

CELEBRATING LOCAL HEROES TEACHER'S RESOURCE PACK



3 ENTREPRENEURSHIP
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PLAYFUL PROJECT-BASED LEARNING | TERM 3 EMS PROJECT FOR SBA



basic education
Department:
Basic Education
REPUBLIC OF SOUTH AFRICA



GRADE **8**



Resource 1

Ludwick Marishane TED talk

https://www.ted.com/talks/ludwick_marishane_a_bath_without_water?language=en

Ludwick Marishane TED talk Transcription:

So I grew up in Limpopo, on the border of Limpopo and Mpumalanga, a little town called Motetema. Water and electricity supply are as unpredictable as the weather, and growing up in these tough situations, at the age of 17, I was relaxing with a couple of friends of mine in winter, and we were sunbathing. The Limpopo sun gets really hot in winter. So as we were sunbathing, my best friend next to me says, “Man, why doesn’t somebody invent something that you can just put on your skin and then you don’t have to bath?” and I sat, and I was like, “Man, I would buy that, eh?” so I went home, and I did a little research, and I found some very shocking statistics. Over 2.5 billion people in the world today do not have proper access to water and sanitation. Four hundred and fifty million of them are in Africa, and five million of them are in South Africa. Various diseases thrive in this environment, the most drastic of which is called Trachoma. Trachoma is an infection of the eye due to dirt getting into your eye. Multiple infections of Trachoma can leave you permanently blind. The disease leaves eight million people permanently blind each and every year. The shocking part about it is that to avoid being infected with trachoma, all you have to do is wash your face: no medicine, no pills, no injections. So after seeing these shocking statistics, I thought to myself, “Okay, even if I’m not just doing it for myself and the fact that I don’t want to bath, I at least need to do it to try to save the world.” So with my trusty little steed, my Nokia 6234 cell phone – I didn’t have a laptop, I didn’t have Internet much, except for the 2-rand-an-hour Internet café - I did research on Wikipedia, on Google, about lotions, creams, the compositions, the melting points, the toxicities. I did high school science and I wrote down a little formula on a piece of paper, and it looked like the KFC special spice, you know? So I was like, okay, so we’ve got the formula ready. Now we need to get this thing into practice. Fast forward four years later, after having written a 40-page business plan on the cell phone, having written my patent on the cell phone, I’m the youngest patent-holder in the country, and I can’t say any more than that. I had invented DryBath, the world’s first bath-substituting lotion. You literally put it on your skin, and you don’t have to bath. So after having tried to make it work in high school with the limited resources I had, I went to university, met a few people, got it into practice, and we have a fully functioning product that’s ready to go to the market. It’s actually available on the market. So we learnt a few lessons in commercialising and making DryBath available. One of the things we learned was that poor communities don’t buy products in bulk. They buy products on demand. A person in Alex doesn’t buy a box of cigarettes. They buy one cigarette each day, even though it’s more expensive. So we packaged DryBath in these innovative little sachets. You just snap them in half, and you squeeze it out. And the cool part is, one sachet substitutes one bath for five rand. After creating that model, we also learned a lot in terms of implementing the product. We realised that even rich kids from the suburbs really want DryBath. At least once a week. Anyway, we realised that we could save 80 million litres of water on average each time they skipped a bath, and also we would save two hours a day for kids who are in rural

areas, two hours more for school, two hours more for homework, two hours more to just be a kid. After seeing that global impact, we narrowed it down to our key value proposition, which was cleanliness and convenience. DryBath is a rich man's convenience and a poor man's lifesaver. Having put the product into practice, we are actually now on the verge of selling the product onto a multinational to take it to the retail market, and one question I have for the audience today is, on the gravel roads of Limpopo, with an allowance of 50 rand a week, I came up with a way for the world not to bath. What's stopping you? I'm not done yet. I'm not done yet. And another key thing that I learned a lot throughout this whole process, last year Google named me as one of the brightest young minds in the world. I'm also currently the best student entrepreneur in the world, the first African to get that accolade, and one thing that really puzzles me is, I did all of this just because I didn't want to bath. Thank you.

Resource 2: Forms of Business Ownership in South Africa

Are you looking to start a business? There are numerous ways you can structure your new business, which will play a part in how you run it and who you answer to.

If you're a group starting a business together, or one founder going it alone, you should know the benefits and drawbacks of each structural type. Here are the 5 different types of business structures and how they will impact your business:

1. Sole Proprietorship

A sole proprietorship is when there is a single founder who owns and runs the business. This is the simplest form of business entity because the business is not separate from the owner.

You can give your business a trading name, and only you have the authority to make decisions about your business.

Advantages of a sole proprietorship

There are quite a few advantages of sole proprietorship, such as:

- It's easier to set up than any of the other business entities.
- The owner maintains 100% control and ownership of the business.
- The owner is entitled to all of the profits.

Disadvantages of a sole proprietorship

There are also disadvantages for sole proprietorship, such as:

- You, as the owner, assume all the risk for the business. Your assets will be seized to pay for business debt, and you are personally liable for any obligations.
- If you wish to include another owner in your business, you'll have to dissolve the sole proprietorship and form a new business entity.

Sole Proprietorship Example

Sole proprietorships are typically smaller, one-man businesses. Once they grow larger, partners come on board or the business is registered as a Pty Ltd. This means that a large portion of global businesses were at one stage sole proprietorships such as:

Amazon – Jeff Bezos

In 1994, Bezos resigned from his six-figure corporate job to pursue his business idea. He wanted to create an online bookstore called Amazon. It was risky, but he was convinced that the internet was the place to grow a business.

He worked out of the garage of his rented house, where he stored, packaged and shipped books to customers. Bezos focused his time upskilling himself on how to source books and developing an online, user-friendly system for his customers.

Related: 10 Productivity Tools for the Sole Proprietor

A year later, he launched with more than a million books, calling itself 'Earth's Biggest Book Store'.

Four years after his first sale, Bezos took the company public and Amazon became a vast online marketplace, making sales of more than USD610 million, with more than 3000 employees and 13 million customers globally.

2. Partnership

A partnership is when 2 or more co-owners run a business together. Partners will also pool their money towards a common goal, share specialised skills and resources and share in the ups and downs of business success.

Advantages of having a partner

Just like with a sole proprietor there are benefits to having a partner or partners helping you run your business, such as:

- With more people comes more knowledge and expertise
- You'll have more capital and cash to work with.
- You can share the financial burden and expenses of running a business with your fellow partners.
- Having partners means there is an even distribution of labour.
- You'll have a better work-life balance as there are others to assist you with the workload? and ensuring your business is becoming a success.

Disadvantages of having a partner

Having more people isn't always a benefit, here are the disadvantages of having partners:

- Everyone is liable for debts whether they were caused by other partners or not.
- You have to share control of the business with your partner(s)
- Dealing with others is not always seamless, there could be a falling out or an argument, which can strain the relationship between you and your partner.
- If you ever want to sell your business, this could prove difficult if others don't want to sell.

Partnership Example

Before a business becomes a global hitter, it can start off as a partnership. Once they grow their business they can register as a Pty Ltd or public company. This business started off as a partnership and grew into one of the most well-known and profitable businesses in the world:

Apple - Steve Wozniack and Steve Jobs

Partners, Steve Wozniack and Steve Jobs, found they had a mutual love for electronics and become friends. After working together on a project, they proved their partnership successful, they decided to team up and develop a personal computer.

In 1975, they set up shop in Jobs' parents' garage and began developing the prototype named Apple 1. In an effort to raise enough money to launch, Jobs sold his car and Wozniak sold his Hewlett-Packard calculator.

They enlisted the help of a third co-founder Ronald Wayne and began selling the Apple 1. With their profits they improved and refined their design and launched Apple 2 in 1977.

3. Pty Ltd - Proprietary limited company

A private company, Pty Ltd or proprietary limited company is treated as a separate legal entity. So even if you launch your business single-handedly, this type of business is registered as a separate legal entity.

Related: The Basics Of Registering A New Company

The owners of a Pty Ltd are also known as the shareholders.

Advantage of being a Pty Ltd

- You don't have to explain your finances and decisions to anyone. This is the reason Richard Branson took his company private again after having it public for two years.
- The business is a separate entity, so it continues to run smoothly even if you sell your shares or take on partners.
- Shareholders are typically not liable for company debts, although there are some tax liabilities.
- Anyone acting recklessly or fraudulently can be personally liable for all or any debts of the Pty Ltd.

Disadvantages of being a Pty Ltd

Although there are a fair amount of benefits, there are also drawbacks to structuring your business as a Proprietary limited company, such as:

- Private companies are required to comply with a large number of legal requirements.
- This type of business is challenging and expensive to register.
- As this is a private company, you can't offer shares to the public or list the business on a stock exchange.

- Two shareholders must be at a meeting, except when the company only has one shareholder
- All of your financial statements need to undergo annual auditing. There are some exceptions in the new Companies Act, find out more [here](#).

Pty Ltd Example

Although he started out as a sole proprietor and eventually launched as a public company, he ultimately chose to run a private company. Here is an example of a private company:

Virgin - Richard Branson

After several years of hustling, in 1969, Richard Branson started a mail-order record company. It made enough money for him to expand and open a discounted record store.

He then launched a successful record label, as well as expanding into industries such as trains, mobile phones, banking, bridal wear and gyms and an airline.

“I did not set out to build a business empire. I set out to create something I enjoyed that would pay the bills,” says Branson.

4. Public Company

A public company is a business that issues securities through an initial public offering (IPO) and trades its stock on at least one stock exchange. The daily trading of the public company’s stock determines the value of the whole business.

Publicly traded companies are defined as public because, unlike Pty Ltd businesses, shareholders can be anyone who purchases stock. Anyone can then become equity owners of the business.

Advantage of publicly traded companies

Just like any other type of business structure, a public company has benefits, such as:

- Since you can sell your shares to the public, this offers you more capital to work with.
- Being listed on a stock exchange means that fund managers and traders are keeping an eye on your business. The more interest you have, the more business opportunities will come your way.
- The risk is spread out amongst the various shareholders. The more shareholders, the less risk everyone holds.

Related: Go Public or Stay Private? What's The Right Move For You?

Disadvantages of publicly traded companies

Here are the disadvantages of this type of business structure:

- Setting up a public company is more challenging compared to the other types of business structures.
- Since there are now more shareholders, directors and managers, making decisions can take significantly longer.
- You'll need to reveal some of your documents and annual accounts are published for inspection to the public. This improves transparency but doesn't enable you to guard your secrets effectively.
- When you go public, you're selling the ownership of your company to strangers. It's challenging to raise the money you need while keeping a 51% majority.

Public Company Example

Many internationally recognisable businesses started out as a partnership, this business is no different. Today it is one of many publicly traded companies on the New York Stock Exchange.

Facebook – Mark Zuckerberg

In 2004, Mark Zuckerberg, Eduardo Saverin, Dustin Moskovitz, and Chris Hughes, founded Facebook while studying at Harvard University. Facebook has since become the largest social network in the world, with 2.38 billion monthly active users.

In 2012, Facebook filed to become a public company. Its initial public offering raised \$16 billion, giving it a market value of \$102.4 billion. At the

end of the first day of trading, Mark Zuckerberg's holdings were estimated at more than \$19 billion.

5. Franchise

A franchise is when the owner of a business licenses their business to a third party. This gives you the right to operate the business or distribute goods and/or services using the business's name and systems, for a fee.

Advantage of operating a franchise

- Typically, a franchise has a successful track record and a positive reputation that you can capitalise on.
- Franchises offer training programmes designed to optimise how you run the business and bring you up to speed quickly.
- If you join a franchise, they also offer ongoing operational support. This ensures you're not alone when building and growing your business.

Related: [A Three-Pronged Approach To Franchise Success](#)

For more [advantages](#) visit here.

Disadvantages of operating as a franchise

Buying into a franchise also comes with its own set of [issues and drawbacks](#), such as:

- If you've bought into a franchise, you'll have to follow the rules, regulations, system operations and directives of the franchise.
- The cost of becoming a franchisee can be high, sometimes even higher than starting your own business.
- You'll have to pay royalties to the franchise for the use of their name and systems.

Franchise Example - McDonald's

McDonald's started out as a partnership between the two McDonald's brothers. Since then it has franchised across the world, opening over [36 000 restaurants](#) and operates in over 100 countries and territories.

Now it is one of the most popular international fast-food chains. Their popularity amongst new franchisees has to do with their extensive training and support, to continue to offer consistency across every business no matter where in the world.

McDonald's restaurants serve over 68 million people every day, that's more than the entire population of South Africa.

What type of business should you start?

Your needs and the needs of your business will determine which type of business structure will be the best for you. Feel free to switch between types as your business grows.

When starting a business, you can register as a sole proprietor or partnership and eventually grow into a Pty Ltd or public company. Use the different types of business structures to your and your business's advantage.

Resource 3

Interviews with Sally and Nabira – two forms of Ownership

Sally Interview:

We're basically an Internet café, copy shop. We do copies, laminating, Internet, printing, a service type business. We bought the business in 2000 so we have been open for 11 years already and we're a very small business. We have got between four and five employees at all times working for us. Location is very important in a small business. I think it could be the make or break of any small business. We were in a mall. We were existing in the mall for 11 years and then we had to move out of the mall. We had to move out of the mall - for a small business like ours the overheads became too much for all - the rental became too much. There's a lot of costs involved when you are in a mall. Not only your rental, you have to pay marketing, you pay a percentage of your turnover to the mall as well and that's very crucial to think of those points when you're in a small business that has to justify your turnover and it was honestly just getting too expensive to be in a mall, so we had to make a decision to rather move out than start over on a private premises. It did impact the business moving out of the mall cause obviously you sort of become in a comfort zone in a mall because they attract the feet. Once you are out of a mall and you are more in a private premises it's up to you to get the clients to come to you. We were an existing business for 11 years, so all of a sudden to pick up and move out it's a lot of marketing again and getting clientele to know that you have moved. We did lose clients moving out of the mall, but not a big majority, if I could say about 15% of the clients which were basically your walk-in clients. People from out of town that come into a bigger town to go to a mall to do their monthly shopping and it was convenient for them because they are in a mall, just to pop in and do what they needed to do. Hmm, but your larger companies that have been with us, your schools, all of those

people obviously follow us because of the service and everything that they receive from us. A lot of our clients prefer our new premises to our old premises. The advantage of being out of a mall is, our client that specifically want to come to us, there is parking outside the store, so they can park, run in and run out so it is not as time consuming as what it was going through a mall. Secondly, is the visibility, the store, we are situated on a busy intersection so our signs are more visible than what it was in a mall which also is an advantage. Our location now is also bigger so we have been able to add to our services and put in more machines and it is a lot more of a comfortable store than what it was. Marketing-wise we have put in ads in the newspapers, in the local newspapers. We've put radio stations advertising that we have moved. We've done basically everything we can, handed out pamphlets to market the business and to market that we haven't closed, we've just moved location. The main weakness we have in our business is competition. There is a lot of other people that have opened the same sort of business as what we are and that competition, you have to compete with them the whole time price-wise, technology-wise which is another weakness is you always need to keep up to technology, the high top of the range computers, top of the range printers, copiers which becomes costly at the end of the day as well. Strength of our business I'd say because we've been an existing business for 11 years, so we have built up a very big client base already. Another thing would be our service, our quality of products, customers are used to getting good quality and good service from us, so we've built the reputation in that line and I think our new location could be a strength for us as well once everybody has learnt where we have moved to. Customer relations is crucial in a business like ours because we work in a service business, we are not retail or, it makes a big difference because customers always need to be right, always need to be happy. You need to keep them happy. The worst publicity any company or business can get is word-of-mouth, so if you have one unhappy customer, another 50 hear about the bad experience they had in your business. Employee relations in any business is very important. Obviously it affects your productivity of your employee if an unhappy employee is not productive at all, so you will get more out of a happy employee than an unhappy employee, productivity-wise, even customer relation-wise, they deal with customers the whole time, so you tend to - a happy employee tends to be more productive in that way. We work as a team, as a group, so they feel like I put just as much into the business as what they do. We are every day together. We've built a relationship together. Obviously you know you look at all your labour laws, you keep everything up to standard you know, we sit and eat together in the afternoons, all of that plays a big role on feeling like a family in a store like this.

Nabira Interview

Nabira forms part of a large family, a four brothers and four sisters who have been selling flowers for many generations. Their makeshift store is located next to a busy road. Here they sell flowers seven days a week from 7 in the morning until 7 at night. Apart from selling flowers, Nabira also has additional responsibilities in the family business.

I work with books, I write all the receipts and invoices. I also take orders placed by customers.

It seems that Nabira's task is mostly limited to issuing invoices and cash receipts.

I write receipts for those customers who need to claim back the money they have spent. When we deliver flowers to customers they also want invoices.

Inevitably the children join the family business when they complete school. As a result Nabira never had the opportunity to study further.

I have no training in accounting and bookkeeping - it is something I picked up myself.

Like in most other informal businesses, formal accounting and financial processes are not followed by Nabira.

We don't keep daily records of all our transactions, we also don't make use of a bank. We do all things like the people of yester year. We deal in cash only so we don't work with tills and pettycash, we work with the cash in our pockets. Although we don't have a bookkeeping system we still know exactly what is going on in our business.

What began many years ago with the selling of a single bucket of flowers per day, grew into an informal business that employs about 20 family members today. According to Nabira, the selling of flowers is not so profitable that they will become rich one day, however, it allows the family to put food on their table and to make ends meet. They were even able to buy a vehicle to deliver flowers.

To make a success of your business you don't need a degree, you just have to know how to do things.

Nabira and her family illustrate the fact that an informal business can achieve success without having the ability to implement formal bookkeeping principles or to interpret

financial reports and information. Indeed, success also requires commitment, hard work and a will to achieve.

Resource 4 Help with interviews

5 Tips for Arranging Informational Meetings with Entrepreneurs

- Time is money. Don't be surprised if not everyone you ask for an informational interview agrees to talk to you. In fact, not everyone you reach out to will even respond. People are busy, so when requesting a call or a meeting, keep it short and sweet.
- State your case. In your email, say who you are and what you want in no more than a couple of sentences. Explain why you'd like to meet and what you'd like to learn about their work.
- Ask for information only. Make it clear that you're not asking for a job. If a person thinks you're going to ask them for a job, it puts too much pressure on them and they might not want to talk to you.
- Be flexible. Ask if they'd be willing to meet for coffee, or talk by phone for 10-20 minutes. Emphasize that you'll work around their schedule.
- Be prepared. Read as much as you can about their business so you can avoid asking obvious questions you can find the answer to online. [Research](#) the interviewee on both their company website and on LinkedIn, and check out the company's social media sites.

Standard Questions for Entrepreneurs

- How did the idea for your business come about?
- What was your key driving force to become an entrepreneur?
- How did you come up with the name for your company?
- How did you raise funding for your venture?
- How do you build a successful customer base?
- How do you market your business, and which tactics have been most successful?
- What kind of culture exists in your organization, and how did you establish it?

Personal Questions for Entrepreneurs

- How many hours a day do you work on average?
- Can you describe/outline your typical day?
- How has being an entrepreneur affected your family life?
- What motivates you?

- How do you generate new ideas?
- What is your greatest fear, and how do you manage fear?
- What are your ideals?
- How do you define success?
- Do you believe there is some sort of pattern or formula to becoming a successful entrepreneur?
- What is your favorite aspect of being an entrepreneur?
- What has been your most satisfying moment in business?

Source: <https://www.livecareer.com/resources/interviews/questions/entrepreneurial-informational-interviewing>