthia found that in the two different contexts she played different roles in relation to Byron . at home she was a wife, and at work a business partner. This role flexibility is considered relatively unusual in tradition-bound African cultures, where the husband generally maintains his authority in all spheres.

That his wife is with him in the business, she is there for support but he also understands that if she is there, she has to make decisions as well and decisions that she makes they have to be challenged by him, and his decisions must be challenged by her as well, you know. That is very different from the African entrepreneur. (3B MBMS 9:341)

Inevitably, under the strain of an under-performing business, Cynthia and Byron's domestic and commercial roles have become blurred, and business and household priorities become difficult to distinguish from one another. Their inability to make the business work and to provide for the family has been very painful for both partners.

He started to realise we've got nothing anymore, I can't even take care of my family. And he then switched from being an MD to being a father, and he was

thinking, I can't even look after my kids, I don't have money, I don't have money to pay for rent for my kids. (3C MBMS 15:496)

At the time the interviews were conducted, it appeared as if Byron and Cynthia were beginning to believe that one of them would need to be employed outside the business to ensure the survival of both the family and the business.

Both Byron and Cynthia's extended family seem to have provided emotional and, to a lesser extent, financial support for the business. However, after three years of struggle, family members are beginning to question the wisdom of Byron's persistence and the partners' decision to go into business together.

It was fine when we didn't need to ask anyone for money, they kept quiet. You get to a point where now we needed a hand, that is when everybody had something to say. "We told you from the beginning, one of you should have gone to work and even now you should be looking for work". (3C MBMS 10:306)

6.2.3. Business and social relationships

As noted, Byron readily acknowledges that his most important business relationship is the one with his wife and partner, Cynthia. Their relationship is believed to add value to the business because of the complementary nature of their skills and the different perspectives they bring to bear on decision making.

When we are at work we make decisions based on very professional ways, you know, we are not husband and wife, you know, we are business partners when we are here. So, I might be very reactive in certain things and she will bring her own points and we will look at that and, over the years, we have always found our solutions to be ones that actually work because they are based on ... we weigh both sides. (3D MBMS 18:631)

Byron's response to his wife's point of view highlights that he generally respects the views of others, and this makes him an excellent team player in an organisational context.

He will not only share information in the team and get information from the team, he will also try and encourage participation from all team members and take other people's views and allow his view to be challenged. He is not like, "one view is the main view", or there are some other views that are more important than others. (3B MBMS 8:281)

An integral part of Byron's world view is that teams are stronger than individuals and diverse teams are stronger than homogenous teams. This is significant

because he considers building an appropriate team to be a critical success factor in new venture creation.

So if you are in a team now and someone is looking at the negative aspects, you are still positive on the other side but say hold on, let's look at these things. So from there you create a better solution. The team should have different skill sets or characters to help otherwise it becomes more of a ... you know it just flows. I mean if I had a team of very optimistic people or pessimistic then things come down, so that I think helps ... that level of diversity in a team helps. (3D MBMS 17:604)

Confident and relaxed, Byron finds it easy to establish relationships with others at every level, despite a relatively impoverished youth that might have made others feel socially insecure.

When we go to a meeting you find that he is talking to people like he knows them. He is easy going. And I think having grown up in different levels and I don't know how to put it ... we grew up in poor households, but his parents had enough for him to be empowered academically and he was intelligent enough to empower himself and that helped for him to mix with different levels as well. (3C MBMS 13:433)

In any given social or business context, Byron uses his physical presence and natural friendliness to achieve the very specific goal of finding a way to advance his business interests.

I see an opportunity in every group of people (laughing). But I make friends easily and I try to spend more time listening to what the other people are saying more than trying to push my point across. I am a person who wants to meet ... you know in a room of 50, I will try and meet at least three people. I don't try and meet everyone, I meet a few and engage them and if I see they have some light. (3D MBMS 19:682)

Byron's relationship style emphasises good listening skills, and he finds this invaluable in understanding potential customers and their business needs.

With a potential customer what we've learned is that you need to understand their business and you spend a lot of time trying to understand what we do, and they get so curious, why do you want to know more, just tell me more, I need to understand this, how are you doing it, have you ever looked at this, have you done this? (3D MBMS 20:703)

Having established the relationship, however, Byron finds it more challenging to maintain it over the longer term. He acknowledges that this is a weakness and that it may eventually result in missed opportunities.

I am not very strong in terms of keeping those relationships. I try all the time to engage the people, like to send e-mails about what we are doing, where

we are. Like we have just installed a system at a hospital, at a mine and I have a potential client, a bank that runs branches in mines. So I need to inform them that this is the system that we installed at a mine and the people who are going to be using this technology are actually miners, which is similar to your clientele. (3D MBMS 21:736)

6.3. Business and organisational context

CallServ was established three years ago to sell an American paging technology to fast-food and restaurant businesses but market response was weak and sales were slow. Following a review of the business model, CallServ now offers a range of service-quality improvement technologies to the banking, retail and government sectors on an annuity basis. Byron and Cynthia have spent considerable time and energy developing the business over the past four years, and face mounting personal and business indebtedness. Turnover is currently R400 000 per annum.

The major challenge facing CallServ is to close a number of promising large-scale sales and find a way to fund short-term cash flow needs to ensure the survival of the business and the family.

6.3.1. Inspiration and preparation

Byron believes his desire for entrepreneurship was made manifest in the rapid changes he made throughout his career and that this signalled an underlying restlessness that would only be satisfied by the act of new venture creation.

But, looking at it closely, I realise that every time the bonus comes in the brown envelope or an increase I always believe that I am worth much more than that. So I get frustrated that they give me a bonus or an increase and the following week or so I submit my resignation, then the following month I say no I have to go. But the bottom line is I felt I would never get the satisfaction that I would really want, unless I start something of my own. (3A MBMS 6:215)

Byron had been considering new venture creation for some time before the current business was established. He had previously attempted a number of survivalist-style ventures, and although they had been unsuccessful, the experience left his enthusiasm for entrepreneurship undimmed.

Before we actually went to Australia, Byron and two friends of his from MiningCorp had been working on a business plan to go out of MiningCorp ... and work as procurement specialists. So when the opportunity to go overseas

came about, we decided to take it just for a year. He had already decided that he wanted to go the entrepreneurship route. (3C MBMS 1:214)

Byron actively prepared for entrepreneurship, firstly by seeking out employment positions that would deliver the skills and experience he believed he would require for new venture creation. This work experience was diverse and at a relatively high level, which added to his confidence.

But I was trying to acquire, you know, what do I need to get where I want to be, so I went into consulting and I got those skills, which is basically what we are portraying now when we go out there. The basis in terms of experience that we have gained and we go out there and we are not scared to meet anyone. We believe or I believe I am strong enough I can meet Bill Gates and I will tell him where I come from, I am a CEO as well. (3D MBMS 19:671)

Byron's second area of preparation was financial. For some years prior to the start-up of CallServ, Byron and Cynthia had been saving and investing in property, with the specific intention of using these investments as collateral for a future business.

So what we did is we bought four properties, and we managed to save a bit of money when we were in Australia as well. So when we came back we took what we had saved and refinanced one of the properties, and that was our start and that's what we used to start up the business. (3A MBMS 10:353)

6.3.2. Opportunity search and evaluation

While Byron was preparing for entrepreneurship, he began to actively seek out potential opportunities. Initially, he seems to have adopted something of a shotgun approach, seizing on business ideas impulsively, sometimes to the dismay of Cynthia.

I told him it won't work but I didn't listen to what he had to say or to take time to go to those presentations to hear what they had to say, and I got burned. He took his credit card and he paid R16 000 at that company because he believed that it would work, and after that he didn't do anything to try and sell that product to get his money back. (3C MBMS 20:654)

Over time, the couple began to evolve their own methodology, which has helped formalise the process and ensure due consideration is given to evaluating each opportunity.

We created a list of criteria that we are using to basically ... once we see an opportunity we throw it within those criteria to see does it fit, does it make sense, does it make money, does it not make money, how then do we move forward. So I have done a lot of exercises around that. (3D MBMS 13:444)

One of the most important criteria in Byron's opportunity-evaluation methodology is that a new business not be dependent on the founder to operate. In effect this represents his definition of a successful business.

If you are there all the time, it is a grinder, it takes up your time and you need to be there. Consulting is almost like a grinder, you sell your CV and you have to be there all the time to deliver on what you have said. If you are not there then the job is not moving. It only becomes a business to me once you have a team of people that are working there and you are not involved. (3D MBMS 13: 460)

Four years ago, Byron ordered a hamburger at a fast-food outlet in Bondi Beach, was given a radio pager and told that the restaurant would page him when his order was ready. It is not clear how much deliberate evaluation of the opportunity this technology represented actually occurred. In something of a post-hoc rationalisation of this decision, Byron and Cynthia explain that, at the time, they saw the business being advantageously related to their collective skill set.

We thought it would work for us because in terms of the engineering side, I could understand the wireless technology, and also the other systems which were more robust and more detailed, which provided total one-stop communication system. And Cynthia could also understand it coming from an IT background. (3A MBMS 1:31)

6.3.3. Start-up decision and sequence of events

Within a week of being exposed to a CallServ pager, Byron had negotiated exclusive rights to sell these short-range paging systems in sub-Saharan Africa. He then resigned from his general management role in MineCorp, and returned to South Africa with Cynthia to start up the business.

Byron defends his seemingly impulsive start-up decision by referring to his prior experience of new venture creation as well as the need for full commitment by the entrepreneur when a new venture is being undertaken.

It was a brave step to take but I think it was a necessary step to take for us. We felt that, for it to work, we really had to be in it, to be in it. So we said, "let's go in and see how it works", and we just went in. But remember this is not our first business, we have tried a number of things. In some of them, we've got our fingers burned, but we have tried a number of things. (3A MBMS 5:180)

Initially, the business was modelled on those operating in Australia and the United States of America, where the paging system originated. In both countries, CallServ focused on serving the restaurant market, where waiters could be called either by customers sitting at tables or by the kitchen, or in fast-food environments, where customers could be notified that their food was ready. The product is also widely used in American and Australian casinos, in much the same way.

However, Byron and Cynthia soon found the South African environment different in the way that decision making in franchised chains is implemented.

We learned the hard way, that here in South Africa it's not that way. The franchisor owns maybe 15-20% and the rest is owned by the franchisee, and he has no obligation of taking out those technologies. So even if it's successful within the trial store, it's not automatic that we will get the lot. So we found ourselves in a very tight position, although everyone was happy and saying that it was working very well, it wasn't automatic that it would be rolled out. (3A MBMS 2:49)

Each sale in each outlet had to be made independently, making the process time consuming for relatively small per-unit values. As a result, after 12 months, CallServ had not come close to the volumes it needed to achieve break-even. Byron began to change strategy, looking for a higher-volume target market and shifting from a transaction basis to an annuity basis for pricing.

Our approach before was hard selling, we needed to sell every month to make money, so we have moved away from that now, where we are now selling more on the way that if we sell and close a deal, we should have at least a year of income coming from that deal. So it's more like an annuity model, that is what we are looking at now, that is our focus. (3C MBMS 6:178)

As the shift in business model was taking place, Byron and Cynthia serendipitously came across a complementary product that measured customer satisfaction and were able to secure the rights to sell AskMonitor in the southern African region.

We focused on the restaurant business until about June last year, we then did a CallServ pilot at one of the big retailers and, at that point, we needed to know what people thought of the status quo in the shop and that is when they were looking for a measurement tool. And in our search for a measurement tool we came across the AskMonitor. So before we actually sold the AsMmonitor, we used it ourselves, we put it in at the door and before people were going in the door and the people were actually commenting and saying what they thought of the CallServ. (3D MBMS 4:115)

As a result, Byron now describes a coherent customer-service enhancement and measurement system that has application in a wide variety of customer service contexts, including retail stores, banks, hospitals and hotels.

So we are basically saying to the market, here is a tool for you to ... we can boost your customer service in this way, using this on-site wireless technology, the pager. And not only that, we can actually measure whether you have actually done that using this other tool which we have just acquired, which is called the AskMonitor. (3A MBMS 3:94)

However, CallServ now found that its target market had substantially changed, from owners of small businesses to large corporate organisations. Although the value of individual deals was substantially increased, the most significant impact on the business was that the length of the decision cycle was also dramatically increased.

At the time of the study, CallServ was running pilot programmes in several large retail and financial services organisations, but only relatively small deals had been closed.

6.3.4. Resourcing the business

Byron believes his most important resource is the support he has generously received from Cynthia, his extended family and the community at large. He actively uses this network to provide advice and information as well as emotional sustenance for himself.

Then the other side is the support that you require to get there. You need people that believe in you, that it will happen, they understand your passion and you know, want to flow with you, who provide all we can outside money, money ... some of us here don't have money but I can help you which is great, you know, and you take that help and see how they can help you and ... so you have got support in different aspects. (3D MBMS 24:846)

Initially, the partners worked from home but quickly realised the importance of establishing a physical office at a recognisable address, which could be visited by potential clients. This, as well as the inventory CallServ required to establish operations, was originally funded from Byron and Cynthia's personal savings. However, these funds slowly dwindled under the dual burden of supporting the business and the family's domestic needs.

Byron approached several financial institutions for debt funding, but without success. Eventually, he won a business plan competition and this provided the additional leverage he needed to access a small loan. Byron believes that new venture success depends on the entrepreneur's ability to access funding in the right amount and under the right conditions, and that this is becoming increasingly difficult.

So you have to devise ways of funding your business, if you want your business to work, if you are passionate about your business. And a lot of those ways is creating more debt for yourself. Here I'm talking of refinancing and getting this credit card and all of that. That will not be acceptable now with the new Act. So it means if you go dry, it means you have gone dry, there is nowhere to go to and the banks are not supporting you, you are almost like on your own, you become isolated quite quickly. So that's why I see businesses closing shop much earlier. (3A MBMS 17:613)

Resources are expected to remain a challenge for CallServ's business in future, especially when contemplated in the light of potential equity partners. Byron also anticipates difficulties in recruiting and retaining the right human resources that will allow the business to grow.

We are almost saying how do we play the game so that at the end of the 12 or 24 months of the growth stage we will still maintain some control, and without losing too much of that control and ownership of the business. The second part is, in terms of growing the teams, what type of people are we going to recruit? I mean if you are going to ramp up, you have to seriously consider what kind of people you want. (3A MBMS 15:549)

6.3.5. Managing risk

Based on previous entrepreneurial endeavours, Byron seems to have been sensitised to risk from the outset. He identified and sought to manage risk in three key areas, the first being his own lack of experience in new venture creation. By partnering with Cynthia, and by selecting the opportunity he did, Byron believed he was offsetting this risk.

We felt that in order to be successful you need to be operating in a field where you don't have to start completely from zero. Remember going into business was something new for us, so we didn't want to add too many new things. At least if you come in with some sort of experience of some sort, or some understanding of some sort, it would become a bit easier. (3A MBMS 4:137)

The second area of risk that Byron anticipated was financial: the business would take time to deliver a revenue stream that would enable it to grow and be

sufficiently large to support the family. Byron believed he had accounted for this risk by creating a cushion of savings and investments that he could draw on to fund the business. However, he underestimated the length of time it would take for this revenue stream to develop, and was forced to use short-term and long-term personal debt to fund business and domestic expenses.

The third area of risk related to the fact that the business depended on the goodwill of a single principal, or product owner. This risk was partly offset by the formal agreement that CallServ held the exclusive rights to sell the product in sub-Saharan Africa, and partly by searching for and securing rights to sell AskMonitor, a complementary product.

But we had already foreseen the risk of such a thing happening, so what we did was at the time we had identified the AskMonitor, another customer feedback system. So when it happened it struck us ... and that those pagers would be 10-15% of our business. So that was one of the biggest risks that we had, being the distributor of somebody's product, a single product that could easily be pulled out. (3A MBMS 10:375)

CallServ continues to be plagued by the risk that long decision cycles will overwhelm the business's fragile cash flow resources.

6.3.6. Exit strategy

Byron's definition of success centres on the business being both sustainable and capable of being run independently of his own efforts.

I want to create systems that are put in place where I get excited when four or five engineers or accountants are in one room on a Saturday working on a project for my company and I'm somewhere at home playing with the kids. That is the kind of system that I want to put in place. Where I value my time and spend my time doing other things, not necessarily to have more like a garage business. (3A MBMS 6:228)

His vision is not limited to success for CallServ. He envisages a series of businesses at different stages of development, in such a way that more mature businesses fund the development of early-stage start-ups. These businesses would be initiated by Byron, who would then hand over day-to-day operations to a professional manager.

I can grow a business to a certain level and within that business have different sections and different levels which are also growing a new product which is also growing ... that you can sell. So you grow your business but at the same time make money from the ones that have developed into maturity,

then you can dispose of them and continue to grow that way. (3A MBMS 7:262)

Although Byron sees himself as an innovator rather than an administrator, he does not seek to create a business around himself, in the way that the Virgin brand depends on Richard Branson.

I think it is a risk because one day I will die, and there is an issue around that brand, because that brand is associated with a person, and personally I don't believe you should build a brand around a person. Although it works, it has been known to work, but I believe the brand should be something that stands on its own and it should have life but you don't become the brand, just in case something happens to you. (3A MBMS 11:393)

6.4. Macro-environment and competitive context

Initially, Byron failed to question his assumptions about the nature of the competitive environment in South Africa, and this eventually resulted in a fundamental shift in strategy which further delayed the momentum CallServ could build. Conditions in the macro environment seem to have had less of an impact on the business, although there is some awareness that the current context may not be entirely conducive to entrepreneurial success.

6.4.1. Macro-environmental conditions

Byron's experience has been that society does not understand entrepreneurs and therefore is reluctant to offer support for any length of time. This effectively isolates the entrepreneur and makes new venture creation more difficult than it otherwise would be.

It has been very tough and isolating. They don't understand why you are not taking up employment. I mean in the paper there are a lot of jobs in terms of what you do and you are struggling and you don't want to take up a job so it becomes very kind of isolating, where we are saying, you know, you basically stop asking for money from friends and relatives and try and you know, survive. (3D MBMS 21:758)

This lack of understanding applies to all resource providers including financial institutions, which are generally loath to extend credit to the self-employed. In addition, Byron predicts that entrepreneurs will find it increasingly difficult to create their own funding flow by using credit cards and property refinancing strategies as he was able to, primarily because of the stricter controls on lending imposed by the National Credit Act.

The moment you leave work, nobody wants to talk to you, especially banks, they don't want to talk to you at all. You are a big risk, the moment you say ... I remember my bank, they now know, thought I was still working, for some reason I never told them that I am now out of employ, for very clear reasons that I didn't want them to put me in that bracket when they say you are a high risk. (3D MBMS 24:882)

6.4.2. Competitive environment

It would appear that Byron and Cynthia have tended to pay little heed to the nature of the competitive environment, particularly during the earliest stages of start-up. Fascinated by the technology, innovativeness and potential benefits of their new product, the partners assumed others would feel similarly.

When we started we thought we were bringing in this fantastic product and everyone is going to grab it. We thought six months down the line, things would be running smoothly. That the market was just going to accept it and because it was a product that was already widely accepted in other markets, we thought that our environment would be the same, but that was not going to be the case. (3C MBMS 3:82)

However, restaurants saw the CallServ product as a nice-to-have that failed to offer a compelling benefit for an existing customer base and that few stand-alone units could in any event afford. The new target market, corporate retailing and financial services businesses, does find the ability to measure customer service quality in real time and at multiple levels of great benefit. Corporates are notoriously slow to adopt new technologies and their decision making is slow. At present, therefore, Byron's biggest priority is to develop an installed base that can be used as leverage to convince others.

I think it's having successful case studies where we can point and say it's working there, and not only working but working for big players, it's working at blue-chip companies. So if it's working there, the chances of it working for you are very high, and if they have taken us in terms of their rigorous process in accepting a supplier, basically we are telling other companies that they have done the work for you. (3A MBMS 16:563)

Despite the difficulties of penetrating his chosen target markets, Byron does not acknowledge that there are any viable competitors to the CallServ model, and even if there were, he claims he would choose to ignore them on the grounds that competitors could be given too much attention.

I don't regard the guys who are in the same field as me as competition because there are a lot of things that one can do. I mean there are a lot of

strategic alliances that I could be busy with every day, doing a lot of things, not worrying about my competitors or what he is doing. (3D MBMS 27:985)

6.5. Describing the experience

Given the difficulties Byron and Cynthia have experienced in establishing a viable business, it might be expected that his descriptions of the experience are somewhat harrowing.

6.5.1. **Business challenges**

Byron's description of how the partners came to realise that their original business model was not working suggests that the strategy process was less akin to a deliberate design and more like the incremental emergence of a way forward.

You know, running your own business, there are challenges. When you start off, you are wondering where am I going to get these skills but then after a while you see that your financing is running out and maybe it's too posh where I am staying, I need to move to this place and what I am doing is not right. And then you adjust. (3A MBMS 15:537)

Once CallServ refocused its attention on a corporate target market that could deliver higher volumes of business in each individual sale, another problem was uncovered, that of the long decision cycle.

We are moving more to the corporates which have more of a longer sales cycle, six to nine months and some of them 12 months. So it took longer for them to convert so in terms of the cash flow and the number of customers not going up and also impacted on the funding side. (3A MBMS 2:73)

Above all, the impact of changes to the business model and target market has negatively affected cash flow, a problem which Byron acknowledges he did not truly appreciate prior to the launch of CallServ.

One of the things that makes it tough is you only understand this thing called cash flow when you are in it. When you go to business school, they say cash flow is king, cash flow is king. They haven't experienced it so you know, you talk about this thing. (3D MBMS 22:772)

Any cash flow problems experienced by the business also had a severe impact on the domestic well-being of the family. Funding for both business and family continues to be the most significant challenge to the potential survival of the business. The partners' resources are apparently exhausted.

Both, it is money to live on, it is money for the business, but more on the business side because I know for certain that it is going to happen, it is beginning to happen but to get to that point, there is a gap here. You can see that gap, how do I get there, so you need funding business wise to get there which you can try, and we did a lot of innovative things to get there almost to a level where we thought, you know, if nobody wants to give us money then that is your problem. (3D MBMS 23:882)

6.5.2. Personal challenges

Byron notes that his ability to sell his ideas to others has been of critical importance to the new venture-creation process. Not only must the entrepreneur persuade himself of the value of his ideas, he must argue convincingly for the ongoing support of family and friends as well as that of customers, suppliers and other resource providers.

Remember they are generating energy so they are saying, stop that, you know, stop that. It can get to a level where you actually think they are right and stop and go and do other things. (3D MBMS 24:869)

However, even with the relatively high levels of support that Byron has attracted, sales have failed to meet his expectations, a fact which he has painfully been forced to confront.

It was clearly mapped out that in two or three years I should have covered my salary in the corporate world and this is where I should be. Failing to realise that plan becomes a pain because you have expectations ... because personally I am a very driven person, so if you fail to meet your personal targets, then it becomes an issue. (3A MBMS 12:440)

Although he admits to this failure, Byron finds it difficult to concede that CallServ should be shut down. Instead, he refers to his own determination and his faith that at some time in future the business will flourish.

So there is commitment and I think some levels ... as an entrepreneur you need that insanity, it is necessary to proceed, because no one actually believes in what you believe and it is more about faith now to me, it is faith. (3D MBMS 15:543)

For Byron and Cynthia, their faith in the eventual success of the business and in each other is reinforced and supported by their religious faith, which they believe has been an important factor in helping them maintain their levels of commitment to developing the business.

Being religious and being a Christian has helped, because you realise that entrepreneurship is hard but you are not expected to suffer. So if things get difficult we have gotten to a point where you have peace because of the peace that God actually puts in your heart, and that expectation that things are actually going to change, and you can see the signs. (3C MBMS 17:539)

Byron has clearly been severely challenged by the stress of the past three years, to the extent that it has alienated him from family and friends.

The worst thing is you breathe, eat and sleep your business, you are always thinking about your business and that is probably the worst thing because you don't switch off. I have friends who work for big companies and tell them, but no it is weekend, we are playing soccer and what about that? (3D MBMS 22:790)

However, both Byron and Cynthia believe that despite all their difficulties, they have experienced enormous personal growth which has permanently transformed them from employees to entrepreneurs.

You grow, even the way you plan, the way you interact with other people, the way you look at situations. Even when you read a newspaper and you read that people say there is going to be a short supply of sugar, I don't see it as a problem, I see it as an opportunity. (3C MBMS 8:241)

CHAPTER 7. CASE SUMMARY: HANS

Hans, a 37-year-old white male of German extraction, is a self-taught agriculturalist who has previously initiated and failed in three different agri-business enterprises. The fourth business, Orgoli, was started four years ago when Hans established a contract system with a variety of farmers around South Africa to grow crops for their essential oils.

This chapter summarises transcripts 4A-4D, which appear in appendix G to this document. Analysis of Hansqcase appears in chapter 15.

7.1. Personal context

Hans is thin, of average height with dark hair and pale freckled skin. He is highly energetic, continuously on the move, even during the interviews. His rapid-fire, continuous chatter ranges widely and enthusiastically from subject to subject, revealing a great sense of humour.

7.1.1. Key characteristics

Hans never stops moving, never stops thinking, hardly stops talking. Much of his energy is directed at solving problems directly related to the business, but he also concerns himself with a wide variety of social and technical problems, often approaching them in innovative ways.

The other day I took a little bit of tyres and chopped tyres up and put them in the pressure cooker and got some things and I made diesel from tyres in a small way. Because I thought where do we have abundant carbon that's lying around doing nothing? How can we use these tyres to do that? It works. I put it in the bakkie and the bakkie ran on it. (4A MWME 13:442)

Hans partly excuses his habitually distracted behaviour by referring to it as an essential feature of entrepreneurship. The entrepreneur must, out of necessity, involve himself in all manner of activities daily.

Sometimes I have to sit and do a business plan for somebody and I do that; and then I have to run outside and make sure the guy mows the lawn the right way because while I'm writing I had heard that he's taken four hours and it

should take one hour. Go out and find out what the problem is. Then a farmer phones for something or then the deliveries have to be made. So you jump around a lot, ja. (4A MWME 32 1136)

However, he also wryly acknowledges that this behaviour is a function of his own desire to control as much as he can, and particularly to oversee the work of others in the business.

It took me a long time – really, really long time to actually face the fact that I'm an alpha male (chuckling). It really took me a long time because I thought [that] I'm a peaceful kind of guy but actually I am very dominant and I really try to control many things. It was really difficult for me to accept that. (4D MWME 12:417)

Hans is aware that this desire for control, coupled with his diverse interests, could be a threat to the effective functioning of the business.

I have to force myself to stay focused because one of the great things I think that I am good at is I am creative and I'm able to put things together. But on the other side I also get bored very easily if something doesn't work nicely and I have to force myself to go back. So maybe that's one of the threats. (4A MWME 27:959)

Sunny, his partner at work and at home, agrees that his enthusiasm sometimes leads him astray, and this makes others skeptical of his ideas.

I think that it would be over enthusiasm, if there is such a thing, because it sometimes works to his disadvantage. Because I've noticed with some of his friends, they'll be in a conversation and then Hans will say something and they'll sort of be "whoa, don't get too excited" or "we didn't think of it that way". (4B MWME 14:470)

Sunny observes that it is often her role to point out the possible long-term disadvantages of a new initiative, as Hans may be blinded to the downside.

And with decision making, we also sit down together and I tend to look at the long term and the disadvantages; whereas Hans gets really excited and almost wants to jump in. So I have to sometimes just hold him back and just say "listen we really have to think about this". (4B MWME 8:273)

Hans is seldom easy to convince once he has set his heart on something, so Sunny has had to learn several strategies to deflect his impulses until he can see a more rational point of view.

And it helps sometimes that we sort of delay things and then he sees reason and sometimes he changes his mind. The more I tell him "no", the more he'll try and convince me. So when he says "we need to buy an aeroplane," I said "okay, fine. How many seats would you like?" And then after some time he'll

come back and say “no, an aeroplane isn’t the right way to go”. (4B MWME 17:582)

Hans’s enthusiasms regularly fail to achieve what he intended them to, but he is seldom fazed by failure, rather regarding each initiative as an opportunity for learning, whether or not it succeeds.

I say “how the hell do I make sure –” because anyone can have a failure, anyone can make a mistake but if you make it twice, you’re an idiot. So that’s my motto. I try and say it’s fine, you make a stuff-up, we all do ... now how do we make sure that doesn’t happen again? If you do it two or three times in a row, no then it’s a problem. And I’m hard on myself, so I really make sure that I don’t do that. (4D MWME 18:616)

In this context it is sometimes difficult to imagine what Hans’s motivation might be. His mother argues that her son is more of a social entrepreneur, trying to better the lives of others, and that financial gain has very little meaning for him.

Well, I don’t think money plays a role. Hans is very giving. He has always been very – I call it philanthropic. He helps everybody. If somebody wanted something, immediately he would do it. He would give it away; he would give everything away. He didn’t mind. He didn’t place any value on things. (4C MWME 8:275)

Hans himself refers to the challenges he faces as fun. He clearly enjoys the research, analysis and experimentation involved in solving every problem. Learning itself is his pleasure and his motivation.

Fun is something that’s a challenge. It’s something that at the end of the day – I mean, I do it for myself. I’ve never built a house before. Let me see if I can and then I built this house. Let me see if I can do this and I’m sure these things are easy. And it’s the thing nice about learning, how to do the foundations right. So then I go the Concrete Institute – which I did, “how do you learn to do concrete?” Then I learned how to make bricks. I bought the brick-making machine, made [my] own bricks. What do you put into them? How do you make them stronger? That’s what I love doing. It’s the quest for knowledge, that’s what makes it fun. (4D MWME 2:45)

Hans notes that entrepreneurship is not easy, particularly because events that affect the new venture are usually difficult to predict or control. As a result, Hans believes the entrepreneur requires a spiritual dimension to be part of the process.

I think that if you’re a farmer and an entrepreneur, which sometimes is the same thing but not always, I think there is a difference – there is no way that you can stay sane and just believe in yourself. You have to believe in some other higher power or something you can blame if it doesn’t rain, or praise when it does rain or whatever the case is. And that is my rationale; that’s the way I look at the universe. (4A MWME 5:160)

7.1.2. Education

Hans's level of formal education was limited to completing high school. The main reason for this was a series of learning difficulties which included dyslexia and attention deficit disorder, both diagnosed at around age 10, according to his mother. Once diagnosed, Hans was moved to a special school, where an intense learning programme helped him overcome his difficulties enough to rejoin mainstream education.

We had him at several psychologists to find out. One actually said "he will never amount to anything". And of course this put oomph into him, "I'll show her". It was not as though he was resigned to the fact. So anyhow, then he went to a school where he got special tuition and they were fantastic. Every cent spent there was well worth it because he came out tops. And then he could go to an ordinary school. (4C MWME 2:68)

These difficulties contributed to low academic self-esteem that seems to have been manifest throughout his early school career and created some uncomfortable memories.

I remember the first public speaking I ever did in front of the school. I stood up there and I was supposed to do a speech and I just went blank. And I stood up in front of the whole school. Eventually I said "guys, does anyone know what it's like to stand here and look at all of you guys". Then everyone laughed and then – well then suddenly I was able to do say a couple of percent but I felt so bad about it. (4A MWME 35:1246)

Hans vehemently believes he has not needed tertiary education to be a successful entrepreneur, ironically because his secondary education was sufficient. Hans argues that his relative lack of formal education is actually an advantage because it means he has no preconceived ideas about the right and wrong ways of doing things, and this in turn allows him to think laterally and be more innovative.

Most of the chemists, the analytical chemists on the planet have gone through the university, so they think according to a certain line. And I haven't done that, so I often think of things that are completely different to what they think. And I have some people that I work together with at the University of Johannesburg and I'll often phone up the guy and say "hey I've thought of this" and he's like "no-one has ever, you can't do that". (4A MWME 12:401)

Hans is clearly exceptionally confident of his own abilities, despite, or perhaps because of, his early learning difficulties. His mother observes that overcoming

these earlier difficulties may well have resulted in a belief that he was capable of anything.

He was very confident from the beginning. He knew that he could do it, he never had doubts. And of course we supported him and we never made him feel that he was any different to anybody else. For instance, with his dyslexia or with his scoliosis, it was just one of those things, that's the way it is on earth, you have to learn to cope with it. It's a challenge, do something about it. I think that's where it comes from. He's very confident. (4C MWME 15:523)

7.1.3. Work experience

Hans's work experience has centred on a series of entrepreneurial ventures, almost all in the agricultural sector. His first business was beekeeping, an enterprise developed from a hobby Hans shared with his father, and which lasted throughout his late teens and early twenties.

I've never been anything else and it's in my blood. I mean other people on a Saturday night – and you know I used to do this, I used to stand in a nightclub when I was still night clubbing and see those beautiful lights and everything, and I used to say "wow, how can I make my bees more productive." (4D MWME 1:30)

The beekeeping business was growing steadily until the industry in South Africa was devastated by disease which afflicted all bees in the interior and forced all hives to be destroyed.

At this point, Hans took on his first and last position as an employee. He worked for the Food and Agricultural Organisation of the United Nations in several African countries, and learned a great deal about farming in the process. The job also allowed him to trade in various ways and accumulate substantial savings.

So I bought bulldozers outside Secunda for – I don't know what I paid, R35 000 – and then had them reconditioned for, I think it was for another R40000. And then repainted them, looked nice and everything, and then sold them for 15% under the new market price in Uganda to the UN. And I made a fortune out of them; I think I made \$60 000 a bulldozer. (4A MWME 16:560)

As soon as he had accumulated sufficient money, he returned to South Africa, purchased land and started his second enterprise farming vegetables for the retail market. This enterprise failed when the groundwater he depended on for irrigation ran dry.

I started off with round about a million rand in 1994. I bought the farm. I put everything into it and four years later, my water ran out and I had a huge overdraft; and I discovered this is not the way to do farming, there's a problem. (4A MWME 2:62)

A brief attempt at a transport business funded by his parents reportedly also ended in disaster after a number of trucks were stolen. It would appear that Hans has learned a great deal from these experiences, not least that he no longer needs to be afraid of failure, says Sunny.

A lot of people are driven by the fear of failure, the fear of that. He was telling me that he's gone bankrupt, he's been divorced, he's done it all; and he doesn't want to do something because of a fear now. He wants to do it for the success. And I'd say he's really driven by success and love for what he does. (4C MWME 17:595)

7.2. Family and social context

Hans has a sister who lives in England and he remains close to his mother and father, both of whom have been directly involved in his businesses at one time or another. Hans was divorced three years ago and now lives with Sunny, his business and romantic partner.

7.2.1. Childhood and parental influences

Hans grew up in a house full of books, and comes from a family where conversation and debate were actively encouraged, along with learning, according to his mother.

You know, he grew up in a house where we read a lot. We always had lots of good magazines, not just the trashy stuff, we never had that. So he grew up with that. He had his own little library – both children. I encouraged them to read because this is my passion. (4C MWME 16:560)

At the age of 12, Hans was diagnosed with scoliosis, or curvature of the spine, which meant he had to give up his sporting interests, wear a brace and was often in considerable pain. His mother believes this was one reason why he did not want to go to university.

So this was another challenge for him. And he couldn't sit long, that was one reason why he didn't want to go to university. He just couldn't sit long. He got restless and also the fact that he was hyperactive all his life, from the moment he was born. No, very, very hyperactive. And that is why he couldn't sit. (4C MWME 7:233)

Hans barely mentions these childhood difficulties. He is firmly of the opinion that his destiny was always to both be farmer and entrepreneur. In this regard, he believes he has been following in the footsteps of generations of like-minded relatives.

And in our family the weird thing is since 16-something we have always had – the one son does agriculture, the father was an academic. By academic I mean someone who studied like a doctor, a lawyer, that kind of thing. His son would then become a farmer and then the next one would do that. (4A MWME 2:45)

7.2.2. Family support

It is clear that Hans has received generous support from his family in all his endeavours. From a young age, his parents were encouraging and enthusiastic and provided emotional and financial support whenever he needed it.

I do think I got a lot of push and shove from my parents in that way. And I think a lot of the fact that my dad believed in me and I was able to. He could have very well, at the age of 18, said to me "you have to pay so much rent. If you can't pay the rent, get out". He never did, ever. (4D MWME 32:1118)

Hans is today firmly in charge of what may have started out being a family business, with his parents having invested a great deal of their retirement money into their son's various ventures. According to his mother, she no longer actively works in the business, although his father, a banker, is directly involved in managing the financial and administrative functions.

No, we just put the money. It started off as a family business but my husband is just assisting him now. I've withdrawn. I did the books for years until I just gave up; I was too busy with my own things. I said "no, look find somebody else to do the books". I actually went to – did a bookkeeping course at the college for three years to do it, so that I could prove that I can do his books. (4C MWME 5:175)

His father is reportedly a powerful and domineering personality, and although this did not adversely affect Hans growing up, the two often disagree about business issues. These arguments can be fierce but Hans is reportedly able to manage his own responses, says his mother.

And with his fights with his dad, they get really intense but he is able to go back to his dad and say "I am so sorry. This is the way that I wanted you to look at things; and this is the way that I see it in your perspective and I understand. Let's work this out". (4B MWME 16:559)

Sunny is Hans's business and romantic partner, which created some difficulties early in the relationship, particularly because the two did not draw a distinction between home and work life.

At first it was hard because we'd have a disagreement on the farm and then just carried on at home. But now we just sit down and say "well whatever happens on the farm, stays on the farm. And if we have to take it home, we'll say from five until six we'll talk about it and after that no more of it". Or we'll talk about on the way home, then when we get home it's like "oh we forgot to wash the dishes, oh this and that". And that has worked so much better. (4B MWME 11:372)

Sunny has slowly but surely learned about all aspects of the business. Hans travels a great deal and, according to Sunny, she plays an important support role in terms of running the business while he is away.

I think it's been relieving to have an extra person in the business who sees his point of view; who understands what needs to be done and how it needs to be done; and knowing that he can be in George planting with another farmer and know that everything works well on the farm; and that if decisions need to be taken, it'll be what's best for the business and what will bring better quality and good return on investment in the long run. (4B MWME 19:646)

Although she is younger and less experienced than Hans, she supports him by acting as a sounding board for new ideas, contributing to decision-making and trying to calm him when he is feeling stressed.

And also, when there's a problem in the business when we don't have money, Hans sometimes panics and with that I panic, then we get really aggressive with each other. And I've learned over the time that sometimes I just have to remain calm. (4B MWME 11:383)

7.2.3. Social and business relationships

Hans is strongly drawn to other people, his enthusiasm and sense of humour making him an attractive friend and colleague, although his honesty sometimes seems too direct and therefore alienating, according to Sunny.

He understands other people very well. And he tries to – I mean over the years, he has calmed down quite a lot, even though he's still quite radical for certain people. And he tries to give out the advice that a true friend would, even though he doesn't know the person. And some people get too scared of that and run away or some become closer friends. And he just tells it like it is. (4B MWME 13:459)

This directness could be interpreted as dogmatism by some, for when Hans has made up his mind about something, it is not easy to change it. Sunny believes this usually commands respect from others.

I've also seen that because when you are comfortable with what you are doing, people respect it and they back off from convincing you otherwise, even though they know that they're convincing you to do what is wrong and what is not working for them. They will respect you if you just stick to your guns. (4B MWME 15:535)

In spite of his openness, Hans has a soft heart when it comes to listening to the problems of others and offering help and support, both practical and emotional:

Hans is, I think, one of the very few people I know that will cry when he sees other people crying. But not just cry about a broken nail or something but seeing that person is in pain and they really need help and support, he will just support them and help them in any way that he can. (4B MWME 16:556)

This combination of toughness and kindness is particularly evident in Hans's relationships with his employees. He describes at length how uneducated and unskilled staff can be difficult to manage because they need to work within a structure of clear instruction and close supervision. Hans nevertheless finds time to be friendly.

They love him. He teases them. He jokes with them but also when it's time to get a bit serious, they know that he can be very tough. If I yell at them, they know that it's kind of okay. If Hans yells at them, phew they almost run out the gate because they know that by the time he needs to yell, the problem has just escalated more than it needed to. (4B MWME 8:280)

Perhaps the most significant relationships Hans has are with farmers who grow crops on a contract basis for Orgoli. These relationships can also be complex because the farmers are both customers and suppliers and difficult because they must generally be managed at a distance. Hans regularly travels to visit them.

So when he gets there, they talk until all hours of the night, having their favourite drink – brandy and Coke, lunch, dinner, breakfast. And he'll come back complaining and you'll see the stress in his face. And he'll leave them happy because they have a friend there who's making them money. (4B MWME 9:289)

The relatively concentrated structure of the global essential oils industry means that suppliers, buyers and intermediaries are generally well known to each other and this means that good relationship management can make a significant difference to the business. In particular, Hans has worked hard to develop good relationships with the major South African trading house.

And before that it was sort of "ja, Hans is the farmer, we'll buy the essential oils from him and that'll be it". But now, Morton's sort of tells him "listen Hans, I've got a buyer who wants 50 kilos of this. How long will it take to produce? Before it was "Hans, what do you have? I'll buy it, maybe, maybe I won't". But now he actually says "I need this, will you be able to deliver?" (4B MWME 9:297)

Hans has established an important mentoring relationship with Henry, the person he reported to in his UN job. Henry is older and much more experienced than Hans, acting not only as an advisor, but also as expert leverage in managing his relationships with farmers.

I look a lot younger than I am, sometimes they don't take me for the knowledge that I might or might not have. If I have a guy like Henry – Henry's CV is as thick as a Bible and the guy has so much knowledge – if I take him with, well then people listen. He really knows his stuff. (4A MWME 13:442)

Henry also provides useful feedback on Hans's strategy, operations and personal development. The longevity of the relationship, together with his respect for Henry, means that Hans is more likely to take account of this advice than that offered by almost anyone else.

We've really worked together closely now. He taught me a helluva lot as a kid. Actually it was really nice. Many people give me compliments and everything and it's kind of like "ja, ja, ja". But there's certain people that I really respect and if they say something then it's like "wow". Then my ears prick up and then I listen. (4D MWME 13:434)

7.3. Business and organisational context

Orgoli was started four years ago when Hans established a contract system with a variety of farmers around South Africa to grow essential oil-producing crops. These farmers pay Orgoli a fee and in return receive seed and ongoing advice about planting and maintaining the essential oil crop. Orgoli undertakes to harvest the crop and to extract the essential oil using a proprietary process before selling it to an agent. Hans also sells the machine he designed and built to extract the oils. In addition, Hans and his partner, Sunny, have developed a range of toiletries that use the oils as a key ingredient and they sell these through a network of independent sales agents to the township market. The business currently turns over R1.5 million and employs seven permanent and eight seasonal staff, most of whom are relatively unskilled agricultural workers.

7.3.1. Inspiration and preparation

The failure of the vegetable-growing business created a personal crisis for Hans. For three months, he reflected on his past experiences and began to consider what might be next. This deep contemplation resulted in something of a spiritual revelation.

And then at some point I said okay what would happen if an angel came through that window now and said “Hans, I have the perfect farming system”. I said “okay angel, now you tell me”. (4A MWME 3:77)

This spiritual awakening was reinforced when Hans met a clairvoyant who suggested that his newly developed agricultural system should be used to produce essential oils.

She was very religious and she used something like the fruit of the Lord, or something like that – and that was the smell of myrrh and frankincense that they brought to Jesus when he was born. So there's all these kinds of things in all religious cultures, the smells and the essences that go with it. She said “this is what you've got to do, that's your job”. (4A MWME 4:110)

7.3.2. Opportunity search and evaluation

With at least three of the four businesses Hans has started, a pattern of opportunity search and evaluation has been established. The serendipitous discovery of opportunity has been followed by an extensive period of research and evaluation. This first began when, as a teenager, Hans started the beekeeping business.

All of a sudden started being very interested in beekeeping and he devoured every book. We've got a big library on beekeeping and he really did it – an in-depth study and ... Because my husband had bees. It was almost like a pet hobby. He built it up until he had an enormous lot; I think 300 hives which every hive was built here. (4C MWME 3:101)

Hans began to research the essential oils agribusiness and quickly discovered it represented an attractive, high-value export opportunity with little in the way of domestic competition, particularly if plants could be grown and oils extracted domestically.

I wanted to do export because I realised that that's where the money is. And you can't export fresh things because if you put something on an airport, some fool will leave it there and then your stuff is rotten when it gets to the other side and all that kind of stuff. Another problem was the huge volumes

and fresh stuff and all this kind of stuff I looked at. And eventually I came onto essential oils. (4A MWME 3:83)

His internet-based research did not yield enough information about how the extraction process functioned, so Hans travelled extensively to determine how the industry worked in other parts of the world.

It became more and more exciting. And well, I think there are so many things that can be done. In the meantime we've been offered so many other kinds of things which is why when I started this off, I said "we're in the extractive business". (4A MWME 6:194)

Although information was not readily available, Hans recognised the attractiveness of the opportunity, and set about finding a way to operationalise an essential oils business.

7.3.3. Start-up decision and sequence of events

Hans designed a production system using contract farmers to grow the crops, thus minimising the capital costs he would incur. But he still needed to fund the purchase of extractive equipment, at a time when he was extensively indebted as a result of the failure of the vegetable business. Again, Hans believed serendipity played a role.

And that happened when I was so broke I had nothing and it was one of those things where – I don't know how it works. I sat there in my house and I said "oh God I've got no money, please, please, I need something. I want to do this business" and the phone rang. It sounds so stupid but I promise you this is what happened (chuckling). (4A MWME 20:708)

Hans had inherited money from a virtual stranger, and he used it to buy his first extractive machine for R100 000. The aim is for each farmer that Orgoli services to have an on-site extraction machine, so following the purchase of this initial machine, Hans designed his own extraction machine and has them built by several different contractors at a cost of R50 000.

So what I've done is I've created this network of these people. And the one guy does this special kind of welding for me. One guy does this and one guy does that. And they're all sitting in their backyards, old and young guys – they're all 55 and over – and they don't have anything to do except drive their wives mad. So by me giving them this kind of job, they build a lot of the equipment that I can then put together. (4A MWME 14:483)

The implementation of the perfectq farming system has not been without problems, with some contract farmers functioning better than others, which Hans attributes to personality differences.

We've probably had maybe 200 or 300 farmers that we've worked with and we've only got 42 guys now that have stuck with us because it's a personality thing. We've got to be able to gel with them and it's a trust issue and with a lot of guys it's very difficult. But once we've clicked and we're over this kind of thing, we're as thick as thieves. (4A MWME 10:348)

Marketing essential oils can also be problematic, as buyers generally buy to a specific quality standard that may be difficult to achieve in any given season. Following the failure of a particular crop, Hans began to explore ways of using the essential oils as an ingredient in Orgoliq's own cosmetic products.

We had so many essential oils stacked away, stuff that we'd bought from farmers, paid them but couldn't sell it or hadn't sold it. So we thought "let's start out our cosmetic range". At that time we'd only started up the wormwood rub and we sold that very well. And we thought "well why not carry on". (4B MWME 4:134)

Once they had formulated a product or two, Hans and Sunny began to sell the product directly to consumers at taxi ranks and train stations.

It taught me so much just sitting in my car with a product that no-one knows, standing at a taxi rank. First of all there's the colour barrier, I'm the only wit oke at Park Station in Jo'burg, jumping out and saying "okay here I sell this product, I make it. Put it on your nose. It'll work". (4A MWME 19:652)

As demand for the product increased, Hans and Sunny began to establish a network of sales representatives that sell product directly to consumers in the townships. They believe that this grass-rootsqcosmetics business has significant potential. More importantly, perhaps, it helps offset the cash-flow risk associated with farming, a risk that has sometimes left the partners in a difficult financial position.

It would happen that we'd have R200 left in the bank account. We had to buy petrol with that, there was water and lights, the cars had to be paid, everything had to be paid. How we survived, I don't know – or we'd take the last R200 and put a classified ad in The Star or in some newspaper, saying [that] we're looking for reps, this is what they do, this is what they do. So many people called in. We got so many reps from that and we'd find that there's someone paying in R100 a day all the time. (4B MWME 4:140)

Hans is aware that financial pressures have in the past caused him to take on a variety of different projects to support business and domestic cash flow. However,

he has begun to see that this activity diverts attention and energy from the core business in a way that is ultimately destructive.

Someone called me up a short while ago – two years ago-- and said “would you build me a factory for” – I don’t know – “R9 million”. So I said “no, I’m not going to” because I think that would take us into a direction that’s not necessary because we’ve invested so much money and knowledge into what we’re doing, that I think if we took something else now that would all be wasted. (4A MWME 22:785)

Hans’s most recent initiative is to begin cultivating essential oil plants himself, as a forward integration strategy to capture some of the profits currently being made by contract farmers, but also to establish a model farm that can be used for research and to showcase the system.

It’s purely a credibility problem. If I was able to take all my farmers or the new guys and the corporate guys, to one piece of land – there’s our piece of land, that’s what it looks like. Here you can see what we’ve harvested from it, it will work. That’s the big thing because you can also use that to increase the sales and everything. (4A MWME 23:794)

7.3.4. Resourcing the business

Rather than having to fund crop cultivation himself, Hans was able to persuade other farmers to do so. The relationships with the farmers have therefore become a critical resource for the business, and Hans works hard to maintain them.

His partnership with Sunny is also an important resource, since it provides a BEE partner and support system simultaneously. They have divided the tasks associated with different aspects of the business according to their different skills and talents.

So I deal with the farm stuff and the running of the cosmetics – the ordering, the packaging, the labelling and the sending it out, the essential oils orders, the importing of the seed. And Hans deals with the farmers. (4B MWME 7:221)

In his determination to make every business resource function as effectively as possible, Hans has designed and implemented a detailed work process system for all employees, to the extent that even the most unskilled labourer is paid for performance.

We pay per unit. So if you do that, that’s what you get paid for it. One unit of work is so much. The cleaning lady when she cleans the windows, that

window is R2 and that window is R5, and the floor is so much. The whole system we've got. So people work according to that system. It's easy for me to check, because there's a form to do it. And there's a monetary value attached, we can just dump in that computer and get the exact pay at the end of the week. That's how we work. (4A MWME 7:223)

Hans makes every effort to ensure that all purchases are thoroughly researched prior to making the decision so that he can achieve the best possible value for money.

I'm informed, I'm not impulsive. That's very important. I always find out where I can do the best things, best deals, all that kind of stuff. And the one thing I know is that I'm too poor to buy cheap things. So I always make sure that I buy the best quality for the money that's available. (4A MWME 15:525)

7.3.5. Managing risk

Perhaps as a result of his prior experience, Hans seems particularly sensitive to risk. For example, he sees the management process he has developed as a mechanism for managing risk, in that performance-based pay helps to ensure employees share in the entrepreneurial risk.

I'm not going to have staff anymore. I'm going to have people who want to share the risk with me. So in other words, when we pick you get paid so much per kilo, when we cook out you get paid so much per kilo of oil that comes out. If nothing comes out, you don't get paid. You know that's it, end of story. (4A MWME 7:236)

Hans believes that his own skills and personality probably pose the most significant risk to the sustainability of the business. He acknowledges his strength is innovation and his weakness is management, and that for the business to grow requires an operations professional that would release him from having to perform routine tasks.

I have to build the company to a point where we have enough capital and enough cash flow to be able to employ someone who can do that. And then realise that I should stay on the creative side and have wonderful ideas. And some of them will work and some of them won't; then have someone ... that can manage the day-to-day affairs of the business and handle those things because I don't really want to do that. (4A MWME 28:988)

7.3.6. Exit strategy

When asked to describe his exit strategy, Hans laughingly replied, "Death." He cannot imagine any other kind of situation that might cause him to voluntarily exit

from the business. However, Hans has a clear view of what he would like the business to achieve in future on all fronts.

For the cultivation business, Hans envisages a group of farmers growing and extracting their own essential oils independently, paying a license fee to Orgoli for the use of the technology and for marketing.

Train the guys up over a three-year period; get them to grow the stuff properly, so that we don't have to ever go there anymore. We can put the extraction machines on, eventually for their 70% – because you put the machines on their property, they can do everything and we can collect the oil and get 30% from that. (4A MWME 13:460)

For the extraction business, Hans is seeking to dramatically improve the technology he uses to extract the oils, both in terms of environmental friendliness and efficiency.

I'd like to produce the best extraction technology in the world market with innovative, environmentally sustainable techniques. I'd like to produce the best quality organic oils through genetic breeding, through all those things. I'd like to produce the healthiest products that give the best quality results. (4A MWME 28:1002)

In the short term, Orgoli cosmetics would become less of a hobbyist business and would build a full-time sales force to increase the market penetration and sales volumes the business is currently achieving.

If I had R200 000, a guy could dedicate to employing a proper marketing manager that would take care of all the reps, phone them, make sure everything goes – and actually grow the business, go with them in their areas and make sure that – for instance, we've only got two reps in Soweto. You know with the products we've got, these reps probably sell enough to keep them completely occupied. (4A MWME 15:530)

Despite recognising that the business is under-capitalised, the thought of selling equity in the business is not appealing to Hans, who believes it would be like surrendering a part of himself.

I would never sell a share in the business. I don't know why some people think it's OK – this is my baby. This is what I do. How could I sell a part of me? It's like saying "okay, well buy my arm if you give me another hand here". You know, it doesn't work; you can't do that. It's a part of you, a business. I think that's the most important thing. (4A MWME 17:581)

7.4. Macro-environment and competitive context

Hans seems sensitive to environmental conditions and their possible impact on the business, at both the macro and competitive levels.

7.4.1. Macro-environmental conditions

Hans is profoundly aware of the impact of the physical environment on the development of his business. The agricultural component of the business is wholly dependent on the vagaries of weather and the presence or absence of physical infrastructure such as water and electricity

And the trick is, is the things you can control you have to do right because that's the difference between a good and a bad farmer. Because when you have thunderstorms, droughts, whatever, floods, they happen to everybody, they're very rarely selective. So a good farmer is the person that can take the bad or the good situation and within the things that are in his or her control, make a difference. (4D MWME 4:122)

Technological developments also have the potential to affect the business, especially extraction technologies. The global social trend towards organic produce and overall environmental sensitivity is also recognised as being potentially significant for Orgoli.

7.4.2. Competitive environment

Orgoli's business model is relatively complex because it involves dealing with the needs of a variety of stakeholders, including contract farmers, commodity traders, consumers, and even competitors for scarce resources like water.

I had to stop farming because my neighbour took my water. That was the main reason why I had to stop vegetable farming because he sunk a borehole that was deeper than mine. Mine averaged between 60 and 90 and he sunk one at a 110, and then all the water obviously goes to the lowest common denominator. (4A MWME 11:367)

As noted, interacting with farmers can be problematic, in part because of the arms-length relationship, in part because they are simultaneously supplier and customer for Orgoli.

And at that stage he was having a lot of problems with farmers because – not the farming side of it – but the way the farmers were that they don't care what crop needs to be planted; they just look at the financial and say "well here's

money; if this doesn't work, there's going to be real trouble". Then they don't do anything on their side to make it work. (4B MWME 2:43)

Dealing with essential oil traders, who act as middlemen between producers and the large multinational cosmetic and food houses that use the product, can also be difficult.

Funnily enough, I've got about 20 litres which is out of spec which nobody wanted to buy. And yesterday, Friday, I got an e-mail from Arnie saying "ah did you know the stuff we rejected three weeks ago, how about letting it slide in our direction". Okay now the negotiation starts, what are you going to pay for it? (4A MWME 23:810)

However, it does not appear as if Hans and Sunny believe there are sizeable direct competitors for Orgoli.

A lot of people have got one or two hectares here and there and they do everything themselves – which is buying the seedlings and then growing it themselves – and they'd organise with the buyer, like Arnie in Johannesburg, to get Hans or someone else to extract for them. And other farmers only do the extraction for other farmers and sometimes it works, sometimes it doesn't. (4B MWME 4:110)

7.5. Describing the experience

Hans's enthusiasm for the entrepreneurial experience was evident throughout the interviews. Although he describes it as challenging, he can hardly imagine himself doing anything else. Hans recognises that, in future, Orgoli must become more efficient and effective at managing its human and financial resources in preparation for the rapid growth anticipated over the next three years.

7.5.1. Business challenges and opportunities

The most significant business challenge facing Orgoli is, Hans believes, gaining access to sufficient resources to enable the business to develop on three fronts, namely cultivation, extraction and the cosmetics businesses. In particular, the funding and construction of extraction machines for each contract farmer poses a significant financial hurdle.

To build a machine like that costs R50 000 to R60 000 on each farm. So what Sunny and I have to do is, we have to just take all of the money – and the farmer pays us R170 000 – we need to keep our running expenses going and



we need to put that machine on each farmer's land. So it takes time to get there. (4A MWME 14:495)

One of the consequences of this is that Sunny and Hans are continuously moving their attention from one business to another, substituting their own energy for access to the right human and financial resources.

I think Sunny and I need to get a lot more organised with our daily work, we fuff around too much with the wrong kind of things. The fact that she doesn't have a car and the two of us yodel off together wherever we go is a real big concern. If she was independent, I can go to the office do what I do. When I'm finished I can go home. Now I've got to wait for her to finish if she still works longer. (4A MWME 23:816)

Hans notes that to survive, entrepreneurs are sometimes forced to operate in a manner which might not always be entirely above board.

And sometimes you have to put your VAT return in late and use the money, or write an invoice without a VAT thing on because that 14% is really the difference between paying the overheads and that 14% is just your food – and those kinds of things. And sometimes you have to be sneaky. (4A MWME 34:1195)

7.5.2. Personal challenges and opportunities

Hans describes his passion for the industry he has selected and for the entrepreneurial process he has repeatedly experienced in such a way that it sometimes seems he is having fun, rather than working.

Isn't it wonderful that we're able to produce those products, and isn't it wonderful that we're a part of something beautiful, that we're able to – through the sense and the smells we make – enrich other people's lives? And I'm doing something I love; I love farming. (4D MWME 4:130)

However, Hans will admit that the entrepreneurial process is as challenging as it is enjoyable, and that this difficulty is very often experienced as internal and emotional, not merely external and resource based.

I think that that's the one thing that no one ever talks about when you really, really start off a business – is that hardship and that difficulty that mentally you go through. I think another very important thing is I have very little fear now about very few things. (4A MWME 34:1216)

Hans believes that his ability to persist in the face of internal fears, external difficulties and social discouragement has proved the most important feature of his entrepreneurial experience.

Persistence is the most important thing. There were so many times that my family came to me and my friends and everybody and said "Hans, can't you just get a job. Go and make money and that's it". Because there were times when I was really poor, so that I had to lend money from everybody just keep the boat afloat and all those kind of things; and I just carried on. (4D MWME 31:1091)

Despite these challenges, Hans does not believe they outweigh the pleasures of entrepreneurship, to the extent that he claims he has not experienced stress as an integral part of new venture creation.

I don't really have a lot of stress. Even in the times when we have absolutely no money, I wasn't really stressed out. In actual fact I think the potential [for] stress is greater now than it has been for a long time, simply because we've got this money and we've got to pay it back. So we've got to make sure that things work properly because we're no longer accountable to just ourselves. (4D MWME 11:380)

CHAPTER 8. CASE SUMMARY: MARGARET

Margaret is a 38-year-old black female with an honours degree in mathematics and an MBA. A little over a year ago, Margaret resigned from her position as a senior manager in one of the country's largest banking groups to set up her first business, Bluebird Consulting. She provides consulting services in credit risk management to a broad spectrum of financial service and retail businesses.

This chapter summarises transcripts 5A-5D, which appear in appendix G to this document. Analysis of Margaret's case appears in chapter 16.

8.1. Personal context

Margaret is small and compact in build, but her demeanour conveys quiet strength and dignity. She speaks clearly and thoughtfully, but with great passion about her business and its potential for success.

8.1.1. Key characteristics

Margaret is organised. She plans carefully and in detail, and then carries out her plans with precision and focus. This characteristic is manifest in both her personal and business life and she finds it difficult to understand why others are not always as disciplined.

And even with that, even in how I conduct my life, I mean things like time, planning, are very important to me, I mean I, that's why even I sometimes I, when somebody says to me I'll see you at one, one means one. You know what I'm saying? And I've had, I thought, those things I feel sometimes when people don't adhere to them and they are not apologetic or phone or anything, I just feel that it is lack of respect, for me, sometimes. (5D MBFS 17:642)

Margaret acknowledges that her need for control is powerful, and sometimes makes others uncomfortable. However, she believes that planning and organising her work makes her more efficient and effective, and are therefore characteristics worth retaining.

I would rather not leave them to the 11th hour, so I am like that, I think I am sometimes too organised, and I can see other people get uncomfortable because it's like, I organise every little thing, I mean, and so in terms of things that I've got control of, I try not to let that frustrate me. (5D MBFS 4:116)

Margaret makes decisions carefully, first ensuring she has as much data as possible and then talking to others to gather inputs to the decision-making process. She admits that sometimes she is too analytical.

I do analyse, I look at the pros and cons, and I take my time and all that, and I think sometimes I analyse too much, I mean, analyse too much and maybe I could have taken other decisions in the past in my life and whatever. (5D MBFS 17:625)

Margaret recognises that her drive for excellence sometimes creates significant stress for her, and makes her less than tolerant, especially when it comes to dealing with other members of the team.

Sometimes when I am too stressed, I can be ... I am a very impatient person, when I do things, you know I am very fast and I choose them then sometimes when I work with people who are like slow, they are not moving, I get very stressed, but you know what, at the end of the day I'll pick up the phone and I'll call them, and say I want this, like this, you know that's how I operate, and if they don't give it to me by then, then I will call again. So I always make sure that I don't leave things in the air, because then that threatens me. (5D MBFS 4:136)

Although she feels the stress internally, Margaret seldom loses control, but maintains a calm and rational façade according to Colette, a work colleague.

She does stay quite level-headed and even though maybe she just doesn't show it to me either, maybe inside, you know, she's boiling, I don't know. But I've never seen her losing it completely. I have seen her getting angry and worked up and whatever, but she would, you know, manage that and she would just keep it to herself. (5B MBFS 6:214)

Although she is fairly introverted, and reportedly keeps a tight rein on her emotions at work, Colette describes Margaret as assertive in her dealings with others.

She's very professional as well. She wouldn't let some personal stuff, you know, upset her or even if it does, she wouldn't necessarily show it, so I think she's quite assertive, you know, to that degree that she will say what needs to be said, but in a very professional sort of manner. (5B MBFS 5:162)



As a result of her personal characteristics, Margaret believes she has developed a reputation as a demanding manager, although she herself claims to find it difficult to work in a highly structured environment.

Some people say that I'm a little bit of a strict person, but at the same time I don't like to be in an environment where this is when people come in and this is when they leave. Obviously at the same time, being in an office you can't be flexible and rock up at 9ish or when you feel like it. Even me, if I was the boss, I would want me to rock up at a particular time. I want to be very, very flexible. (5A MBFS 15:471)

This also suggests Margaret has a relatively high need for autonomy, to the extent that she regards herself as something of a non-conformist, both in work and social contexts. Certainly she pays scant attention to what others think of her.

I am not a conforming type of person, so I have never been, even when I was a kid I remember, I took ... when people were perming their hairs and everything, me, I wasn't interested, you know what I'm saying. I felt that my hair was good enough, by the time I decided to perm it was because me, I was ready to perm, so the other thing I think is because, I also you know, am not bothered by what other people are doing, I do what I want to do. (5D MBFS 16:570)

Margaret seems so confident and sure of herself, so quick to make decisions and implement them, that her behaviour seems startlingly independent, even unconventional to her family, according to her sister, Sarah.

She didn't even struggle to get that job in Johannesburg. I think she was back in August, in September she got a job. Immediately she got a job, she bought herself a car. She didn't buy a car in Cape Town. And at home you know there was no garage but before she could have a car, she ensured that she has built a garage and then owning a car. And didn't even stay with her parents then, got her own private place and then stayed there. (5C MBFS 5:169)

Margaret is ambitious, even driven, and confident she has something to offer as an entrepreneur. Her sister believes this is at least partly attributable to her strong religious faith.

When you're born again you can't avoid having faith but Margaret is not – is not born-again but she's got faith. Because ambition and faith – I mean we ask ourselves, can we separate them, because it's the faith that drives you to achieve those things that other people would see as unachievable. (5C MBFS 6:192)

8.1.2. Education

Margaret's remarkable intelligence was recognised early. She was identified as a gifted child in her final year of primary school, and as a result participated in a weekly enrichment programme at the Soweto College of Education. She was offered a place at a Model C high school on the other side of Soweto, but her matric year was interrupted by the political unrest and school boycotts that characterised the township in the mid 1980s.

Yes, I was like 16, so young kids meeting in this hall somewhere, I'd go. I was very talkative, but I was also interested and angry about something, you know what I'm saying, so I'll go to those meetings, and I don't think, in '85 and '86 because the schools were disrupted so much, there was enough time for us to have those meetings, and I don't ... my father didn't like it too much although they didn't see most of it because they were at work. (5D MBFS 8:283)

In an attempt to avoid the turmoil, the organisers of the gifted children programme arranged for the matriculants to be relocated to Bisho in the Eastern Cape. For the next two years, Margaret remained in Bisho and repeated the final two years of high school, and was then offered a scholarship at Diocesan School for Girls in Grahamstown for a post-matric programme. The year she spent there was not pleasant.

In my maths it was me and the three boys from the ... because there is a St Andrews opposite and in the computer science I am alone, with this teacher, and when the culture was just not nice, the place was cold. Eventually I am starting to make friends, then I liked it, but when, did I hate it, up until most of the part of year I hated it. (5D MBFS 25:361)

Margaret won a bursary to study at the University of Cape Town, and after an uncomfortable encounter with computer science, found her niche focusing on mathematics and chemistry.

Then the second year, when I went and did my second year, I took another first year, I took chemistry, whatever, 'cause that's what you know, I felt okay, fine that's what I know, the sciences. So I continued with my maths and science instead, and that was great, and from first year I was doing very well. (5D MBFS 11:394)

Margaret completed an honours degree before starting work and later undertook a master's in business administration, which she completed part-time at Wits Business School while she was employed.



8.1.3. **Work experience**

Following university, Margaret joined a quasi-government research organisation, but was quickly frustrated by the relatively poor remuneration and was drawn to the private sector, where she worked for BigInsure in Cape Town. Eventually, Margaret began to feel homesick.

It was starting to get a little bit lonely, although I had a boyfriend at the time, but you know what, my family was much more important than this, and I thought, Mmmh, just how less often I am going to see them, then I started thinking, huh-huh I must come back home. (5D MBFS 12:439)

Although BigInsure made an effort to retain her in Johannesburg, Margaret joined BigConsult, a large credit bureau and consulting business, and then CAD, a multinational auditing and consulting firm. She was lured to Average Bank by a previous manager.

I mean, frankly, not because I am not a CA, but I just didn't like the hierarchy, you know, a partner is a partner, and then they were just paying me off. And one guy who was my boss, had experience, was now at Average Bank, and we kept on talking because then I was starting to think of doing my MBA as well, so I kept on talking to him. (5D MBFS 15:515)

At Average Bank, Margaret blossomed. She outperformed her peers, and was rapidly promoted, gaining useful technical and business experience and developing a valuable set of skills. In particular, she learned to see the role that credit management played in the organisation as a whole.

I think I was also given the opportunity to be able to deal with people at different levels and, although I wasn't trained to, also worked with a business product, so I was starting to be confident in what I understand and what I can offer from a credit point of view. And also I think my studying also helped me to just feel like, "You know what, I think I may not have been an expert in everything, but I think I can engage and debate other issues and ask the right questions, even though I think that I may not be an expert myself". (5D MBFS 17:595)

It was generally accepted that Margaret was destined for a very senior position in the bank, and not simply because she was in the right place at the right time, says Colette.

Look I must tell you I always had the idea of Margaret moving right up to, you know, the highest, because I must be honest, currently at the bank, they just pull in these black people, because they have to and not many of them, you

know, really have the mind to take things where it should go. But Margaret is definitely an exception. (5B MBFS 17:591)

However, this was not enough for Margaret, who felt dissatisfied with the status quo, and particularly with the fragmented nature of her work and lack of independence she felt working in a small part of a large impersonal organisation.

As I was working, on a daily basis or even if you can go away as a management team and say these are the things that we need to do on a daily basis, when you come back you actually find that it has been a waste of time. And the reason why that is so is because you are focusing on operational issues which are mainly important to somebody at that time. And you never take a step back and say, "how can I look at those things that I know ... and they may not be urgent, but they are important and they can really make a difference, even make a difference to the very things that are urgent today". (5D MBFS 2:55)

Margaret began to plan the launch of the new business and eventually resigned to set up Bluebird Consulting. Her employers were not happy to see her go, and to this day attempt to draw her back to full-time employment at the bank.

Even my previous boss because they wanted me to take a position when I was leaving even when he wanted to appoint the new person he called me and on the phone he said ... he just wanted to check, "are you sure, don't you want to come back?" (5A MBFS 14:461)

Margaret admits that the fact that her skills continue to be in demand is encouraging because it represents a fall-back position should the new venture fail entirely.

8.2. Family and social context

Margaret is the third of four children and although her teenage years were spent at school and university, today she is close to her siblings and parents, although she lives apart from them physically. She is apparently a natural introvert, and therefore tends to form a small number of close relationships, both socially and at work.

8.2.1. Childhood and parental influences

Margaret's childhood was relatively normal, or as normal as it could be given that she grew up in Soweto in the late 1970s and early 1980s. Both parents were

employed full-time and the family could afford to feed, clothe and educate the children.

We are from an average family, as far as socio-economic status is concerned. I don't mean that we had everything but we were satisfied. I think that mostly because we could get education. Whoever wanted to get educated could get it but it was a family that didn't have a car. I mean my mother would use the train to go to work until she retired and my father was doing the same. (5C MBFS 4:113)

The children were raised to value education and encouraged to perform at their best, even though their home was relatively humble, and this had a long-lasting impact on Margaret, reports Colette:

I don't think they were very strict, but they really wanted their kids to perform, especially at the time when she grew up. I think it must have been very difficult for them. They wanted them to really have the best, you know, and do the best that they can do and that sort of thing, I think, got imprinted into her that she needs to do her best and not be scared of trying things. (5B MBFS 16:578)

Margaret's self-confidence was apparently evident from an early age, to the extent that it was somewhat alienating to her siblings, a problem exacerbated by her private-school education and rapid progress at work, says her sister Sarah.

As a child as we were growing, I regarded her as cheeky. I don't know if we are following one another. I can't say I didn't, you know, like my sister but ah, we were not getting along very well, when she grew – you know coming from that school she changed. She started working, she was something that you wouldn't love to be with for a long time. (5C MBFS 12:395)

8.2.2. Family support

In spite of the suggestion that Margaret's schooling made her somehow different from her siblings, her academic achievements were actively encouraged by her parents from an early age.

I think in terms of my career, sorry maybe even before I started working, I think from my father's side, he always, you know, was very excited about the fact that I was doing so well in a maths type of subject, and even with me, I always felt that "You know what, I am going to do something to make him proud, because I know I can do this", so I enjoyed it because he also encouraged me. (5D MBFS 15:531)

Although neither of her parents was in business in their own right, Margaret was made aware that self-employment was a highly desirable career option, even though it had not been feasible for them.

My dad used to say ... and they both worked until they were on pension, "I don't want to work until I go on pension". That is what he used to say, but back then I don't think they were getting enough money and obviously they had kids they had to feed and clothe and send to school, so I don't think he could take the risk, but he used to say that, but he ended up going on pension (laughter). (5A MBFS 16:511)

Margaret describes herself as being very close to her family, and communicates with each of them at least weekly. This closeness seems to provide substantial emotional support to Margaret.

Because I don't have any kids, maybe that's why I talk to my siblings, you know, all the time, especially my sister who has a daughter who's now a teenager, so we talk all the time, the three of us, and also my younger brother, I am also very close to my younger brother. My elder brother, I am close to him, but maybe because he is married, he's got his own family, I just find that I don't talk to him as much as I talk to my other siblings, but in terms of my parents, I also talk to them, you know at least once a week, and over the weekend, so we are very close. (5D MBFS 1:28)

Her family has not been required to provide any financial support to Margaret during the new venture-creation process, but Margaret believes their financial independence has given her the freedom to pursue her own goals, rather than having to support siblings or parents.

I think I was also fortunate to have had, to have not had siblings that I needed to help financially, because that could have been the other thing, and then again, fortunately I didn't have parents that I needed to help financially, so I could really look after me and only me, so one thing I knew, yes I needed to save money, which I did, I started saving money and saying okay this is what I want to do. (5D MBFS 16:563)

Today, Margaret plays the part of advisor and role model in the family, encouraging her siblings to further themselves through job advancement and further education, even when it seems difficult for them, as Sarah recounts.

Then, you know, Margaret said "you can do that". Said "I can't do it, I'm working, picking my daughter from school, I get tired when I come back from work. I'm just tired, I can't do it". She said "you can do it". I said "oh no, from where? Where can I do? How can I do it". You know I really didn't understand her because I was seeing it as being difficult. You know she said "you can do it". And then I just took her advice and I did it. (5C MBFS 7:227)

8.2.3. Business and social relationships

Margaret is fairly introverted, in that she is fond of her own company, and does not make friends easily, a trait that is fairly obvious to her sister, Sarah.

Her relationships with people? She's very good ... but she's not a person who likes to be crowded. She doesn't have many friends. If she chooses friends, she's got very different people around her. (5C MBFS 10:354)

Somewhat reserved with people she does not know well, Margaret is open and honest in her communication with those she does know well.

I am open to them and I want them to be open to me. I mean, if I am not happy with anything, I don't even wait, I'll tell you now that I am not happy with, especially if I am close to you and you mean something to me, because one thing, I mean, I think for people that know me, I don't talk too much, but I can talk too much and be loud and laugh and everything with people that know me very well, because I take quite a while to get to know people. (5D MBFS 5:156)

However, Margaret seems skilled at expressing any dissatisfaction she might have without causing offence or any long-term damage to the relationship. This seems particularly true in her relationships with employees, at least according to Collette.

She'll let you understand obviously that this is not what should have happened but she's not, she doesn't get, you know, funny or personal again. It is not a personal attack that she wants to, you know, aim at you. She makes you feel that yes, you're the person who's messed up, but she doesn't have a problem with you, but it's whatever happened within the project or whatever was done. (5B MBFS 7:226)

Socially, Margaret appears to maintain a tight circle of friends with whom she has long-standing if somewhat formal relationships.

But on the personal side I also find that maybe I tend to, when I look at my friends, or people that, like when I said to you, when I go and visit a friend, because we've made an appointment, or they come to me or whatever, there is people that may be ... what word can I use, but people that I know that won't let me down, because I also wouldn't let them down, you know, I respect them, and they respect me. (5D MBFS 19:673)

Colleagues, such as Colette, notice that Margaret prefers to maintain a boundary between her social and working life, but her business relationships are sound.

I know we work quite well together, but we don't go out for a 'jol' and, you know, visit each other over weekends, that type of thing. We are good friends, but just when we see each other really at work. So at work level, work relationships, which is obviously also very important, she definitely tries to keep a very good relationship with everyone, not to burn any bridges. (5B MBFS 15:523)

Margaret has reportedly made an effort to ensure important relationships are maintained, even over long periods. In particular, she has retained connections with several of her managers in different organisations, and these individuals have acted as her advisors and coaches.

I mean with time, people lose contact, but it just happened for me that, at any point where I have been, I will keep in touch with the person for a couple of years. So, that is why I am saying, even when I was thinking of my MBA, still talking to my boss you know, that is what I have always done and I think for me, in just bouncing off ideas, sometimes you don't even know, you are just talking, and I just ask them, I ask the other person and then I, just then I make my own decision, this is what I need to do. (5D MBFS 16:587)

Now that she has established her own consulting business, Margaret has become even more sensitive to the role of relationships in acquiring and retaining business, and has begun to regard the establishment and maintenance of business relationships as important to her long-term effectiveness, even given her acknowledged expertise in the field.

So for me what it eventually showed me was other than I think I am the expert ... how you relate person to person even before you get to the technicalities of what you are doing is also very, very important, and in time you get to know each other as people and also what you can do. (5A MBFS 13:421)

8.3. Business and organisational context

Established 18 months ago, Bluebird Consulting, Margaret's business, provides consulting services to a broad spectrum of financial service and retail businesses in the area of credit risk management. The competitive environment created by new legislation, together with Margaret's rare set of skills and growing reputation in the industry, seemed to offer a significant opportunity. The major challenge facing Margaret's business is to find the additional skills necessary to service clients as the business grows.

8.3.1. Inspiration and preparation

Margaret grew up aware that self-employment was a desirable career option, and eventually began to feel the need to exercise that option, even though no particular opportunity was immediately apparent.



I think a few years ago towards the beginning of the 2000, I personally just started thinking, “you know what, I do not believe that I need to wake up every morning and go working for somebody else”, and at the time I didn’t know what it is that I wanted to do, but I just felt that that is not how I wanted to do things, but I wasn’t really sure what I wanted to do. (5A MBFS 2:43)

Margaret’s sister observed in her an increasing desire for independence as well as a need to achieve beyond what was possible even at a relatively high level in a major corporation.

I think she has reached that thing, not in terms of money, this thing when she was working for other people. Not in terms of salary, but in terms of she wants to go independent. And she’s not a person who’s afraid of challenges. So I think she has reached a ceiling where she thought “I’m not developing, I’m not able to stretch my wings anymore. If I can take this opportunity and go independent, yes I’ll meet many challenges”. But she’s a person who thrives on challenges. She doesn’t want to get bored. (5C MBFS 8:253)

In addition, Margaret was beginning to feel the stress of a senior management position and to resist the restrictions imposed by a large complex organisational structure, recounts Sarah.

I think she definitely also wanted a different life, not that hurried stress. I mean if you really get a lot of projects you might, as I am, be working harder now than I was at the bank, but I’m doing it at my free will and at my pace and when I want to. (5B MBFS 10:350)

She began to prepare for new venture creation by ensuring she was debt-free and by saving enough to support herself through the start-up process. At this point, Margaret had still not clearly identified what shape the business might take.

I didn’t just leap into it because although I don’t have any people to feed, I feed myself but at the same time I don’t want to find myself tomorrow thinking hmm I can’t even afford petrol. I knew I had to sustain myself and life was just not about me making the money there, there is medical aid ... and even ... if you know what I’m saying ... get to the point where I’m saying maybe I need to sell this, but yes I was cautious in that way, ja. (5A MBFS 10:313)

Margaret knew that to prepare for new venture creation meant she needed to develop a number of key skills, and expose herself to a wide range of scenarios.

And then, again in terms of experience, especially when I was at BigConsult, I think I did see what was missing every time, the exposure that I was getting, I could see that this is what I can give, however, I can only give so much, I still cannot go beyond this part, and maybe this is what I need to do, you know, to be able to fill what’s missing. (5D MBFS 16:578)

8.3.2. **Opportunity search and evaluation**

Once Margaret had committed to the idea of new venture creation, she began an informal search for the right opportunity. She quickly realised that her own enjoyment of and expertise in credit management could be converted into a stand-alone enterprise, focused on helping organisations become more credit-effective.

They could have developed some credit systems but they just used the basics and they are not using all the other functionality that they could. But I felt that I could go out there and this is what I would focus on, and “let me help you with things that may not be urgent to you, but they will be important” and that was the initial thought. (5A MBFS 2:67)

She first considered whether she was competing directly with the potential client organisation’s own resources, and then dismissed this as a threat on the grounds that few organisations are fully resourced in credit skills, simply because they are so rare in South Africa.

But in my experience, having been inside and having seen ... you find yes maybe there is a head of credit and the layer just below the head of credit might have a ... but what you find is that they don’t have the supporting ... people are just moving around and they always are struggling with resources that are stable on the ground and that can help them to deliver substance to what they have just started. (5A MBFS 5:153)

8.3.3. **Start-up decision and sequence of events**

After some six years of planning and preparation, Margaret resigned from her position at Average Bank, much to her employer’s consternation and the surprise of colleagues like Colette.

I was actually very surprised, but I think she has the ability obviously to have done that. The bank obviously wasn’t very happy, because she played quite a big role, but in what she was doing and the fact that she was the black lady, means that even now still they are bugging her: “You have to come back. We want to make you this director, that director”. (5B MBFS 10:338)

It is not clear from the interviews exactly why Margaret chose the time to start the business that she did, other than the fact that she had saved enough money to live on for 12 months, the period she imagined would be required to generate enough revenue in the business to support herself.

Despite her careful planning and preparation, Margaret did not anticipate that clients would be slow to take up offers of assistance that they badly needed.

What took me by surprise was because I felt very confident, with the product, with the technique ... what took me by surprise was how potential clients didn't respond right away. And when I say right, I just mean in terms of saying yes ... you need to help us here and not only here but here and let's do it as soon as possible. So they take a while to get there, when they do get there... (5A MBFS 8:252)

Although Margaret realised it would take time to build momentum, she had planned to be earning some revenue after three months, but this did not occur until six months after start date. This failure was painful to bear, but she was determined to see it through.

I just felt I need to give myself time and I think that I still have scope, I need to give myself that ... so that kept me going, and I think because I believe that, you know what, I know out there is something that I can offer, I know, but I kept on pushing and although I was feeling down, I am telling you, I woke up every day even if it meant waking up and sitting on my desk with the phone and my laptop, I still woke up, I never slept because I was feeling down ... (5D MBFS 22:778)

She spent her time preparing proposals and visiting potential clients. Although she found it difficult to deal with rejection, Margaret believes these early efforts will not prove to have been wasted. Rather, she views her exposure to individuals and organisations as a marketing exercise which will pay dividends long term.

I see the business that I have started will be established very soon. In the seven months I can see the different phases that I have gone through, be it the phases of phoning every day, phases of writing proposals, phases of people now calling me. So things are starting to happen so I take it that it will go through the life cycle and it will pick up. (5A MBFS 16:528)

Her family was witness to her difficulties, and admired Margaret's courage to persist in the face of difficulty and access the resources she needed to succeed.

And she wouldn't complain or say it with her mouth to any person. She had undertaken, planned her things. She would say "if I don't get off from the ground, I'll survive". She's a good planner, more than myself, she's a good planner. And sometimes I don't even want to reach that stage where she is because she really plans. (5C MBFS 8:273)

8.3.4. Resourcing the business

As a consultancy, Margaret was able to set up the business with the bare minimum of physical resources. She had previously purchased the required IT and telecommunications equipment and began operating from her home office. The idea was to contain monthly costs and keep monthly cash flow requirements at the lowest possible level.

I started with it in mind that you know what if it's going to be a proper company, a Pty Ltd, one day, I will have premises somewhere else and as and when I get work then I will start getting the people as and when I need them. But at the moment I am not at that stage where I can start getting that because I also don't want to feel like, "oh my God I need to pay somebody", I'm not ready for that yet. But as things pick up I will get people as and when I need them. (5A MBFS 4:112)

In future, Margaret believes the most important resource issue Bluebird will face is attracting and retaining rare, highly skilled human resources who can interact effectively with the client. She does not appear to have a strategy in place for fulfilling this need.

It is mostly the skills, because it's a very statistical, mathematical type of thing, there are not many people that actually go out and study that and even though there are quite a few that might study it, but they can't always come back and have the practicality to actually apply what they've learned. It makes it difficult, most of these people just stay at university and, you know, to teach and whatever. So it is difficult to really get someone that can understand this statistical stuff, but still be able to carry that over in normal English, so that everyone can understand. (5B MBFS 13:464)

Margaret has ultimately come to believe that the most important resource in the business is herself, and her belief that she is capable of achieving what she set out to achieve.

One needs to believe in themselves, you know, believe that they can, because I think, well I think everybody knows, I mean those that want to acknowledge it and it's not easy to start a business, because otherwise everybody else would be doing it, but just believing in themselves, you know that at least will give them the courage. (5D MBFS 22:797)

8.3.5. Managing risk

As a rule, Margaret makes decisions with risk firmly in mind, trying to anticipate what might go wrong and what the consequences of such failure might be, before making a final decision.



And I also, I think, I also don't take decisions that maybe I think, what if this happens, I also try and understand the impact if things don't go the way I would want them to go, and if I find that, mmh, the impact, you know, is not so big, I can live with it, or maybe there is also an alternative, then I would, I'd take it. I mean it is like now, having to say, okay fine I am leaving work, I'm going to ... you know I had to weigh you know the options, and I said ja, the road that I am taking, is it is risk, maybe yes, maybe no, if it works, great. If it doesn't, does it mean the end of the world? Maybe not. (5D MBFS 17:611)

For Margaret, the most significant risk she faced was not being able to support herself financially. She believed she had offset this risk by reducing her debt burden and ensuring she had sufficient savings for domestic expenses for 12 months.

But because I had prepared financially for not getting anything for a couple of months, although for me I thought it was going to be a shorter period than what it turned out to be. But from a risk point of view I looked at my life and I don't have any dependants, I don't have debt. I tried to clear out big debt because ... so the risk was not that big because I gave myself enough of a cushion from the financial side. (5A MBFS 8:237)

Her ability to maintain key relationships over a lengthy period seemed to Margaret to represent a way to manage market risk. Her expectation was that these relationships would directly deliver revenue.

8.3.6. Exit strategy

It is not clear from the case whether Margaret has defined an exit strategy, possibly as a result of the relative closeness of start-up. However, she has considered the worst-case scenario of total failure. She believes she could use relationships with previous employers to return to full employment at any time.

And from just leaving work I think wherever I had been, I had formed relationships and I maintained them. Again I knew that I still had contacts with people that, if this should not work, I could still call and say, "you know what, can we talk?" So there is that opportunity to go back to full employment should it not work, and I haven't burned any bridges wherever I have been, so I've maintained good relationships ... (5A MBFS 8:243)

8.4. Macro-environment and competitive context

Margaret seems relatively sensitive to the impact of environmental conditions on her business, possibly as a consequence of strategic introspection caused by a six-month period without revenue.

8.4.1. **Macro-environmental conditions**

Although Margaret claims it was not the driving force for start-up, the implementation of the National Credit Act six months after her venture was created will have effectively increased the attractiveness of the opportunity.

What we are finding is that many credit providers, not only are they nervous about it but also they are not sure what level they have to comply with it. If they comply too much they might be considered too conservative and get not enough information from the customer and that could impact in terms of the turnaround time and the customer could just decide to go elsewhere. (5A MBFS 1:27)

8.4.2. **Competitive environment**

It is not clear whether Margaret had clearly defined a competitive strategy at start-up, although subsequent events have forced her to reconsider this position. Increased market attractiveness has enticed competitors who might otherwise have been regarded by Margaret as collaborators. Although she claims competition is healthy, she seems somewhat at a loss on how to deal with it.

People that I've known and people that I thought I could actually work with formed a company and they are competitors. Even yesterday I was in Cape Town and they were mentioned. So in terms of competition it is there and competition will always be there and, in my view, I think competition is healthy. But yes they are a big threat for now, maybe the size of the competition because obviously me just starting and with them having been established, even an international organisation, it's not an easy thing to deal with. (5A MBFS 6:171)

At present, Margaret's competitive strategy is limited to her ability to establish and maintain close relationships with existing and potential client organisations, on the grounds that close relationships will exclude major competitors.

So my approach is going to be as close to the business as I can be and of course I don't want to give away everything because I still want to be needed throughout, but to make sure that they feel I am with them all the time, and they also feel that I am holding their hand, especially the people that need to be trained. So my presence really is how I want to differentiate myself. (5A MBFS 6:185)

Margaret agrees it might be possible that her status as a BEE supplier might represent a competitive advantage, but points out that the financial services industry tends to be conservative, and that the requirement to build good relationships exists for any industry participant.

It must be difficult not only because of the industry I am in is so very white male dominant. And today you might feel that some people understand that they need to start giving black people opportunities, but whether we are moving forward as people or not, sometimes it takes a while before you get to know a person and sometimes even more so when they come from a different culture, even before you can talk any further. (5A MBFS 14:437)

8.5. Describing the experience

During the interviews, it became clear that the experience of new venture creation had been an intensely emotional one for Margaret. Although it is not readily apparent in the transcripts, she wept for much of the first interview, as she related how initial market interest in the business had failed to meet her expectations.

8.5.1. *Business challenges and opportunities*

Initially, Margaret's most significant challenge was to win over her first client because, as Colette observes, Margaret's is the kind of business in which a foot in the door will allow her to penetrate the client organisation ever more deeply.

You'll probably never be able to get rid of her, because there is always something. You will also have to be able to actually create work for yourself, you know, if you find those spots where there's opportunities that they might not even see. (5B MBFS 19:676)

In particular, her learning centred on the sales process . identifying the right target, making the right approach, proposal preparation and presentation and understanding the real nature of the response to her offer.

There were other people that had already said, "no, no, no". The people that had not said no, the way that they were doing things struck me as different and I thought maybe they are still thinking it through, so it was emotionally difficult, but the hope was still there. (5A MBFS 9:274)

As noted, Margaret expects her most significant future challenge will be capacity. She anticipates having difficulty finding the right people with the right skills, not just because these skills are rare, but also because she believes that only a certain kind of individual will be appropriate for her business.

Because even some people you might think you will work with them, even though they are not a formal person that you have employed, you just find that your working style is slightly different, maybe you knew them on a different level. (5A MBFS 16:537)

Margaret is beginning to grapple with some of the problems associated with growth, particularly the need to ensure a consistent standard of quality and output for the client.

And hopefully because I need to be there so that I can get the same, how we deliver the ... you know it has to be the same, the training and the culture of how I do things to be the same with the people that I get when and as I need them. But I am just focusing on growth from this point of view now. (5A MBFS 7:206)

However, as often the case, Margaret will need to think carefully about how she manages her cash flow. As Colette points out, the most significant challenge will be to deal with the lumpy cash flows that characterise most consulting businesses.

But now it's a bit tricky, you need to think "oh hell", okay this month it was great. Who says the next three or four or next year will be that great. So that makes it difficult. And those are the new kind of stresses that you now have. You know you don't have the stresses of just being there on call for everyone the whole time, you sit there and you just wait to see who is going to be on my case next, you have different stresses. But it's stuff that you actually decided you are going to take on. (5B MBFS 18:642)

8.5.2. Personal challenges and opportunities

Margaret describes her personal experience as turbulent, ranging from excitement to fear and back again as the business was launched and the real impact of independence began to be felt.

I think that first few months, and I don't know however many months, the first part was ... never, although it was exciting, and then suddenly you see you are afraid of change, and then on the 2nd of Jan you get a little bit nervous, because you know what, you definitely have to wake up now. So that nervousness, and then there was a very sad moment in about March, April, when you think, ahh now I am not in control of my life, somebody is running my life, so that part was very, very frightening. (5D MBFS 20:724)

In retrospect, Margaret sees the process of new venture creation as a period of personal growth and development that, however difficult at the time, added to her capabilities and self-esteem.

When I look back at the past seven months, for me I think it has given me the opportunity ... not that I never understood myself but I think to just understand myself more. And maybe because at the same time you find that you've got

more time to yourself really and you start to really understand how resilient you can be. (5A MBFS 11:347)

Her progress down this steep learning curve happened even though she had anticipated some level of rejection from the market.

For me I thought things would start happening sooner, but also thought that things wouldn't be smooth, I knew that doors would be closed in my face. (5A MBFS 12:387)

Margaret has discovered that, in new venture creation, her education is of less significance than her passion for the business she has started and her determination to make it work effectively.

And at the end of the day what I also realised was at the end of the day as long as you've got the drive, you've got the passion for something, you can do it and you can survive. In a way that you don't even have to have an academic background which to me I've always said you know what ... not that I'm saying it's not important but it's something that today even if you don't have it, it's the drive and the belief you can do it. So for me to just understand the resilience in myself, understand that there are many opportunities, that has been important. (5A MBFS 11:363)

Now that revenues are flowing, Margaret is beginning to manage her emotional responses more effectively and acknowledge the more positive aspects of entrepreneurship.

So it's been exciting but it is now, it is for me, so even when you wake up, you know, you do it for you, and nobody else. And if you may mess up, it's you, if you do it good, it's you, so you'll get your problems, give yourself pain, or you will say Ohh ... but you learn from it and you move on. And ja ... so just being in control although sometimes you still get that nervous attempt, you know to say "Huh, maybe it's too much now", will I enter that, what if this doesn't work out and what if this will never come ... So that, it is a mixed emotion all the time, but it is fun, I think. (5D MBFS 21:742)

Margaret found that her interaction with other members of an entrepreneurial support network was helpful because the act of sharing views and experiences with others undergoing the same process was both comforting and enlightening, according to her sister:

It really helped her to meet other entrepreneurs because every time she comes back from a meeting she would say she feels much better now, because people have given her their views and said that she's not the only one in this type of position and she actually grew from that. (5B MBFS 8:279)

Margaret's advice to other would-be entrepreneurs is revealing: both what she did correctly, that is to plan carefully and ask for advice from others, and what she did less effectively, that is to prepare emotionally for entrepreneurship and to be flexible about what the future shape of the business might be.

Make sure you really, really understand your strengths and your weaknesses, and obviously use your strengths as much as you can and where you have your weaknesses, see where you can get other people to help you. They might not be physically helping you but get advice from other people to deal with things that you may not feel confident doing. But think carefully and understand what you really want to do. You don't need to be rigid about it, be flexible because it will change if and when you see the reality. (5A MBFS 17:553)

CHAPTER 9. CASE SUMMARY: JOHAN

Johan is a 44-year-old white male with an engineering degree and an MBA. He is a serial entrepreneur, having established two informal businesses and three formal businesses with varying degrees of success over a period of some 20 years.

This chapter summarises transcripts 6A-6D, which appear in appendix G to this document. Analysis of Johan's case appears in chapter 17.

9.1. Personal context

Johan is tall, blonde and blue-eyed and moves with easy grace despite his lean height and large hands and feet. His rich accent and turn of phrase bear witness to his Afrikaans-speaking heritage.

9.1.1. Key characteristics

Johan believes his strengths lie firmly in the cognitive field. He sees himself as an analytical and strategic thinker, able to solve problems by creating new products and services.

The interviews revealed a talent for innovation in every aspect of his life, coupled with a willingness and practical ability to get things done. This characteristic was in evidence at work, where he is directly involved in everything from employee recruitment to preparing distribution agreements, as well as at home where he fitted the kitchen, and built the furniture for his youngest daughter's bedroom.

I've said many times in my life "I'm a creator" and that's maybe why I've built eight houses in my life. Played around in the building industry sort of as a hobby and what I loved about that was looking at a piece of land, thinking of what the pictures would look like and actually work with the full process to see the final product. (6A OWME 20:696)

Johan clearly values the creative process, but also appreciates that he can save money and achieve the high standards of quality he sets by doing things himself.

His childhood, education and early work experience reinforced this self-belief. The most extreme example of this, related by his wife Anna, is that despite being a novice at dress-making, Johan made the elaborate dress his older daughter wore to her matric farewell dance.

I promise you, because the cheapest one we could get was R3 500 and he said no way is he paying that for a dress (chuckling). He bought the pattern and the material and he made it himself. And he looked at the pattern and he decided that there were three mistakes on the pattern, from an engineer's point of view. (6C OWME 5:161)

Johan's religious practice is very important to him and his values and beliefs strongly influence his perceptions and behaviour in business.

I think it plays a big role because he doesn't really make any decisions before he's prayed about it, and feels that he's doing the right thing and that's where the Lord wants him to go with whatever it is that he is doing. And it's also – I suppose that's also where the integrity thing comes in hand-in-hand with that because a few times already people were introduced to him but the things they wanted to do weren't really a 100% kosher. And then because of his belief and ... the way he wants to live his life and run the business, then even though it could've been big money, he chooses not to go through with it. (6C OWME 10:336)

In particular, Johan considers his abilities to be God-given talents and attributes the strength of his entrepreneurial commitment and determination to his religious conviction.

Whether you accept it or not, or appreciate it or not, or whatever, the fact of the matter is that ... thinking of the entrepreneurial product is a God-given in my opinion, all right. (6D OWME 21:743)

His perseverance in the face of significant barriers to success illustrates that he is determined to succeed, almost to the point of obstinacy:

He's stubborn. Ag, if he sets his mind to something then there's not really much chance of you changing it. And determined; I suppose the two go hand-in-hand. And, I suppose, trying to get a business started you need both those qualities. (6C OWME 2:53)

9.1.2. **School and university education**

The family moved a great deal while Johan was growing up . it seemed to him that he changed schools every 18 months . but he does not believe this unduly affected his academic record, as his performance in matric was reasonably good.

Johan describes one of the most influential experiences of his life as occurring in high school. He had entered and won a place in the finals of a national economics competition. At the time he was attending a small school in a rural town and the whole community became involved in helping him prepare and supporting his efforts to win. He had been told to appear in the provincial capital to answer questions about his project which would be put to him by an expert panel.

At the final, his rival stood first and recited her application verbatim, not giving the panel any time for questions. Johan was taken by surprise . his reading of the rules had not allowed him to prepare a verbatim presentation, and he lost the competition.

It haunted me for many years thereafter. And what basically haunted me is if I only – at the end of my presentation said "that's regarding the content, let's start defending this thing" and then present my own question and my own answer, and just do a few of those. Why this? Why this format? Why? I mean, I would've bowled her six-love out of the process. But I was baffled as a result of circumstances, instead of thinking logically of what they should've been asking ... (6D OWME 16:543)

Johan cites this as an explanation for his inventiveness and willingness to challenge the status quo despite a conservative and conformist upbringing.

He won a bursary to study engineering at Pretoria University. While studying, Johan supported himself by operating a black taxi business. He purchased two mini-vans, hiring people to drive them during the week and maintaining them over the weekends.

Black taxis, ja. Bought the vehicle, got the vehicle roadworthy, got the certificate to actually operate a taxi which I rented from a guy in Shoshanguve. Got the drivers and formalised a deal with the drivers, so that they can actually buy the taxi over a period of four years while operating it as a taxi, etc. And that I did for – well I ... at that time – while studying with the

money I had earned and I saved about, I think, it was about R23 000 or R24 000 that I saved in the process. (6D OWME 9:319)

This direct experience in successful business, albeit in an informal survivalist-style venture, seems to have contributed to Johan's entrepreneurial self-efficacy.

Johan later completed an MBA while employed. He believes his education has stood him in good stead in the new venture-creation process. His engineering training provided a set of logical and analytical skills while the MBA provided general business knowledge.

9.1.3. Work experience

Johan was employed for 12 years in a large national telecommunications corporation, from the time he completed military service until he made the decision to resign and start the new business.

Initially, his roles in the corporation were predominantly technical, but he quickly became interested in the business aspects of the corporation. His performance in a variety of positions ensured rapid promotion.

I was fortunate enough to almost have carte blanche in terms of rolling out technology. I was responsible for IP at the corporation. As a result I dealt a lot with industry. I started the Southern African ISP Forum which met on a six-weekly basis with all the major industry players. So I knew quite a lot of what was happening in the industry and where technology was going, where the opportunities lie. (6A OWME 2:52)

His final role involved leading the corporation's efforts to implement ISDN, at the time a leading-edge technology that was the precursor to full digital telecommunications. In this capacity, a relatively young Johan was intimately involved in setting standards and negotiating with leading telecommunications networks around the world, as well as creating the momentum for change within a corporation known for its bureaucracy and conservatism.

I would have phoned my executive from Madeira, representing the corporation at a meeting there and I said "okay this is what's busy happening, I'm going to propose XYZ. Do I have your support". And he would say "whatever you think is best for the company, go for it". And they would set, adopt, approve and I will come back and I will start implementing in South Africa. (6D OWME 12:413)

All this was achieved relatively independently of any internal supervision and support. Once ISDN had been fully implemented within the corporation, Johan found himself looking for new challenges.

I think he likes the idea of progress very much in its literal sense of progression and seeing things done and being achieved. So I think that could have been a big motivator for him to leave the environment of the corporation. (6B OWME 15:530)

Johan believes this corporate experience was invaluable in teaching him a wide range of business skills. In particular, he views his experience on the ISDN project as entrepreneurial and, therefore, excellent preparation for start-up.

But the fact of the matter is, you do everything in terms of what you want to achieve with this business, attend whatever meeting, put the processes in place, get the sales teams growing, do the gearing of the organisation, operational and support all those different things and start monitoring and – you know, take it through the full cycle. (6D OWME 13:444)

Johan now believes he may have underestimated the difference between establishing new ventures in a corporate environment and the entrepreneurial new venture-creation process.

9.2. Family and social context

Johan continues to feel the influence of his childhood today, and he remains strongly connected to his nuclear and extended family. However, he considers his social skills weak and has experienced problems managing relationships with his superiors at work, as well as his partners and employees in the businesses.

9.2.1. Childhood and parental influences

Johan is the oldest of three and has a sister and brother. Johan's father, a church minister, was a powerful influence in his life. His family was religious and his father strictly enforced rules restricting the children from being exposed to corrupting influences of any kind, especially entertainment and interaction with other children in social contexts.

Well not quite religious. I think that was basically the extent of my childhood. I mean, you know, you sort of – you live in church for that matter, if I may put it like that. The foundation was very, very spiritual. (6D OWME 5:176)

The family was not wealthy, and a consequence of this was that Johan's father regularly did repairs and maintenance to the household's vehicles and appliances, and insisted that his oldest son watch and learn each time.

I've learned many of my skills from him you know – I mean I won't say no to anything and I was taught that anything and anybody – if somebody else can do it, you can also do it and you can do it better if you really apply your mind. And as a result of that, I'm a – maybe a jack of all trades and you know – and I've learned to sort out certain things. (6D OWME 5:166)

Although to some extent, Johan rebelled against parental constraints in his late teens, he has retained many of the values he learned as a child and his religious practices and beliefs remain aligned with those of his father.

9.2.2. Family support

At the time of the study, Johan was married for the second time and had two children, a teenage daughter from a previous marriage, and a two-year-old from his marriage to Anna, who is expecting twins. Johan had already started his business when he met Anna, so she has only known him in an entrepreneurial context.

Johan seems to communicate frequently and in some depth with his wife about the business, and this apparently has important benefits for both:

I suppose because I don't work, to me it's like when he comes home I say "how was your day, what happened?" And then he can sit and discuss it with me. I don't always understand him but I try to remember, so that next time I can ask him whatever is – you know, what's the progress on this and what's happened there and what's happened there. I think it's important because if you're not going to show any interest, he's not going to talk to you about it. Then you're not going to know what's going on anyway. (6C OWME 4:108)

Financial uncertainty is uncomfortable for Anna but she is also relatively sanguine about it. The family does not appear to have experienced any severe hardship.

Sometimes it's frustrating because you go through phases where there's lots of money and then you've just gotten used to the fact that you don't have to turn the pennies anymore, when it's back to "okay well it's going to be tough

for the next few months because we have to push all the money into this or into that venture or whatever". So then it's tough again. (6C OWME 8:265)

Although she sometimes wonders how long it might take, Anna has confidence in Johan's ability to achieve his goals. She supports his efforts because she believes they are motivated by the desire to build the business for his family.

9.2.3. Social and business relationships

The childhood rules governing social interaction, together with the frequent relocations the family experienced, are believed by Johan to have negatively influenced his social skills:

In terms of what I've seen with other people, I don't think I'm that good at relationships. I won't regard myself as somebody that really nourishes – and maybe that's the right way of putting it – having good relationship with. As I said, certain people if we click and that click boils down to if we start sharing certain things, then I'm the best buddy you'll have in life. But on average – I cannot just walk in and start building a relationship. (6D OWME 19:663)

His natural introversion, together with his intellectual prowess, helped develop a self-perception as someone that others don't understand and this adds to perceived difficulty in managing relationships.

The fact of the matter is that people, in many cases, they totally miss me. And I've learned to ignore it in certain cases, in other cases I will take my approach in such a way that I will do a – you know in the normal discussion that we could've had in five minutes in my opinion to resolve certain things, based on certain information, I now do a full-on presentation to take people step-by-step through it. If I need the buy-in at a certain point – I find it difficult to communicate certain objectives to people in some cases. (6D OWME 18:617)

There is some evidence to suggest Johan can be quite confrontational in his relationship style, particularly at work in the corporation, where he seems to have been comfortable adopting the pose of the rebellious non-conformist employee:

I went to one of the senior hoofbestuurders – or whatever it was then at that stage – and I said "listen, you've got one of two choices, either you fire me or you give me a post somewhere in this area. I'm not moving out of Pretoria". And then after about three-four months they sorted out the issue and they got me a job in Pretoria but it did upset a few people the fact that I took that approach. (6D OWME 10:339)

As discussed, Johan is a demanding employer and thus also experiences difficult relationships with employees. In spite of this, Johan believes finding the right partners is a critical factor in entrepreneurial success.

9.3. Business and organisational context

Started seven years ago, Johan's first formal venture, Netstrat, an internet-based consultancy, is still operating. However, most of his time and energy is occupied with developing Datacred and Printcheck, the second and third formal businesses. The businesses are moderately successful, collectively employing five people and intermittently supporting Johan and his wife in a firmly middle-class lifestyle.

The major challenge currently facing Johan is that the businesses have yet to achieve the ambitious goals he has defined for them.

9.3.1. *Inspiration and preparation*

While he was employed in the corporation, Johan had thought often about setting up a business on his own, partly fuelled by his earlier small-scale entrepreneurial successes and partly motivated by the desire to create something of significance.

I think what drives me is the feeling of setting my mind or creating this picture in my mind that I have something that can be done and then diligently, constantly driving to achieve that. (6A OWME 20:708)

His business partner observed that Johan has a high need for autonomy and that this also strongly influenced his motivation to leave the corporation and set up a new venture of his own.

I think there's strong sense that he likes to dictate his own direction; rather than have it dictated for him. Frequently he talks about his frustrations within the corporation, you know, it not being a fleet-footed operation because it's slow moving by its very nature. So he doesn't like that. (6B OWME 12:397)

While he was employed, Johan also built and sold six houses, initially using his savings from the taxi business, and then substantial profits from the sale of the properties. This hobby further enhanced his self-efficacy and allowed him to develop a useful asset base.

I designed the house myself; got the plans drawn up and started project managing the various skills. I did the kitchen myself and the doors and some of the tiling. I mean, I worked my butt off. But I ended up with a 300m² house – for R135 000 – which I sold two years later and I made a 100% profit which was excellent at that stage. (6D OWME 10:323)

Johan made the decision to resign and set up his first venture in reaction to the appointment of a new, more controlling boss in the corporation.

I had a new boss. Now although I told him that we don't have to like each other to be able to work together – I think I'm mature enough to put all the differences aside and still continue working together – he had a personal thing at me for that matter. And as a result he started questioning a lot of the decisions I'm making. He started hauling me in ... (6D OWME 14:480)

Although his start-up decision seems to have been somewhat impulsive, as the business model for start-up was not clearly defined, Johan had access to resources . he had a good business education, relevant business experience, familiarity with leading-edge technology and savings he could draw from. The risks must have seemed low.

9.3.2. Opportunity search and evaluation

Formal opportunity search has not explicitly been part of the new venture-creation process for this entrepreneur.

The first business, Netstrat, was conceptualised as a consultancy focused on applying the internet to the resolution of business problems. The business model was initially vague and based on the assumption that the technology would become pervasive and that specific opportunities would present themselves.

At that stage the internet was sort of a passion. I mean, I started realising the capability and the possibilities of using that type of technology. In my opinion, maybe a bit too early for the market, but the fact of the matter is we started the business. It started quite slow. We had one particular customer that sort of kept the basic expenses under control. (6A OWME 1:19)

The idea for Datacred emerged from the development of a customised application for a Netstrat client, and in response to the realisation that the first business was failing to attract clients at the desired rate. Printcheck evolved as a particular application for the Datacred database, in response to Datacred's stalled development in the face of competitive barriers.

Johan's inventiveness means he is continuously coming up with new business ideas, playing with them for a few months and then discarding them. These ideas are not always related to the existing businesses and may signal that he suffers from a low boredom threshold and lack of focus.

I mean I'm already working on a few other ideas in the back of my head ... things you just realise is archaic and there are alternatives. So for example, I haven't found a suitable tie rack in my life up to now. So at some point I will invest a R50 000 and get a plastic mould processed, sort it out and make a tie rack; and go and get someone to sell it through the Woolworths chain or whatever. (6D OWME 24:838)

Opportunity evaluation seems to have concentrated on developing business cases designed to garner support from partners or equity investors. Johan claims these are detailed and well-researched and he regards them as being important precursors to successful start-up.

9.3.3. Start-up decision and sequence of events

As the first step in the start-up process for Netstrat, Johan gathered a group of interested individuals, selected on the basis of their skills, experience and familiarity to himself. He presented them with the basic business idea and once he had captured their interest, the group agreed on a shareholding structure, resource contributions and a division of responsibilities and operations commenced after these details were finalised.

At that point I knew zip about owning a business and I think the support from two or three different friends of mine basically got us to the point where we said "all right, let's formalise the business". And we dished out 25 percent shares to each of them and the business was called Netstrat. And Netstrat was focused on finding – or applying web technology to resolve particular business related problems within organisations. (6A OWME 1:13)

Over time, several of the partners lost interest in Netstrat and the business struggled to maintain momentum, although it continues to operate with one employee and a handful of clients.

Datacred essentially involves the development and maintenance of a consumer profiling database to be used for credit checking and risk management

applications. Johan's vision for the business was that it would empower consumers by giving them direct access to their own credit records, enabling them to actively manage their own risk profile.

Now Datacred per se started as a result of one particular customer that we approached had the particular requirement, and the more we started dealing with that requirement and putting systems in place to address that requirement, the more we realised but this could become a huge opportunity, directly in competition with what the incumbents are doing (6A OWME 1:26)

Once he had identified the opportunity, Johan set up Datacred as a separate legal entity and began the search for partners who could help resource the new business.

And obviously in this process we realized all right we need funding, we need decent funding because it's going to take a few million to get this thing off the ground. And the one guy actually introduced me to the one potential partner that he was dealing with – one of the agents sorry. He introduced me one of the potential shareholders. I was also at that stage talking to another company. I was talking actually to Shareholder 1 at that stage and he - Shareholder 1 then introduced me to one of our other partners (6D OWME 1:24)

Once funding from the partners was made available, Johan was able to develop the product to a point where it is functional enough for limited applications and can generate revenues from a few small clients. Agreement has also been reached with four resellers who will act as a distribution channel for the product on a small scale. This is effectively a testing phase of product development. Johan will consider the business operational once it has access to a full set of competitor-owned data.

The third business, Printcheck, which was started 12 months ago, uses fingerprints as the basis for checking identity against the Datacred database. Johan conceived of this as a replacement for paper-based security systems.

In this business, the major emphasis has been on establishing a distribution channel for the Printcheck product, rather than making any attempt to market it directly. A powerful reseller has been selected and agreements have been reached. The business is reputedly on the brink of closing its first major sale, and the future seems promising for both partners, says Roger.

Johan and I have found that we ... complement one another, I think, commercially and intellectually, really quite well. And the intention is to develop that relationship. And we've worked on already some new products; and we're thinking of bringing them into the marketplace. And moving into consulting in the area of managing identity, how we deal with identity commercially, which is really very exciting and is globally a new thing. (6B OWME 5:143)

9.3.4. Resourcing the business

Netstrat began when Johan found the right partners and agreed on the legal and resource structure. In the case of Datacred, three partners were identified on the basis of their ability to add value to the development of the business and to participate actively in the business value chain. Together with Johan's Netstrat, three partner businesses now hold equal 25% shares in Datacred, and have provided the funding for product development over the past three years:

I actually I don't know why I didn't go the bank. I think I firmly believed that if you have the right partners who are more or less in the same type of field that you are but not really focusing on the specific thing that you are doing, seeing you as a complement, that the co-operation between the different parties will just enhance the process. (6D OWME 2:58)

When Johan conceived of Printcheck, he followed the same pattern, setting up a separate legal entity and searching for a partner who could contribute to the development of the business. He found Roger, an individual with a high level of marketing skill and thorough knowledge of the security industry, at which point Johan considered the business to have been set up.

9.3.5. Managing risk

In many respects, the serial start-ups of Netstrat, Datacred and Printcheck could be seen as a step-by-step risk management strategy. Faced with the problem of being in advance of the market with Netstrat, Johan established Datacred on the basis of a product that had been custom developed for a client. Once it became clear that his plan for Datacred might be derailed by competitors, Johan sought a way to capitalise on the partly developed system by launching Printcheck.

A major risk management strategy has been to search for business partners who would offset his weaknesses and contribute to the business value chain.

Another lesson that I've learned is in terms of resources, in terms of finding the right partners for an organisation, I think that's maybe the most critical element. The type of business that I'm in, I know I cannot carry it myself. It's just too much. The fact of the matter is, the result is you have to find the right partners that have the right commitment, the right buy-in, a shared vision. (6A OWME 16:562)

Moreover, his emphasis on resourcing the businesses correctly has allowed Johan to keep his personal affairs separate from his business affairs, thereby ensuring he could experiment without undue risk to his family life.

9.3.6. Exit strategy

Although he has not clearly articulated an exit strategy, Roger, Johan's partner in the Printcheck business, believes Johan is bored with Datacred and would move on if he could.

There are lots of people who are still committed to their marriages but are dead bored with them. I think it's just something that goes with the territory. I don't think he's any less dedicated to see the business move ahead, but it's not as interesting to him. (6B OWME 8:264)

This is reflected in Johan's own understanding of the entrepreneur's role as being heavily focused on the design and start up of a novel business. In effect, his description of the role of the entrepreneur reveals his exit strategy . build a business, sell it, move on.

An entrepreneur, in my opinion, is a person that understands the product that he is focusing on, or the business environment in which this product will function correctly, and then systematically has the ability to actually start putting these elements in place, so that you can end up with a fully functional engine supporting the idea. And in most cases that entrepreneur will walk away and start something new. (6D OWME 25:889)

9.4. Macro-environment and competitive context

This case makes some reference to macro-environmental conditions that have an impact on the business, but on the whole the entrepreneur seems to display a tendency to discount them, to his cost.

9.4.1. Macro-environmental conditions

Johan attributes the lack of success of the first internet-based business, Netstrat, partly to the relative novelty of the technology at the time:

The internet is only now at the point where it's becoming a mature technology. And applying internet-based technology – I'm we're talking 10 years ago, nine years ago – had many risks involved in the process. (6A OWME 3:101)

Datacred currently faces a major environmental challenge. To become fully functional, the database requires access to financial information from banks, retailers and other credit-rating agencies.

Despite a favourable legislative framework, the business has floundered in the face of resistance from incumbents who have united under the auspices of an industry association to prevent new entrants to the market. Johan intends to persist in attempting to gain access to the information, if necessary by legal means.

Being Mr Nice Guy and complying to all the requirements and not shaking the cage is a waste of time in my opinion. I think, in retrospect, if we rattled the cage two years ago, I might have had a year's worth of that already, most likely. ... So I always knew that it's going to be fight. I mean for obvious reasons these guys are not going to be just handing over the stuff that is so critical for the success of their business, to start with. So we knew from the start it's going to be difficult days. (6A OWME 13:438)

9.4.2. Competitive context

His dealings with competitors have taught Johan that cooperation with competitors is a waste of time and to be wary of the lack of ethics of incumbent operators.

And I think an entrepreneur, when you start up, you've got a very idealistic mindset, "I'm going to do this, I'm going to change the world," etcetera, etcetera. But as soon as you start – when you start happening in the world for that matter, then you realise but the real world out there is ruthless. (6D OWME 14:474)

Johan also came to realise that Netstrat had failed because of the reluctance of clients to pay for the full cost of custom-developed software.

You know, the mindset of the customer is "I want to buy it. I want to own it. I want to leave you out of my life as soon as possible, unless something breaks, then I'm going to shout at you". Where our business model said that we are going to be such an integral part of your business process that it's important for you to know that if something happens, we will attend to that immediately, and the only way to basically do it is to pay us on a per-transaction basis. (6A OWME 4:124)

9.5. Describing the experience

In his descriptions of his entrepreneurial experience, I was struck by Johan's ability to deflect responsibility for his businesses' lack of performance onto temporary external conditions, thereby revealing an external locus of control and profound optimism.

9.5.1. Business challenges

Datacred faces a significant environmental threat, as discussed. In spite of this, Johan believes the most important challenge facing Datacred is conflict between and indecision on the part of his partner shareholders. He has found these relationships frustrating to manage because they inhibit effective functioning.

The net result is, from what we ended up with is ... four different mindsets almost, trying to achieve a common goal. And I think the fact that we couldn't get commonality in the mindsets has been the biggest cause of us not progressing the way we're supposed to. (6D OWME 3:98)

Johan has also found it difficult to find the right employees, a fact he attributes to competition for resources, but admits that his standards are high. As the business grows, the search for good employees will become increasingly important.

I have recruited quite a few people and I haven't – from all the people I've recruited, I would say that there was actually only two that really fulfilled or really complied to the actual requirements that I had. So I think you're right in the sense that finding the right level or the right quality person is not an easy job. I thought I knew how to summarise people and how to assess certain qualities but ... (6A OWME 18:618)

Johan notes that entrepreneurs need to be financially disciplined because cash is most important to the development of the business. The lack of resources that all start-ups face means that the entrepreneur has to do everything, which creates an imbalance between thinking strategically and acting operationally.

And I think one of the important lessons that I've learned is that you need to make sure that you spend money wisely because money is the most important – cash is king, it's the most important resource to a small organisation. And because of that I tend to do everything myself and as a result of that I don't get to – I'm constantly running – I don't want to say managing crises – instead of attending to important things. So I think managing the resources in an organisation and utilising the resources in an organisation and spending the money wisely. (6D OWME 15:511)

Although he seems to be self-sufficient, Johan claims to have needed support in the development of his business.

9.5.2. Personal challenges

On a personal level, Johan enjoys the entrepreneurial experience a great deal. He is committed to making the business successful and confident that he will be able to do so. His recipe for preparing for entrepreneurial success requires passion, education and experience.

Entrepreneurs need to understand how to take passion and convert that into a working business model because I think entrepreneurs start with passion but do not understand the environment they're operating in, the players, the competitive forces, the things that's making the heart of the organisation function correctly. (6A OWME 21:734)

Once he has recruited a potential employee, there is a suggestion that he has difficulty delegating to the employees he does have.

There are certain standards that one would like to achieve and as a result of that it's in most cases easier for me to do it myself. I'm fairly multi-skilled or whatever. I was taught that there's nothing that somebody else can do that I cannot do. And in most cases because of the standard I set, I do it better than most other people. So as a result of that I tend to do a lot of things myself. (6A OWME 15:530)

Possibly as a consequence of his difficulties with finding and keeping the right employees, Johan feels over-stretched and frustrated that he is required to undertake routine tasks which he finds unpleasant and tedious.

CHAPTER 10.CASE SUMMARY: ANDRE

Andre is a 44-year-old coloured male who left high school at 16 and obtained a diploma in graphic art while working to support himself and his family. He has started four diverse businesses over the past ten years, one of which he still runs profitably. The current start-up involves developing and commercialising of a proprietary software product, GoMate, designed as an integrated information management system for the freight forwarding industry.

This chapter summarises transcripts 7A-7D, which appear in appendix G to this document. Analysis of Andre's case appears in chapter 18.

10.1. Personal context

Andre is tall and slim with dark hair and eyes and olive skin. He is always immaculately dressed in expensive designer clothing. He speaks slowly and calmly with a drawl that hides any trace of his Cape Flats origins.

10.1.1. Key characteristics

Andre does not easily reveal himself to others, according to his wife, Tanya. He is complex, somewhat introverted and habitually behaves in an unpredictable way.

Andre is actually not an easy person to know. What you see is not really what you get. He has a public persona and he has a very private, private persona. (7C OCMS 5:167)

This is apparently because Andre believes it important to look the part of the successful entrepreneur, even when this is not a real reflection of the man.

I'm very aware of my image, the image I like to project because I believe, you know, people treat you in many ways in how you look. You know I will never go to the bank in my shorts and tackies. You know I'm going to look like I'm there to raise some capital. (7D OCMS 2:59)

By his demeanour, Andre attempts to communicate that he is a calm, relaxed professional, but his demanding nature soon becomes evident during business and personal interactions.

I'm an intense person. I expect a lot from other people. I can be a perfectionist, and sometimes I see myself as relaxed. But I was talking to a guy the other day and he said to me, "you're a hard person. You know you are quite intense". We play golf together. And he said, "when we play, who you are comes out". (7D OCMS 8:268)

Andre is ambitious and fiercely competitive in all aspects of his life. He wants and expects the best, and will drive himself hard to achieve his goals.

I believe that whatever you can conceive in your mind you can achieve. And I think that if you believe that and you strive for it, you can do it. And I look around me and I see people who can sell in a straitjacket in their minds. You know, I mean I started out with nothing. (7D OCMS 13:474)

However, he realises that this is not always ideal and he is learning to disengage somewhat so that every relationship does not become a battlefield.

I've learnt to step back sometimes, because I've always wanted to win every battle. I'm a dragon. That's my sign. I'm a dragon. I'm a Chinese dragon. You know but the thing is this, one, I don't like to be criticised. I don't take criticism that well. But again I'm learning. I'm learning. (7D OCMS 12:417)

Uncomfortable with criticism from others, Andre also fights hard to avoid failure, especially when it might be publicly visible. Andre's wife, Tanya, worries that this tendency inhibits effective functioning.

I think, I think failure for him is not really interesting. Man, he doesn't like to fail. He doesn't like failures and he thinks, "I'm going to be a loser if I don't make this happen". But that is fear-driven behaviour and I don't think that is necessarily healthy. I don't think it is optimal. (7C OCMS 21:732)

Andre considers himself a visionary, able to see potential in ideas that others cannot see. He believes this characteristic is both a cause of his entrepreneurial effort and a consequence of it.

But I could see the outcome and I think as an entrepreneur sometimes you see the potential. You see the outcome. You don't always see what's in between. Because you know I'm not a linear thinker. If I was more linear in my thinking I would think of processes. I can, I can. Somebody can sell me an idea and I can work in my head and I can see the outcome. (7A OCMS 23:826)

This talent for seeing opportunities is recognised by others, and defines him as an entrepreneur, according to Franco, a work colleague.

I think Andre is an entrepreneur, because it is very easy for him to maybe go and get a degree and try and get a job, you know, it's not a problem he can do that, but he doesn't want to do it. He wants to own his own business and that's what the entrepreneur thinks like. (7B OCMS 16:559)

He acknowledges that he is better at initiating projects than he is at completing them, mostly because he lacks the discipline to persist once the excitement of novelty has worn off.

I'm a good starter, but I'm not a good finisher. I can come up with lots of things, but my biggest challenge is getting to, when you get to the parting stage, right where the excitement is gone, it is going through the motions and I lose interest. (7D OCMS 11:402)

Tanya confirms that Andre is better at innovation than implementation, although she believes he procrastinates because he is afraid to act.

One of his weaknesses is he procrastinates. Andre will sit on a billion-dollar idea and just kind of like, you know, it will soon happen, and I can see it. And he procrastinates, but I think some of it has to do with fear. Fear of success, fear of failure because a lot of times his arrogance is really a mask. (7C OCMS 12:410)

In contrast, Franco describes Andre as someone who is capable of high levels of concentration and focus. Once he embarks on a course of action, Andre works hard and stays focused to achieve his goals.

Andre is focused. When he is working on something, he is very focused. Andre will sometimes come in and sit by the computer and start writing in his book and put some stuff together. You always see him working, working, working. He is always at it. He will be successful. He will be successful. That I know. Him and the wife. They will do very well. (7B OCMS 14:502)

Andre is proud of his entrepreneurial achievements, especially in light of his poverty-stricken childhood. He is grateful for the privileges he has earned.

I live a fantastic life. You know, I travel when I want to. I work when I want to. And that's, you know, that's pretty cool. There is a lot of my friends who have to work everyday to maintain their lifestyle. I don't have to do that. And they work for somebody else. (7D OCMS 12:429)

10.1.2. Education

Andre went to primary school on the impoverished Cape Flats, after an early childhood spent with his grandmother in privileged Bishop's Court. The

experience left him with a sense of alienation which made his school years uncomfortable and unhappy.

I ran away the first day of school. I didn't relate to other coloured people, because most of my time was spent by myself in this big house. You know living in absolute luxury. Now I had to share a room with somebody and I just didn't relate to coloured people. It was very difficult. So through my primary school years, you know I was always picked on and stuff because I was different. (7D OCMS 3:102)

He eventually made friends in high school and began to enjoy school a little more, but the family's financial circumstances were dire, so Andre left school at 16 to work and study part-time.

So what I did was I enrolled myself at the School of Art. I am quite creative and three years later I graduated with a diploma as a graphic artist. And in the meantime you know I worked at Retail Giant, I worked at Finance House, I was a messenger. (7D OCMS 5:165)

After some time in employment, Andre began to realise he needed formal business training, so he studied marketing at Unisa part-time and earned a BCom degree. Later, after he started his own business, he enrolled in a short course to sharpen his management and financial skills.

So I did a one-year course at the School of Business, incorporate business management. You know financial accounting, all those kinds of things, so as to give me a better understanding, because I think you know being a marketer is one thing, but you know you need to be able to read a spreadsheet. (7D OCMS 11:391)

Andre often refers to the 'University of Hard Knocks' namely the learning process he has experienced as an entrepreneur. However, this informal education has not always been sufficient. When Andre started GoMate, he began to realise that he needed to improve his knowledge of technology, and he undertook to learn the intricacies of system design.

So one of the things I started doing was educating myself a little bit more about technology, what technology to utilise, what are the alternatives in terms of technology. So when I talk to people, our potential funders, you know I speak with a little bit more knowledge of what I am doing. So in terms of the architecture of how all the dots connect to each other, I know exactly what I want and how the system needs to look. (7A OCMS 21:770)

10.1.3. Work experience

Andre's career has been a patchwork of employment and entrepreneurship. His entrepreneurial experience began early . at age 14, he began working as a general handyman in the local community in an attempt to supplement the family's income.

I started painting people's houses. I made myself a ladder and then I started painting our house outside and people started asking me to come and paint their house. And that was my first job, painting houses in my spare time. (7D OCMS 5:153)

After completing his diploma, Andre was employed as a graphic artist, first at Finance House and then in a series of advertising agencies, all based in Cape Town. Although he performed well, Andre began to feel that his progress in the advertising industry would be inhibited by his ethnicity.

Then, while I was at that agency, I was studying and I started dealing a lot with the marketing departments of different companies. You know I looked and I said, you know where do I go? Because then you know I wanted to be a creative head for Young & Rubicam or one of the big houses. I wasn't going to get that. (7D OCMS 5:183)

Motivated by the desire to earn a substantial salary, Andre decided to move away from the creative business and aggressively pursued financial reward, rather than career development.

He said you can make 50 000 staying in one company or working for 20 years and going up, up, up or you can move from one company to the next company but you have to educate yourself. And he said it's going to get you there quicker, but your résumé is going to look like a circus. And I decided I'll live with the circus, I'm going to get to 50 000 as soon as I can. (7D OCMS 6:203)

Andre then joined the marketing department of a large retail pharmacy franchisor, where he focused on helping franchisees set up new pharmacy businesses. It was at this time that Andre's entrepreneurial spirit began to make itself felt.

So after doing that for a couple of years, people started saying to me, "you helping me making my business successful, why don't you do it for yourself?" and I was in a corporate environment, allowances, cars and entertainment and stuff like that, and I didn't want to get out of that environment because it was very comfortable. (7A OCMS 2:45)

In 1996, Andre started the FiveTwo Agency, a promotions business which he has operated profitably ever since in parallel with other work and entrepreneurial activities.

However, Andre felt he still needed to build his financial resource base, especially since he was experiencing the emotional difficulty of divorce, so he joined a large media business, where he made a successful and highly lucrative career from selling advertising space.

I got divorced, and I could not really focus on the business and I needed, I just needed a job to get myself mentally right. At the time I was, I had certain interests. I was working in the media industry, so I was involved in again launching a product which is Males Only in South Africa. That was successfully done and then I got seconded to Beautiful Dame Magazine. (7A OCMS 3:81)

At this time, Andre identified the opportunity to launch an upmarket magazine for black professionals, and began to resource the business from his earnings. The idea was to use the brand and content of an American magazine and to operate in South Africa under licence. However, Andre failed to finalise the agreement with the American principal and lost all the money he had spent on putting the business together.

Then my ego got in the way, whilst we were busy negotiating in New York and you know, I got into a verbal disagreement with one of the directors and he said, well, if you don't do it this way, then the deal is off. So I had to come back to South Africa, had to lay off the people, pay all the service providers, you know. So I was a few hundred thousand rand in the hole. That was the first time I was broke. I didn't have any money. (7A OCMS 4:111)

Andre then started his second business, Movie2u, a video home-delivery business that was relatively quickly sold to a food home-delivery business that had provided the distribution infrastructure. Now a little more cash-rich, Andre moved to Johannesburg and accepted a sales management position in Shipcorp, a shipping company, to support his then-girlfriend Tanya in her new restaurant venture.

There is evidence to suggest that Andre was not entirely content with his job at Shipcorp. There was conflict between him and his boss, and this seemed to Tanya to be worsening.

And I also do think there were a lot of guys at Shipcorp that are like asses and Andre can be a real ass when he wants to be, so it is just like a contest and he just became, you know, it was just like a fight every time he went to work (7C OCMS 10:342)

Andre resigned from Shipcorp to help Tanya with her restaurant, which had been operating successfully, until disaster struck.

About quarter to eight all I heard was tables and chairs moving around. And as I came out of the office four guys had walked in with their guns out. They robbed everybody, from the receptionist right into the kitchen, including our clientele. Three months later we had to close up shop. (7A OCMS 5:163)

10.2. Family and social context

Andre is the oldest of five children, whose parents divorced when he was 6 years old. His mother later remarried, but Andre continues to feel somewhat alienated from the rest of the family. Andre now lives with Tanya, an American national and his second wife, her teenage daughter and his teenage son from a previous marriage.

10.2.1. Childhood and parental influences

Andre's early childhood was spent living with his grandmother, who worked as a housekeeper in a wealthy Cape Town suburb. The owners of the house were childless, and indulged Andre's every whim.

So I lived in Clover Lane for the first six years of my life. So I lived a very privileged life. You know I had a piano, I had all the toys. I always tell the story about I had a walk-in closet that was full of candy, and whatever I wanted I could walk in there. (7D OCMS 3:82)

This experience was in sharp contrast with the lives of his siblings and parents, who lived in poverty on the Cape Flats. When he reached school-going age, Andre returned home, his parents divorced and his relationship with his father deteriorated.

But then he started, my dad told me, "you are so stupid you won't see the inside of a high school bench". When he started doing those kinds of things I said, "you know, why am I getting suddenly beaten down? Let's go somewhere where somebody lifts me up". (7D OCMS 21:749)

His mother married again, but this does not appear to have improved the family's economic circumstances to any great extent.

My mom married this guy, they were Muslims and he had five other families. So you know he would spend his nights you know at different houses and when it came to maintaining his family he would be somewhere else. And I would have to get onto a bicycle and go and collect money so we could eat. (7D OCMS 4:130)

As the oldest, Andre believes he bore the brunt of the family's acute poverty, especially during his school years, difficult times which he describes vividly.

And it got so bad to a point where I had one pair of shoes and it had holes in it and I had to walk to school. And I mean I had to walk for almost two hours to get to school, come rain or shine. And I used to take the inner tube of the car, the tube, and I used to stitch that tube to the soles of my shoes so I could have shoes to walk to school. (7D OCMS 4:144)

Andre believes these experiences were formative, because they made him determined to make a financial success of his life.

10.2.2. Family support

Andre is somewhat alienated from his family today, but the early nurturing he received from his grandmother had a lasting impact on his self-confidence, according to Tanya.

I think his grandmother really loved him and really supported him and really told him when he was a little boy that he could go far in life and he can succeed. And I say that because, you know for people of colour, that quite often the message that you get when you are young is that you're not going to go far and that life is really difficult and what you can hope and inspire to be is, I don't know, like a blue-collar worker, that's a good job. (7C OCMS 6:204)

When Andre started his first business, the FiveTwo Agency, he was still employed and working long hours in the business. As a result, his marriage ended, which had an extremely negative effect on his personally.

My first big failure was when I got divorced. I didn't see it coming. I was busy with FiveTwo and I was away from home so you know that wasn't good. I didn't see it coming and when it happened it hit me like a ton of bricks. I mean I went into depression for six months. I was about to lose my job, I didn't care. That for me was one of the biggest things that ever happened to me. To be depressed and there again I lost everything. (7D OCMS 15:548)

Second time around, Andre had a clear idea of what he wanted in a life partner, and made sure that Tanya met all the relevant criteria.

I wrote down everything I wanted in a woman. And then I met her. I said OK, now that I've met you, what do I have to do to complement you. So I showed her where I wrote down, this is what I want. I didn't know what she would look like, but I said these are the characteristics that I want. And I'm very clear in what I want and what I want to do. (7D OCMS 14:498)

Andre was directly involved with Tanya in her restaurant business, not just providing emotional support but also practical managerial assistance and financial resources, as Franco observed.

Andre played a very important role in a sense that he was always there injecting money you know. He will assess, he will question shall we go, shall we close, shall we, you know, shall we tell them well look this is something. The restaurant was actually more Tanya's thing than Andre, so he was encouraging, he was sort of helping with a lot of work, admin work and things like that. You know advertising and things like that. And he was very supportive of her you know. (7B OCMS 3:103)

Once the restaurant closed, the couple decided it was Tanya's turn to support Andre through the process of creating the GoMate venture, while she was employed full-time.

So I said to Andre you have got a year. You supported me in this madness, in this monstrosity that I created. He used to call it a monstrosity, it had big ropes around it like jazz bands and a dance floor. It was fabulous. So I said to him, "listen, you supported me in my endeavours, so you have got a year". (7C OCMS 12:404)

Tanya wryly acknowledges that although this mutual support system is effective, it means that, as a family, their history has been that at least one person is embarking on the risky business of new venture creation at any one time. This is sometimes problematic for the family's financial health.

You know it is tiresome because we are always pumping money into something. I mean if there is a R100 000 in the bank we can't just leave it alone, we have got to start a new business before the money disappears. And so you just always stress. (7C OCMS 13:465)

Tanya also makes the point that community support for entrepreneurs is generally weak in South Africa, and this has a detrimental effect on self-efficacy.

Because I so think he has some limiting beliefs, attitudes and assumptions. You know what I call circumstances that will impact his ability to move forward. And so it's, it's a journey of personal growth, but I think it has to take place simultaneously, particularly in an environment like South Africa where you have systematically programmed people to fail. (7C OCMS 24:874)

10.2.3. **Business and social relationships**

Andre believes his ability to establish and maintain relationships is his greatest weakness. This is partly because he is demanding of himself and others, and partly because he does not make the effort to be friendly.

I'm not good with relationships because it's you know one of my weaknesses. Also, I'm very impatient. But again I put it down to age. I realised that I need to manage people better. I don't always have time to work on a relationship. Whereas I look at my son, I look at my brothers and sister, they know, they have a lot of friends and always people around them. (7D OCMS 16:585)

Franco agrees that Andre is not good with people, and points to his reticence and ability to get on well with those he is closest to.

Andre is not, Andre is not a people's person. Honest, I'm not going to say he is brilliant. Andre is a bit on the shy side. That's what I have noticed you know. He is a bit on the shy side and you know, but when you get to meet the guy he is a very nice guy, but he does not know how to approach people, you know. (7B OCMS 7:254)

Andre's wife notes that he feels alienated from many of the people in his life, including his family and childhood acquaintances from Cape Town and his business and social relationships in Johannesburg.

He is South African and he is Capetonian, but living in Johannesburg is very different for him. He definitely feels like a foreigner. And he feels like a foreigner when he is in Cape Town. Most of our friends come from other places. (7C OCMS 8:291)

Difficulties were encountered in the relationships involved in the video and the media businesses, suggesting Andre has difficulty selecting the right partner as well as maintaining the relationship once it has been established.

And it happened with me with the media business when we had all equal partnership, but I put the money in. Too many people making decisions. In the video business, we had an equal partnership. We couldn't decide whether we're selling or you know moving on. And my ex partner put his hand in the kitty. Right. (7A OCMS 21:758)

When Andre started GoMate with a partner who was expected to deliver technical expertise in software development, relationship difficulties also emerged. The partnership did not end well, again with costly results.

What happened also when my relationship with my partner or my ex partner, you know, ended, he took a lot of the links, some of the source code with him. So he is not answering his phone, but I've got some people that I have commissioned to work on that. So that is costing me money. (7A OCMS 15:520)

Andre claims to have learned from his past experience with partnerships. He intends to make sure that, in future, partners in any enterprise are minority partners, which he believes will avoid insoluble conflict in such relationships.

You can have partners and they can have an input, but there has got to be, the buck has got to stop at somebody. When you are equal partners, you are not going to have you know the most successful business. Somebody has to be the one that calls the shots. (7A OCMS 21:753)

10.3. Business and organisational context

Andre conceptualised the GoMate system, funded the design and specification and then hired a team of programmers to develop the product. At this point, he successfully applied for funding from a government enterprise to contribute to software development costs.

10.3.1. Inspiration and preparation

Andre's main inspiration for new venture creation has been achieving the financial security and success he desires for himself and his family.

As a teenager, Andre embarked on survivalist-style entrepreneurial activity to earn extra income for himself and the family. Later, in his position with the retail pharmacy business, he saw himself as helping others to create successful businesses, and this gave him the confidence to try new venture creation himself, despite his financial security as an employee.

Although he acknowledges that his work and educational experiences have been useful to him during new venture creation, Andre tends to regard the entrepreneurial experience as being personally developmental because of its emotional content and motivational demands.

I mean these are the University of Hard Knocks. But you go through it. But I know that I'm going to be successful and I have to constantly motivate myself, because there were many times when I didn't have any money. Many times. So I have been broke. Where I say this is my last hundred bucks I'm spending

and then, in some form or fashion, I get some money somewhere. I get a contract somewhere, something happens and it is as challenging emotionally to be an entrepreneur to believe in something that you know can work. (7A OCMS 26:953)

10.3.2. Opportunity search and evaluation

Andre has tended to find opportunities related to the industry in which he was operating at the time. The FiveTwo Agency, a promotions company, was created while he was working in the marketing department of a pharmaceutical retailer, then he attempted to start a magazine while employed in the media industry.

While he was running the sales department at Shipcorp, Andre was frustrated by the enormous volumes of paperwork his sales team was required to complete in preparing quotations. When he suggested to his manager that an automated system would free the sales people to sell, his idea was rejected on the grounds that such a system would be too expensive to develop.

Yes, I identified a need in the market, and then I went to the CEO of the shipping company. I said this is the solution that you need to have. And he said we are in the business of shipping cargo, we are not doing IT products. He was very, you know, like tunnel vision. So he wanted to sell space, but he did not want to create products that sell space. (7A OCMS 20:724)

Although there appears to have been little formal research taking place as part of opportunity evaluation, Andre has tended to use the business-planning process to establish whether or not a particular business would be viable. This evaluation process seems to have become more formalised with each new venture.

But I've learned through the last ten years that, you know, it's just not greed that makes an entrepreneur. You have got to have vision. You've got to be able to sit down and take a business idea and say it's viable or it's not viable. You've heard about, you know there is a gap in the market, right, but is there a market in the gap. And that's something that I'm learning the last ten years, is looking whether there is a market in the gap. (7A OCMS 25:913)

10.3.3. Start-up decision and sequence of events

The GoMate start-up decision was taken in reaction to the rejection by Andre's boss of a proposal to develop an automated estimating system for Shipcorp.

And the boss says well that's too expensive, but thanks, no thanks. And, and so at some point he had had enough. He said well this is a really good idea that I have and I'm just going to go for it. (7C OCMS 10:339)

Andre reacted by resigning from Shipcorp and decided that the opportunity was worth pursuing. When the restaurant closed, Andre decided, with Tanya's full support, that the time was right to develop GoMate.

I came up with the name GoMate. I said, "this is a gift to you. This is the name for the concept for you". He liked it which is surprising because he always thinks his stuff is better than mine. And I said, "OK, the clock's already ticking, we are going to close this thing and you have got a year". And within a year he really pulled it together. (7C OCMS 12:419)

Andre developed a business plan for GoMate, and entered a business plan competition which acted as further encouragement to pursue the opportunity.

Well I entered the business plan competition for starters. And I was one of the finalists. So I thought to myself if somebody can ... if somebody else recognises that is totally divorced from me, that is commercial benefit and potential in it, I should pursue it. (7A OCMS 20:734)

Andre approached one of the largest shippers in South Africa with the idea, but they were initially skeptical that such a large and complex project was technologically feasible.

So the challenge was initially a year ago, when I went to go see SeaMove, they said we have 30 000 ports. We call on all the ports in the world. How will you take our data and put it into a database and when we do a search are you going to come back with the right price, the right surcharges? A year later, we invited them to download a prime. They now want to be involved because the system we created works. (7A OCMS 12:407)

Twelve months later, GoMate is in beta version and ready for live testing. However, Andre acknowledges that, in software development terms, there may still be a great deal of work before the product is functioning effectively.

So with the functionality that we have, we haven't done the live test. All the testing that we have done was under our control. So we populate the database, we put in there what we wanted and we just got the test subjects to come and play around with the system. But the real test is once we start going live and people generate you know queries, quotations, book online and taking that entire process you know from start to finish, that is the challenge. (7A OCMS 16:564)

In addition, Andre requires further funding to commercialise the product and ensure the business can achieve break-even.

10.3.4. Resourcing the business

At the time that Andre decided to set up GoMate, his knowledge of technology was relatively limited, and his first requirement was therefore to find a technical partner who could contribute this expertise. Eventually he settled on a Cape Town-based academic who had limited business experience but grasped the complexity of what had to be done.

Basically GoMate is an automated freight and transportation and estimation and costing system. Now GoMate, if we time it right will be a world first. It is technically very challenging to do. Because, there is 30 000 ports around the world and about 500 shipping lines alone. (7A OCMS 6:196)

Andre's technical partner developed a full technical specification, which together with Andre's business plan, formed the basis of a series of funding applications. Several commercial institutions rejected Andre's application, but he eventually interested the funding arm of a government institution, which agreed to provide matching funding for the development costs.

What happened was I got, besides my own funding, I got funding from Python, so you know I then had a contract with Python and he said we will give you x amount of money but how this Python grant works is you put the money in and then you get the money back once you have met the milestones and deliverables. (7A OCMS 16:582)

A GoMate office was established in Cape Town. Andre recruited an office manager and developers to work under the guidance of the technical partner. Within a year, the team had developed the alpha and beta versions of the product, effectively meeting the milestones dictated by the Python funding.

However, development stalled at this point, and Andre decided to move the business to Johannesburg so he could manage the project more closely. Recruiting developers in Johannesburg has proven much more difficult.

So when I moved office, they didn't come with me and we only opened this office two months ago. So I have been interviewing developers, but I haven't found anybody that, number one, I could afford or had the skill set at the right price. (7A OCMS 14:513)

10.3.5. *Managing risk*

In general, Andre considers himself risk averse, even though for several of the previous businesses he initiated with partners, he alone bore the financial risk. He does not intend to repeat this pattern in future.

Well I'm going to look for a partner that comes to the party with some risk. Financial risks. Whereas my previous partner didn't put any money in it. Previously the majority of them I put the money in. Movie2u, I put the money in. The media business, I put the money in, because I believed in what we were trying to do. (7A OCMS 23:816)

The FiveTwo Agency, which has been operating profitably for almost 10 years, does not employ staff but rather uses people on a contract basis. This reduces business risk, in Andre's opinion, because costs are directly related to associated revenues. However, when a product is being developed, the business needs to employ skills, and that increases business risk.

But you know when you are building something, whether it's a car or producing a chocolate bar, there is always people in the process that you are going to utilise, in you know information, systems you name it. There is always going to be a risk out of it. (7A OCMS 23:838)

Andre has also had direct experience of partnership risk, both because his partner in GoMate failed to perform to expectations and because he effectively withdrew intellectual capital from the business when he left. Andre believes he was too dependent on this technical partner, but also that the partner lost interest because he had no financial risk.

Now with GoMate, you know I again had somebody that I relied on too much and I could not make a decision without him. So the mistake that I made was just that you know I need to be more strategic in how I choose my partners. What's the expected deliverable and milestones for them? Because sometimes you go into, you know, you go into an arrangement with somebody because you need them so much and I don't want to do that again. (7A OCMS 21:763)

Andre is also aware that with a new product such as GoMate, it is important to consider how the market will view the risk associated with adopting a new technology. He believes this barrier will be overcome by a low-price entry strategy.

Because we are a new product and we're not tried and tested yet. Once we have a certain amount of product utilisation then we are going to start charging for participation. Right now I don't want to charge them. I want to make the decision as easy as possible for them. So there is no risk on their side. (7A OCMS 13:475)

Now, Andre is faced with the challenge of accessing additional funding required for rapid, large-scale commercialisation of the product, without which the business may fail to establish a sustainable competitive position in the market. In his opinion, this is the most significant risk the business has faced so far.

The big risk is capital. Not getting it. Yes, because my cash will run out at some point. Secondly is that we are going to miss the boat in getting the product on the market. (7A OCMS 18:657)

10.3.6. Exit strategy

Andre's exit strategy for GoMate is not clearly defined. Although his expectations of the levels of success the business will achieve are exceptionally ambitious, Andre believes they are realistic.

If there was ever something that I believe could make me a billionaire it's GoMate, and that's why I took the risk. I believe in it, and that's why I'm putting my money where my mouth is. Yes, one of the things that I do is, I always run the numbers. Because once you run the numbers, you can see whether you can make it or not. Even if there is a 10% market penetration with this product, I will still make money. (7A OCMS 24:879)

First, GoMate requires funding of at least another R2 million for to complete the commercialisation phase and launch the product. Andre recognises this is likely to require surrendering equity to a potential investor, the prospect of which does not appeal to him.

The next challenge will be to take this product to market. To find the right people and the right buyers. That's the next step. But, I realised that in many ways I'm scared of success. You know, I say I want success, but I want success with a certain amount of control. Somebody said to me GoMate will only work if you allow yourself to let go of control because GoMate is bigger than you. (7A OCMS 26:927)

Nevertheless, Andre believes there will be a time when he is no longer involved with GoMate, and he is constantly on the lookout for new opportunities in diverse industry sectors.

I'm looking at a travel business. There is in the US you get a company called Experience Travel, it's targeted mainly at the high end. You know, lawyers,

doctors, people that need an experience. So let's say you come to the Experience Travel and you get a prescription, this is what you need. Whether it's a hike in the Himalayas to destress or whatever, but your experience starts from the time, the day that you leave. (7A OCMS 29:997)

10.4. Macro-environment and competitive context

Possibly as a consequence of his prior experience, Andre seems sensitive to macro-environmental and competitive conditions, both as they have the potential to affect him personally and impact on the business.

10.4.1. Macro-environmental conditions

While Andre was already developing GoMate, a major shift in the shipping industry's regulatory environment has made conditions for market acceptance of an automated information system much more favourable than before. Shippers will be required to publish rates, rather than dealing with each customer on a confidential, case-by-case basis.

What happened in the month of February last year, the governing body called the Federal Maritime Commission did away with the confidentiality. They said price fixing is killing the business, right. Now, the amount of goods that move around the world is worth £52 million and if you keep on loading the freight rate, you know, you are going to basically kill certain industries. So they said from now onwards you have to publish your rates to make it available to the public. (7A OCMS 9:301)

Both Andre and Tanya agree that the South African environment is in many ways hostile to entrepreneurial endeavour. Andre complains repeatedly about the banking and financial system and its lack of understanding of new venture creation. Tanya also observes that social values, especially historically, are not conducive to building entrepreneurial self-esteem.

South Africa is unique because you know you spend 40 some odd years programming people to believe some things about themselves. So then you can come to them the next day and say great well here is some money, I told you you're stupid, you're useless, you are incapable of doing anything else but being my gardener, now I want you to be a CEO of a Fortune 500 company. (7C OCMS 25:883)

Andre notes that mixed race coloured people have particular problems in the new South Africa, a comment that also reveals his own sense of alienation.

I look at coloured people's vision when I go to Cape Town. They have achieved a lot or as much as they could. They're still confused. At one point they weren't white enough. Now they are not black enough and it's a lost people almost. You know Indians have India that they can relate to. You know, where do you fit in? (7D OCMS 10:352)

10.4.2. Competitive environment

Andre is aiming to achieve a first-to-market position with GoMate, but recent legislative change has made the market more attractive, and it is likely competitors will follow rapidly, even though GoMate is apparently ahead of the race in development terms.

So what, what made me comfortable is they said, they didn't say this product exists. They didn't say somebody else is doing it. They said our people are working on it, but nobody has brought it to market. So that window option is going to close. The market is big enough for at least four of these products. (7A OCMS 19:670)

Andre intends GoMate to be applicable beyond a single industry, and this will enhance its effectiveness and differentiation.

What makes GoMate different is our competitors are focusing on just shipping. We are focusing on building a network for shipping, airlines, road and rail transportation. (7A OCMS 6:199)

Andre's experience with suppliers of capital and labour has not been a positive one; he is currently grappling with finding the right amount of money to enable commercialisation and finding the right people to implement his plans.

This bank went on a campaign to attract entrepreneurs, about six to eight months ago, with the whole idea of if you bank with us then you don't pay bank fees for a year. That was mainly to get small to medium enterprise businesses. But then once they have you there, they don't know what to do with you. (7A OCMS 1:12)

10.5. Describing the experience

Andre describes his entrepreneurial experience as simultaneously financially and personally rewarding and personally challenging. His frustration at being unable to raise the finance he requires was often evident in the interviews, but his commitment to entrepreneurship in general, and to GoMate in particular, seems unshakeable.

10.5.1. Business challenges and opportunities

Andre has so far been able to operate GoMate in bootstrap-style, keeping costs as low as possible and funding much of the development himself. However, he believes new skills and capabilities are now required, which means that unless he can access a substantial sum for funding commercialisation, the business will not be launched.

But now to take it to market you need a little bit more money than you know developing on a shoestring budget. And you need proper developers now. We have developed everything in open source, but legally there is going to be a problem once we start commercialising. Because even with open source technology, there are rules and regulations that you have to stick to when it comes to commercialisation. (7A OCMS 18:628)

Software development skills are generally scarce in South Africa, and product development for GoMate has currently stalled because Andre is finding it difficult to find staff with the right kind of skills at the right price.

Developers in Johannesburg, the people that I need come at about between fifteen and twenty-five thousand a month. I can't afford that. For the same people I used to get at that skill set was about ten, twelve and a half thousand in Cape Town. So I've gone through a bunch of CVs and interviews so far. A lot of junior people are wanting senior people's salaries. (7A OCMS 15:532)

10.5.2. Personal challenges and opportunities

Despite his acknowledged lack of success at achieving his goals so far, and the difficulties encountered as an entrepreneur, Andre enjoys the independence and creative satisfaction that self-employment represents.

And I said to myself, you know what, let me go out and do it for myself. Let me get away from this comfort zone. And I haven't made as much money as I wanted and I haven't done everything I wanted to do, it is still a struggle everyday but you know what, I wouldn't change it for the world. (7D OCMS 16:563)

Andre describes the entrepreneurial process as intensely demanding, at least partly because he feels others expect him to continuously exceed his previous achievements.

At the same time, Andre perceives prevailing social values relating to entrepreneurship as so negative that there is a lack of respect shown to entrepreneurs, especially by financial institutions.

And then you go, you know, into the world of entrepreneurs and you deal with people and they, they think you just stepped out of a box somewhere. You have never worked in your life. And those are the kind of things that really irritate me. Where people, you know, disrespect entrepreneurs, you know banks don't really know how to deal with us. (7D OCMS 9:329)

The process of initiating a new venture carries a great deal of creative satisfaction for Andre as well as pleasure in the creative process, and he wryly admits that his irritation with others stems from their lack of appreciation for his creation.

You know I mean to sit and make up an idea and somebody gives you money for it. If that's the fun of being an entrepreneur and enjoying it, I mean that's great. And then I expect people to buy it because I thought it out. And I get upset when they don't. (7D OCMS 18:642)

However successful or unsuccessful his ventures have been, Andre believes each experience has meant significant personal growth for him. He is convinced that this development in his knowledge and capabilities far outstrips what he might have learned in even the most senior position as an employee.

You know, I look at how I've changed in terms of my thinking. You know as compared to ten years ago, and I feel I have grown way beyond if I had stayed in the company. A lot of my friends are CEOs of companies and they have a lot of comfort. They don't have any risk. You know they get paid their salary and they are comfortable with that. (7A OCMS 26:944)

In future, his most significant personal challenge will be to achieve the financial goals he has set himself, goals he is confident he is as capable of achieving as even the most successful entrepreneurs in the world.

Now who the hell is Bill Gates as compared to me? You know the only difference is that I haven't figured out how to make a billion dollars a year. I certainly have made a million and I've lost a million. I have lost two and a half million in one deal of my own money. And I had to walk away with my underpants, that's all. I mean the only stuff that I had left, was the stuff I could pack into my car. (7D OCMS 15:535)

CHAPTER 11. CASE SUMMARY: KENNETH

Kenneth is a 27-year-old black male educated to matric level, followed by a series of ad hoc courses in information technology. Filmfast, Kenneth's corporate event photography business, was established five years ago as part of a multinational IT corporation's social responsibility experiment. At a time when many traditional photography enterprises are failing entirely, Kenneth has grown the business steadily.

This chapter summarises transcripts 10A-10D, which appear in appendix G to this document. Analysis of Kenneth's case appears in chapter 19.

11.1. Personal context

Kenneth is tall, with chiselled good looks and medium-length dreadlocks to match his immaculate, fashionable clothing. He talks calmly and deliberately, with what has come to be known as a 'Model C' accent in the Soweto in which he grew up. He gives the impression of being easy going and laughs often.

11.1.1. Key characteristics

Kenneth is generally agreed to be a people person and he has taken to heart the notion that the entrepreneur primarily sells himself. His charisma is used deliberately to maximise effectiveness in every aspect of the business.

He is great with people, he knows how to sell. He also, with suppliers, he knows how to keep their prices down all the way and he knows how to collect money from clients that haven't paid us without, you know, irritating them or pushing them away. So he's a phenomenal people person, but he's strong as well, he knows how to delegate. (10B YBME 9:309)

Kenneth's personal charm is coupled with a quiet persistence that has stood him in good stead, both at start-up and in the continued development of the business.

It's not the easiest thing to go to a couple of people in a nightclub or a restaurant saying: "I'd like to take a photo of you". Print it out on the side and sell it to you for R20. You know, you try have dinner or you having a good

time, the last thing you want to do is pose for a photo and then pay for it so it takes a certain personality to go up and be persistent. (10B YBME 8:265)

Kenneth admits that his persistence is rooted in a fear of failure and the risk of losing what little he owns, together with the knowledge that he has no access to a safety net should things go wrong.

I just wanted to keep pushing, pushing and pushing. So ja, my biggest driving force was the fear of failure, and the fact that if I do not succeed in whatever I do, there is not really much to go back to at home or anywhere else. I needed to find a job and ja, so I pushed, pushed, pushed, whatever I got, I just pushed. (10D YBME 7:224)

Over the past five years, he has developed a good grasp of the basic principles of business, and a calm approach to opportunities and problems.

I am not the type of person that would fight fire with fire. I would keep quiet about things, think them through and I would just let it slide. I don't let it get into my head and let it bother me much. (10D YBME 11:386)

Kenneth describes himself as religious and considers his beliefs to have been instrumental in his ability to remain positive and confident in the face of even the most challenging entrepreneurial experiences.

11.1.2. Education

Kenneth was educated at a government school in Soweto, and claims to have been aware from an early age that his education was relatively inferior.

Around my neighbourhood at the time, you would get kids that go to very serious private schools, and you wanted to go to some of those schools, but you didn't understand why you couldn't because your parents couldn't afford it, so you go to a school and had to pay R50 per year, so ... that is what you got used to. (10D YBME 4:122)

However, he was a confident pupil and did well academically and socially, to the extent that he was a role model for younger pupils.

A lot of my school peers looked up at me, you know, and it was quite an uplifting thing that your standards seven and eight were talking about you. "We want to be like him when we get to matric", and those kind of things, so, ja, that boosted my confidence big time. (10D YBME 5:161)

A turning point came at the age of 16, when Kenneth's confidence over-reached his capability and he failed the year. This experience seems to have had a strong influence on his motivation to make a success of his life.

It was so bad, I couldn't even take the report to my parents that year. I actually hid it and said, no we did not get a report, we are getting it next year (laughter). I didn't know how to tell them, because I had never failed before, and to me it was a big deal. (6D YBME 2:65)

He believes the experience taught him several important lessons, including the risks of over-confidence, and the importance of focus, which has become his mantra as an entrepreneur:

That next year I was really focused, I did not have a lot of friends, no girlfriends, nothing, nothing, I was just focus, focus, focus. And from that year on, I stayed low, I stayed focused ... (10D YBME 3:85)

Following high school, Kenneth wanted to go to university, but the family could not afford the fees, a fact which he recalls with some bitterness. Instead, Kenneth began to study at a technical college, where he later won a bursary which allowed him to undertake several short courses and diplomas in exchange for tutor-related work at the college. Eventually, however, Kenneth was forced to leave college because of a lack of funds.

11.1.3. Work experience

Kenneth's formal work experience is limited mainly to a series of part-time jobs as a scholar and as a student. This began in the year he repeated standard eight, when he joined a large IT business as a part-time salesperson.

I used to be a sales rep over the weekend, I was a Weekend Warrior, if you are a student, you can get a job as a Weekend Warrior, because my background was IT, I was studying IT, so I have sold their printers, their cameras and their laptops during the weekend. (10A YBME 3:75)

As a salesperson, Kenneth enjoyed a good measure of success, and began to take on some financial responsibilities at home, even while he was still a student. Over time, this success became the foundation of his belief that he could make money for himself rather than for someone else. When he was forced to leave college, Kenneth took on a position as a salesperson at an IT-focused retail chain. Although his experience as a salesperson has stood him in good stead, as

Kenneth's business grows, his lack of work experience is increasingly felt by him and by his business partner, Steven.

From a weakness point of view ... it's really things he hasn't been exposed to in terms of the ... I want to say the proper running of a business. I do a lot of the quoting, invoicing, I do all the payments, the cash flow, I see to all our audit sheets, I keep all our files, do all the filing of everything, I do VAT returns and that. (10B YBME 10:360)

As a proxy for his own lack of exposure to the intricacies of business, Kenneth maintains close relationships with two important mentors: his older brother David, a lawyer, and the ex-CEO of IM, the IT business that gave Kenneth the means to start Filmfast.

11.2. Family and social context

Kenneth is somewhat alienated from his family, although he financially helps to support several siblings and remains very close to an older brother. He uses his personal charm to great effect in his business life, and clearly has a host of good relationships in that sphere. However, Kenneth maintains a tight circle of personal relationships and seems a little uncomfortable discussing his private life in any depth.

11.2.1. Childhood and parental influences

With a policeman father and nursing mother, Kenneth had a conventional Soweto upbringing. His brother remembers a child who tried hard to please his parents and teachers.

He knew about the right things to do, the things that would please his parents as a young child. More than anything, more than you wanting to be successful, you want to please your parents. So he wanted to be on track. (10C YBME 7:226)

Kenneth is one of six brothers and sisters, and describes a childhood that was busy and crowded. He believes he was somewhat neglected by his parents, especially after his younger sister was born, at around age 10. From this point, Kenneth considered himself to be independent.

Basically his dad spent all their money on the eldest brother to get him through law school and all of that stuff and basically for the rest of the children there was as much, more kind of, "get out there. Do it yourself. Fend for yourself". (10B YBME 7:231)

The family was fairly religious as Kenneth grew up, and he continues to consider this an important part of his life as an entrepreneur.

I think it makes you to think properly, to have time to sit down and reflect on life properly, ja. I think that has played some part. You usually look around at his friends who are not as spiritual, there is no direction. (10C YBME 9:308)

Although he felt alienated from his parents, Kenneth developed a strong admiration for his oldest brother, forming a relationship which has acted as a paternal substitute and continues to play a significant role. In particular, Kenneth will often ascribe his drive to succeed to a desire to imitate his brother's success.

He is just like me, he likes the good things in life, but he understands that the good things in life do not come easy. You have to work for them. The other thing is that he sees me as successful and he wants to emulate me. He will sometimes say that he wants to be there, where I am. He thinks that I am having a good time and he wants to have a good time also. (10C YBME 6:214)

11.2.2. Family support

Initially, Kenneth's family tried to persuade him to follow a conventional career path into one of the professions, but when he elected to leave home and pursue an entrepreneurial career instead, they felt reluctant to insist.

He subtly, subtly resisted. The problem is that you do not want to be labelled. If the guy fails, then he points the finger at you. And you yourself would feel it, you know what, I messed up. (10C YBME 12:413)

The extent to which the family other than David supports Kenneth's business is not clear. Rather, Kenneth and David latterly share the task of financially supporting their siblings:

Me and my brother, we are sort of the only two that are going in the right direction in terms of career and what not ... but now my sister needs some help and one of my brothers is mentally ill, so he needs financial support, and one of my brothers is in Polokwane, he also needs a bit of financial support, so between me and him, we sort of take care of the rest of the family. (10D YBME 7:236)

Kenneth currently lives with his girlfriend, Thembi, and their 18-month-old son in their newly purchased townhouse in the north of Johannesburg.

I don't work on weekends. Weekends I relax, stay at home, play with my child, go out with my fiancée, she loves going shopping; I play a bit of golf on Sundays. That is basically it. Weekends are for family. I sit at home, I have just bought a new house, and I love it. (10D YBME 9:308)

11.2.3. Social networks and relationships

Kenneth acknowledges that his ability to establish and maintain relationships is a particular skill. He will typically identify an individual whom he believes will be useful to him and then make approach after approach until he successfully gains access.

I wasn't qualified, so I couldn't get a job, so couldn't study any more, I stopped. I went to work for Compushop. I saw the CEO (of IM) over and over, saying I'm here working for Incredible Connection because you don't want to employ me and, and, and ... and one day I just went to him, he said, "OK, OK, I will give you 30 minutes to say what you want, that's it". (10A YBME 4:115)

Having worked hard to establish the relationship, Kenneth then spends a considerable amount of time and energy on personalising and maintaining it. A vivid description of Kenneth's relationship style indicates how this is used to the benefit of the business.

He listens to people. He knows what is important to them. He remembers birthdays, which is important to clients, like yesterday, he had to go visit Carol from one of our clients, it was her birthday yesterday and she does good business with us. Kenneth remembered that it was her birthday and he went and bought her flowers and took her. He listens to people if he knows that, for example, one of our clients was pregnant some time ago and had the baby, and you know, he would ask, "how's the baby?" He'd actually go and see the baby. If somebody is sick, he'd phone and ask "how are you feeling?" (10C YBME 8:278)

Kenneth uses events and people he photographs as a networking opportunity, and his ability to create useful networks has played a critical role in developing the business.

He tells me he is meeting important people and I say, "how do you know these people" and he says, "I am working there today". He has done very well. Very well, and he has got connected to important people. He is very well connected. (10 C YBME 5:166)

Apart from his ability to manage relationships with clients, Kenneth depends on an excellent relationship with his partner, Steve, and the two mentors he has

selected. Kenneth is reportedly also competent at managing employee relationships.

11.3. Business and organisational context

Filmfast digitally captures, prints and frames photographs so that they are immediately available to clients, competitors and guests at a sporting event or function. At a time when many traditional photography enterprises are failing entirely, Kenneth has grown the business steadily. Today Filmfast turns over R1 million a year and employs two full-time and four part-time staff. Ancillary services have been added to the core business, with the goal of offering clients a one-stop branding and promotions agency. Growth is the major challenge facing the business, both expanding the customer base and adding new products and services.

11.3.1. *Inspiration and preparation*

Kenneth singles out his brother as his main inspiration; David's success as a lawyer motivated Kenneth to want to be successful as well. He claims he would have preferred being employed in the IT industry, but circumstances would not allow him to continue his studies. His brother David describes a more deliberate decision-making process.

So I was asking, "are you okay, don't you think you need a base? There are lots of things you need to know. You need to study, you are very young to say you want to be in business". He said, "no, I must try". I said, "you try, okay". (10C YBME 5:172)

At the time he started the business, Kenneth was ill-prepared for the experience. His education had been only indirectly relevant and although his part-time work experience had left him with some useful sales skills, he had had little exposure to the workings of business or to the technicalities of photography.

I've never run this business as a photographer because I didn't know how ... I didn't know anything, I was actually quite shocked about lighting and all these things now that I am studying photography (laughs). (10A YBME 10:362)

Although Kenneth readily admits to his lack of preparedness, he also attributes his willingness to initiate the business to his religious beliefs.

I think since I was born again, as a person that believes that Jesus Christ is my personal saviour, it has affected a lot of my thinking and way of doing things ... I don't just I do things, I really and truly believe that I have a path that I need to follow and I try to follow that, and try and get guidance from God. (10D YBME 14:504)

These beliefs, together with his success at school and as a part-time salesperson, contributed to Kenneth's sense of self-efficacy.

11.3.2. Opportunity search and evaluation

Kenneth elected to start a business because he believed no other reasonable options were open to him. Initially, he considered opening a restaurant/internet café, and he turned to IM, which had employed him as a salesperson for some years while he was a student, in the hope that it would lend him the money required for start-up.

I looked at him and I thought "whacko!" (laughs). But I took the printer and the consumables, and for a month, I just took photos of my family and friends, and it really didn't sink in that I should need to pay this back, or I can actually make money from this (10A YBME 2:45)

The source of Kenneth's business idea at IM was the chief executive, who turned down his request for funding, but instead offered Kenneth some equipment and a challenge, as part of a corporate social responsibility programme that was just being implemented:

He was given a camera and a printer from IM and they said: "You've got to repay us within three months, but go out there and start a business with this." Kenneth actually started by going to IM asking for a job and the guy he knew said: "I'm going to give you a camera and a printer, you know, find a way to make money out of it". (10B YBME 8:261)

The entrepreneur did not formally evaluate the opportunity, rather he began to experiment with different ways of using the equipment to generate revenue. Kenneth reports that other participants in IM's social responsibility programme were largely unsuccessful in converting the loan of the equipment into a viable business.

11.3.3. Start-up decision and sequence of events

Having been given the camera and the printer, Kenneth experimented by taking pictures of family and friends, and in time ventured into a nightclub to take

photographs of the patrons. Club owners liked the idea of an added-value service and consumers, impressed by the novelty of instant photographs, were happy to pay for the photographs.

And because it was new, it was like ... cool. And that is exactly what happened. It was really just by accident, it was just luck. (10A YBME 6:194)

Eventually wearying of the nightclub scene, Kenneth sought an event that would offer higher volumes of potential customers.

One day I went to a launch party, one of the biggest artists in South Africa launching a CD, very prominent, he still is, to this day. I went there and I claimed to be the official photographer at this launch party, and I ordered people around, give me a table over there, looked for mains, and I wanted a tablecloth with some branding, banners, bring me two banners, and they did it. (10A YBME 2:50)

These activities generated sufficient cash for Kenneth to pay for the equipment IM had lent him, and seemed to represent a business opportunity, especially once IM became his first corporate client.

In two months I gave them back the full ... R8 000. And I bought some more, after the second set I bought more, and I bought more and I bought more. And I told them, I must be employed by you, IM, for all your events. I didn't have any photography experience at the time, none whatsoever. But, I got employed by them, wherever they went, the roadshows, whatever, where I worked with them, that's how I got connected with my other connections, that's how I network, basically. (10A YBME 4:134)

Since then, the business has continued to develop through trial and error, rather than as a result of deliberate design on Kenneth's part. A strategy for the business's development only began to be formalised once the partnership between Steven and Kenneth was established, some three years after the Filmfast start-up.

Originally the idea was to cross-sell a range of marketing and promotional services to the same client, whether the initial approach came from Kenneth's photography business or Steven's PR business.

So the client came for PR and I could say, "we do photography as well", by the way, your website, we can do that for you as well, and if you need a corporate identity, yes, we can do business cards for you and everything and the card that you've got there is all our ideas and our conceptualisation. (10C YBME 3:77)

It appears this strategy has had limited success, as the photography business and the PR business operate largely independently of each other, with the former continuing to be responsible for the greater percentage of total turnover, and a relatively small amount of cross-selling taking place.

However, with rather more success, Kenneth has concentrated on penetrating the existing corporate client base by establishing longer-term systematic relationships rather than reacting to requests for ad hoc services.

So now I have said, "can I come in and actually sit down with you and go through your calendar for the year, and see how many events you guys have, and then I call you, two or three weeks before the event, just make sure that it is still on, find out what do you need in terms of frames and those kind of things. (10A YBME 8:258)

Kenneth attributes this success to a mindset which refused to consider surrender, and persistence in gaining access to corporate clients.

I was very persistent, I didn't think, "what if we fail?" I don't want to see it fail, I know it's got a lot of potential, and I know that, if I work hard at this, and make sure that my clients are satisfied all the time, they will keep coming back. (10A YBME 10:336)

11.3.4. Resourcing the business

Kenneth worked from home initially, using public transport to get from event to event, and operating as a sole proprietorship. Since start-up, Filmfast has done well enough to buy a vehicle and occupy offices in the upmarket suburb of Rosebank. Apart from the relatively modest loan of R10 000 from David, the business has been funded from earnings and is, as a matter of deliberate policy, currently debt free. This has required a certain amount of financial discipline on Kenneth's part.

We haven't asked for any loans or whatever, entirely from funding and you put money away, you try and put as much money into the cash flow as possible, and keep it back for as long as possible, and try not to use it, just try and pay off the salaries and pay the guys and the kit, keep the money in the business. (10A YBME 15:546)

The volume of business quickly became too large for Kenneth to handle alone, so he recruited several school friends to assist him at events. Today, Kenneth

employs six contractors and they are kept sufficiently busy to make a living from Filmfast.

While he was learning how to run the business, Kenneth experienced personal financial difficulties. At this point, Kenneth turned to his brother David for help.

His worst was when he was struggling. He never said anything. He struggled, financially, and that was his lowest point. Then I thought to myself, instead of being me bringing the money into my house, let me invest in his business and help to grow it. (10C YBME 13:463)

Two years after the business started, Kenneth decided to take on a business partner, at which point the business was formally registered. Steve, whose background was in corporate PR, believed he and Kenneth would complement each other well.

I initiated it, because I more or less I liked the way Ken did his ... ran the business and his ideas on things, I like. He always had like ... a very raw kind of business, business sense, which you need, you know, you need a bit of street hustle every now and again to do some good business deals. And I think it balanced me out nicely, because I come from a very corporate environment and, you know, I've got my rule book and Ken kind of thing on the other side where ... you know, we were just okes who create a really good team. (10C YBME 1:26)

David, Kenneth's brother, appears to have been fairly intimately involved in the development of the business. His counsel has been frequently sought, he offered Kenneth a rent-free place to stay when times were tough, and even put some money into the business at one point.

11.3.5. Managing risk

Kenneth does not appear to have considered risk in any formal or explicit manner, which is partly because he considers hard work and personal commitment of greater significance in entrepreneurial success than environmental threat or opportunity.

Kenneth tries to ensure the success of the business by proactively managing relationships with existing clients. The intensity of his effort in this regard could in effect be a risk management strategy. The importance of these relationships is

such that Kenneth regards them as the main reason why the business will be sustainable in the longer term.

For the past five years, I have had repeat clients, which is, I think, what is making my business sustainable. I have had a lot of repeat clients as opposed to newer clients. I have a lot of new clients as well, but the old clients are still staying there, which means that we are doing something right. (10A YMBE 10:339)

11.3.6. Exit strategy

No exit strategy is articulated by either partner in the Filmfast business. The business has grown rapidly, but Steve, Kenneth's partner, believes this is not sustainable in the longer term without diversifying into other promotional areas.

Since Kenneth and I teamed up, we've grown our revenue. The first year I think we grew it by 40% and this year we looking at growing it by 80%, but you not going to carry on seeing that, that growth. Branding, the branding side of it, needs to grow for us to really start defining ourselves or calling ourselves a creative agency, because right now, we are only playing with our skill sets. (10B YBME 6:206)

Kenneth has a completely different vision for the business in the longer term, and it is difficult to understand how these competing perspectives will be resolved.

I imagine myself as a retail outlet, in shopping malls around the country, where people come to us. Universal Studios for instance, where they develop and do this and do that. Where we can franchise those stores and grow that way. (10A YBME 21:737)

11.4. Macro-environment and competitive context

This case makes some reference to macro-environmental conditions that have an impact on the business, although the competitive environment has greater significance in terms of day-to-day operations.

11.4.1. Macro-environmental conditions

Kenneth acknowledges that Filmfast was started in a fertile environment and that the emergence of the opportunity could be considered serendipitous. However, he and his brother believe that this was not sufficient.

It is not only luck. If you get a feeling that waking up in the morning that you do nothing and you are hoping that you win the Lotto, that is not enough. You need to be doing something, things that you are not working on, you know, you need that in life. You have to work very hard and without luck ... that's another story. (10C YBME 15:547)

The environment in which he grew up was considered less than supportive for developing entrepreneurs. Nevertheless, Kenneth dismisses the notion that this necessarily impacts on levels of entrepreneurial motivation and commitment to succeed.

Everybody is poor in Soweto, everybody needs something. We all come from bad backgrounds, except your mind might not be. If you want to be like the white boy your age who is driving a Porsche, what has he done that you are not doing? Like where I live ... there is a guy who does garden services and he has got a house where I live at the estate, and that is what he does, and he just goes around and mows people's lawns, but he's professional, he's got books and whatnot. The same guy who mows lawns in Soweto – what does he do with fifty bucks or one hundred bucks that he cuts grass with? He chills around afterwards, he has a beer, he's a big man, he's got chicks around him. He's not focused, he can't take his business to a different place. (10D YBME 19:694)

Apart from these factors, Kenneth appears to pay little attention to macro-environmental factors as far as they impact on the enterprise.

11.4.2. Competitive environment

Filmfast operates in a highly competitive environment; Kenneth is sensitive to the firm's position relative to other market participants and confident that his business delivers a superior service within the context of the business relationship:

I thought ... there is a lot of competition, but how we have done it, we kept ourselves sort of consistent or professional, we try and make it different to most of the guys that are out there, in a sense that ... like when they deliver to you, they just put a sticker on and take a coki pen and take it there. They don't label there, a lot of the photographers, when they take a thousand photos, for instance, they just dump the photo onto the CD and give to the client. (10A YBME 8:292)

The technology used by Filmfast also represents a competitive advantage relative to more traditional photographic competitors.

One-man photographers, he'll take photos, he'd go to a lab, and try and develop those photos but when you are at Sun City, where will you find a lab?



In fact, last year, last year, one of the photographers, he borrowed one of my printers. (10A YBME 14:484)

The business also sets out to keep costs low by finding the right suppliers and negotiating hard for each purchase to be able to price competitively.

We actually found a guy in town in the city centre that actually builds frames, picture frames themselves and we get a great price, which means we can come at a lower price point for a client and make a decent margin on it as well. So we scout our suppliers. We don't just go to anybody. We find guys and we drill them down to the lowest possible price. (10B YBME 4:125)

Kenneth's early entry to the market has allowed him to build a reputation for reliability and good service which supports both new client attraction and retention.

There's not many reputable people out there doing it, there are probably three out there. Kenneth has been doing it the longest. I think he is probably the first that started in the country and because we doing it for so long and because he's had so many clients over a period of five years, we get a lot of by word of mouth marketing leads, people just phone us out of the blue. (10B YBME 5:172)

11.5. Describing the experience

Kenneth's optimism and good nature make it difficult for him to refer to new venture creation in anything but the most enthusiastic terms. However, it is clear that the experience has often been difficult, for the business and the individual.

11.5.1. Business challenges and opportunities

Kenneth is directly involved in most of the photographic shoots Filmfast undertakes, partly because his employees are contract workers, untrained and difficult to motivate.

There is a lot of it that I do, initially they were just there for the sake of just being, they didn't have work, so they clicked and clicked and clicked, now the guys that we have now, they are like really motivated, they can feel that this company will go somewhere, and if you stick around long enough they will reap the benefits of being around. (10A YBME 15:523)

Despite his youth and visible charm, Kenneth is reportedly a leader who commands respect from his employees, and is quick to censure when required.

But they are not the easiest bunch to work with and Kenneth ... Kenneth ... handles all of that, so he's got a very strong character and they know, don't mess with him, because you'll ... you'll ... go and you won't come back and Kenneth will find somebody else. (10B YBME 9:319)

Steve sees himself as taking on the lion's share of the business administrative burden, while Kenneth takes on the less stressful operational roles.

And I want to get Kenneth more involved in that because I am very busy as well and I can't really carry on doing all of this by myself. Kenneth used to do jobs, money in the bank account, pay, you know, he never really checked to see where I'm earning, what are my busy periods, what are my slow periods, who's my biggest earner, which client do I have to look after, you know, look after best and stuff like that. He never used to give like gifts to clients around Christmas. (10B YBME 16:576)

Especially in the earliest stages of the business operation, managing cash flow was a critical success factor.

And manage your cash flow at all times. If you can, plan out for 12 months or 24 months, put that money away. Don't let it tempt you. As soon as you realise that the money ... because that's how I was in the past, R15 000, it's gone. R20 000, gone, then I am left with no money. (10D YBME 18:642)

Kenneth admits that a lack of appropriate management systems, his own naivety in trusting clients and a lack of personal discipline often created the problem.

And not getting paid on time, that was a big, big problem for us. In fact I should say that was the biggest, because without getting paid in time, it drains the business in a big way, because you have more clients to service but you've got no money, to buy consumables or whatnot. I was gullible actually at the beginning of the business as well. "Ja we'll do the work for you, I take responsibility for it, and I will pay you later". That type of client that probably owes me for probably four or three years. (10A YBME 10:365)

11.5.2. Personal challenges and opportunities

Kenneth has a great passion for his business and the opportunities it provides for him to meet interesting people.

I really love it, the exposure that I am getting, the different businesses that I am getting involved in ... or involved with ... like last night ... the type of people that were there ... and the type of plans that they have for the country and the continent, you know. Some of the President's advisors were there

that were speaking, and I get to listen. My career is really brilliant and I'm enjoying it. (10D YBME 10:365)

Kenneth works long hours, but he believes this is a short-term sacrifice worth making for the longer-term benefits it represents.

My job is really time-consuming. I have no office hours, any time is work time. Most of my work starts at six in the evening and at 12 at night. And in the afternoon, I do some of my admin stuff, but it's really ... it takes away a lot of my time ... but I believe now in my twenties, it is my time for me to work hard and smart, so that when I am 40, I can live in a house like David. (10D YBME)

Kenneth highlights the excitement and anxiety inherent in the entrepreneurial experience and emphasises the importance of learning from one's mistakes.

It has been amazing and very challenging at times, where you don't know where your next pay cheque is going to come from ... or if you are going to get work the next year, if the same client has the same event, it's the same job and you don't get it. It has been very challenging and it has been very exciting. I have learned a lot. (10A YBME 16:567)

He attributes his success to his personal commitment and determination, and particularly to the discipline of focus.

I think I had my head screwed the right way on and my heart was in the right place, and just focusing on what I was busy with at that time. Just keep persisting in whatever I was doing ... and focusing and keeping the main thing ... the main thing ... basically ... that is what has made this business work. (10D YBME 15:548)