



**ZEVOLI**  
GROWTH PARTNERS

**Finding the Right SMMEs for your  
ESD and Procurement Opportunities**

## About the Author:

I have rich experience in transformation work including developing small business, youth and communities across public and private sectors. At Zevoli, I have the difficult, but fulfilling task of overseeing the execution of ESD Projects.



Lebogang Mashego Head of Projects

## Introduction

“Opportunity available for you”, the most popular words on the modern internet to catch the attention of opportunity seekers and SMMEs. One of the very first things you will find when you look at the caption and its accompanying flyer is what they call the eligibility criteria- which is different from the qualification criteria. In the realm of small business development, finding the right candidate is paramount for storytelling, impact, and alignment to the objectives of all stakeholders. However, this task is often loaded with challenges, particularly for corporates and development agencies. This white paper aims to explore these challenges and offer recommendations based on our extensive experience in SMME capacity development in finding the right SMMEs.

## Executive Summary:

When looking for Enterprise and Supplier Development beneficiaries, there are several elements to consider that work harmoniously. The search for the perfect candidate comes with consideration of background, criteria, messaging, where to look and a number of other elements. In this white paper, we will unpack these elements and how to use them when considering in the search for the E/SD candidate. Zevoli Growth Partners has been in existence for 10 years, and we continue live out our passion of making corporates understand SMMEs better,

to educate SMME in the non-negotiables for corporates and why it is important for them to comply to their requirements in the bigger scope of things. Our approach is rooted in understanding the unique challenges, and pressures, faced by both corporates and SMMEs. This informs every aspect of our DNA and strategy, from candidate sourcing to implementation of support. Our number one strength is our unmatched understanding of SMMEs, coupled with our ability to bring them closer to opportunity-providers.

## Why are you looking for SMMEs?

There are numerous reasons as to why SMMEs are key players in different value chains and programmes. Over the years, SMMEs have not only been drivers for economic participation and development, but drivers for private and public entities to weave SMMEs into the way they do business. While there are companies that look for SMMEs as a tick-box, there are many that are intentional about transformation and the economic participation of small businesses. There are four main reasons as to why entities look for SMMEs:

- 1. To procure from:** transformation is not a rule, but what BBBEE continues to successfully do is to create an environment that strongly recommends for SMMEs to be considered for procurement opportunities. Private and public sectors are now becoming accustomed to

ringfencing opportunities for small businesses and are intentional about including them when sourcing for suppliers.

2. **To replace an untransformed supplier:** because large corporates have a vested interest in working with the government, some have set up targets to replace untransformed suppliers, where possible, in their value chains. Government rules and conditions are clear about the incorporation of SMMEs, specifically black SMMEs, in the execution of their contracts which has forced corporates to review their supplier database and its level of transformation.
3. **To partner with a large supplier:** with the inception of BBBEE, government has implemented stringent conditions and clauses when contracting for capital projects, some of which are to include SMMEs in the execution of such projects. This has now forced untransformed suppliers to either transform or to partner with SMMEs for implementation. Part of this is also for the large supplier to mentor and guide the SMMEs as a way to impart knowledge and skills.
4. **To participate in an E/SD programme:** ESD is a subset of BBBEE, and certain companies are mandated to spend on ESD. This then means that the empowering companies need to find, support and for SD, procure from SMMEs as part of ESD interventions.

its full growth potential. SMMEs are on their growth journey, in whatever form, and are continuously looking for opportunities to grow. When carving out opportunities for them, always consider if the opportunity is of value and if it has the potential to contribute to their growth.

2. **To learn:** over the years, Zevoli has had the pleasure of engaging with SMMEs that want to learn. With the number of support initiatives available in the market, the concern is SMME “Programme fatigue”, which is referred to as exhaustion from continuous training and participation in ESD Programmes, however, there are SMMEs that find value in learning about the different concepts of running a business. Participation in ESD Programme is an opportunity for them to improve their knowledge.
3. **To make money:** while learning is great, everyone needs to eat. SMMEs are interested in opportunities that can bring them money so that they can pay their commitments, have cashflow for other projects and to invest in their growth.
4. **To connect:** SMMEs love any opportunity to be in one room to share their experiences and challenges with other like-minded SMMEs. With some opportunities, SMMEs are well aware of the minimal benefits, but they see them as a means to an end, with the hope that they might connect with the right person that can connect them to the right opportunity.

### What SMMEs consider when looking for opportunities

What we’ve learnt over the years is that SMMEs themselves evolve. The notion that SMMEs are desperate for “any opportunity” has faded. When recruiting for SMMEs, it is almost guaranteed that they have been on one or more of the ESD initiatives available in the market and have a good understanding of what has been valuable to them. This is what SMMEs consider when presented with opportunities:

1. **For growth:** growth is a bland word but has an overwhelming meaning. Growth is described as the act or the process of increasing in size. This means that the thing that is referred to has not reached



# What to consider when looking for the right SMME

## 1. Criteria Suitability

- **Diverse Profiles:** SMMEs come in various shapes and sizes, each with its own unique set of needs, challenges, and growth trajectories. Establishing criteria that are broad enough to encompass this diversity, yet specific enough to identify suitable candidates, can be challenging but worth the effort. The criteria for identifying suitable SMME candidates may need to evolve over time to reflect changes in the business landscape, technological advancements, and market demands. Keeping up with these changes requires continuous evaluation and adaptation of selection criteria. It is important to understand your needs as the entity looking for SMMEs but understand the profiles of the SMMEs you are looking for.
- **Context and SMME Challenges:** Corporates often fail to consider the context and challenges faced by SMMEs when defining their selection criteria. This lack of understanding can lead to unrealistic or rigid criteria that do not accurately reflect the needs and capabilities of SMMEs, making it challenging to find the right candidate.

## 2. Where to Look

- **Hidden Talent:** Some of our most notable programmes required us to be extensive, elaborate and strategic in our search. The most suitable SMME candidates for the most unique programmes are not always actively seeking opportunities or present/have access to the most conventional places to find SMMEs. Identifying these hidden talents requires a proactive approach and a keen understanding of where and how to look beyond the obvious sources.
- **Competition:** As the demand for high-potential SMMEs grows, so does the competition to identify and engage them. This can lead to saturation in traditional channels and require innovative approaches to stand out and attract top candidates.



As a trusted partner, Zevoli stands ready to assist clients in developing their unique Theories of Change based on our experience and expertise.

- **Platform and connectivity:** while it may sound odd to highlight the issue of connectivity in this modern day, it would be unjust to not consider the connectivity challenges faced in some peri-urban and rural areas. This plays a pivotal role in the message reaching the intended audience. Different approaches must be considered to reach candidates with connectivity challenges. As Zevoli, we've put together an extensive list of the most local platforms that we can leverage to reach even the most remote SMME.
- **In-house:** clients do not always believe that they have an SMME database, but more often than not, they do. An in-house database includes once-off buys that the company has made in the past, responses to RFQs that we not considered, or SMMEs submitting their profiles in the company info inbox. These are some of the best places to start to build an SMME database. SMMEs are not always sophisticated and do not always have the required documents available, however, the art of looking must include the art of assisting. This means that where there are minor gaps in documentation, one of the support interventions can include assisting with the documentation.

### 3. Messaging

- **Clarity and Transparency:** Some opportunities are far more interesting and lucrative than they seem. It is important to invest in crafting messaging that is both enticing and transparent is crucial. SMMEs need to understand the benefits of the program clearly, as well as the expectations and commitments required from their end. Failure to communicate these aspects effectively can lead to misunderstandings and disengagement.
- **Building Trust:** Many of us have fallen victim to different scams and have become fearful to respond to opportunities that require us

to submit certain kinds of information. The same applies to SMMEs. It is important to establish trust with SMMEs, especially those unfamiliar with the organization or programme. Overcoming scepticism and demonstrating credibility through consistent messaging and actions is essential to making the opportunity appealing.

### 4. Access to Information

- **Information Asymmetry:** Consider that SMMEs may not always have access to the same level of information or resources as larger enterprises because of location, connectivity and availability of key stakeholders. This can make it challenging for them to fully understand the benefits and requirements of a program, leading to misconceptions or missed opportunities.
- **Language and Communication Barriers:** Language and communication barriers can further exacerbate information asymmetry, making it difficult for some SMMEs to fully grasp the nuances of a program or express their needs effectively. With the different platforms available currently, one can consider a platform that will allow for the opportunity-provider to explain the opportunity to the seekers in details, in their language.

## 5. Resource Constraints

- **Time and Cost:** For many SMMEs, participating in a development program requires a significant investment of time and resources. Balancing these demands with the day-to-day operations of their business can be challenging, particularly for those with limited capacity. Leveraging and establishing relationships with stakeholders is important. Access to Stakeholders that have hubs which include internet, printing and other facilities for communities that have these challenges are key relationships to establish. In terms of time, limiting activities to once or twice a week for a couple of hours should be the standard. In most cases, the targeted SMMEs have between 2-3 employees, including the owner. Taking time away from their business is not always a lucrative option.
- **Capacity Building:** In one of the youth programmes we implemented, we front-loaded the programme with support, information and capacity building activities to build the confidence of the SMMEs. It is not that they cannot do the work or participate, sometimes, it is a matter of confidence. When looking for SMMEs, specifically SMMEs riddled with macro-economic challenges, it is important to tap into their potential early into the engagement. Some SMMEs may lack the internal capacity or expertise to fully leverage the opportunities offered by a development program. Providing the necessary support and training to build this capacity is essential.

## 6. Alignment of Expectations

- **Mismatched Goals:** Ensuring that the goals and expectations of the SMME align with those of the program is critical. The idea that SMMEs are desperate for any opportunity is incorrect, and fading. More often than not, SMMEs are aware of their challenges and needs, and when an opportunity is not aligned to goals they have set for themselves, they label the opportunity as a waste of time. Misalignment can lead to frustration and disengagement on both sides, undermining the effectiveness of the program.
- **Commitment:** Often times, the commitment is directed at the SMME. Empowering agencies and their clients usually highlight the lack of commitment on the part of SMMEs, however, commitment is required on both ends. The empowering company needs to clearly indicate their commitment to the engagement and detail their responsibility. What usually works is having an involved client that is available for onboarding and other engagements that allow for the SMME to have access to them. Building a successful SMME often requires a long-term commitment from both the SMME and the empowering company. Ensuring that both parties are prepared for this commitment and understand its implications is essential for success.

# Recommendations

Addressing these challenges requires a holistic approach that takes into account the unique needs and circumstances of each SMME candidate. By understanding these challenges and adapting strategies accordingly, corporates and development agencies can increase their chances of finding and supporting the perfect SMME candidate. Flexibility in criteria and a deep understanding of the context and challenges faced by SMMEs are key to success. Three things to think about:

- Criteria is an expression of the objective of the opportunity. Ensure that they speak to each other and that they speak to the SMME.
- The art of sourcing or recruiting must encompass the art of resolving problems in the process. If many SMMEs fall out early in your recruitment process, there is a problem.
- Educate. If your scope of work is complex and extensive with minimal opportunity to lax the criteria nor the process, make the SMMEs aware. Invest a great deal of effort in awareness campaigns to enlighten the SMMEs. In that way, you build trust, confidence, and transparency.

# Conclusion

Finding the perfect SMME candidate is a complex yet rewarding endeavour. By understanding the challenges and adopting a strategic approach to sourcing and messaging, corporates and development agencies can successfully identify and nurture SMMEs, driving sustainable growth and economic development. SMMEs are also dynamic, in the same way that corporates and government are. The most important element of finding the right SMME is to understand their needs and try to close them while closing your own. Zevoli's key objective is to make supplier diversity business as usual, and that requires commitment and effort for all involved.

# About Zevoli Growth Partners:

Zevoli Growth Partners is a pioneering entrepreneurship support organization (ESO). Since 2014, the organization has been actively involved in developing and implementing Enterprise and Supplier Development programmes and initiatives to empower black-owned small businesses, particularly those in rural and peri-urban areas. Our mission is to bridge the gap between corporates and SMEs, contributing to a world where supplier diversity is the standard, while achieving and maintaining financial sustainability as a social enterprise. Our Theory of Change is “We seek to improve the livelihoods of people within a rural and peri-urban environment through the development of small and micro businesses by bridging the gap between them and their markets by creating access to opportunities. This Theory of Change supports the achievement of our purpose statement (mission, purpose, vision), “Our mission is to bridge the gaps between corporates and SMEs to improve the standards of living through providing access to opportunities as we build a world where supplier diversity is business as usual.”



**Mpopi Khupe**

CEO and Co-Founder



**Simo Vilakazi**

Business Development Manager

