

# iLembe Business Expansion & Retention Programme

Results of the Ballito Business Survey

July 2011



# ACKNOWLEDGEMENTS

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**Participating Businesses:**

A K Bartch Medical Orthotist	Engen Ballito	Nutri Cheese
Actisol	Estate Press Publications	Oasis Water
Al Pescatore	Execucrete	P.G. Glass
Attention to Detail	Fabulous Flavours	Precise Recruitment
Auto Spark	Harcourts Dolphin Coast	Primi Piatti Ballito
Ballito Auto	Helena Jacobs PSF	Robow Investments
Ballito Estates	Hirsch's	Sembcorp Siza Water
Ballito Veterinary Clinic	Holla Trails	Sheffield Manor
Balvista Centre	Holloway Properties	Sign Zone
Baymed	Hotel iZulu	SSI Engineers
C.T.A. Architects	I.V.K. Interiors	St Michaels Estates
CA Architects CC	IFA Hotels and Resorts	Standard Bank Ballito
Cash-It	iTravelsmart	Talisman Plant & Tool Hire
Coastals Agri-Hardware	Laatz Electrical	The Friendly Supermarket
Compli-Pharm	Living Earth	The Fusion
ComProp	LLG International	The Office Pod
Coote Clarkson	McMurray Real Estate	The Robert Group
Daily Bread	Men @ Work	The Sandstone Story
Debonairs	Monoblock	Valbridge Trust
Dunlop	North Coast Accountants	
Duraline KZN	North Coast Courier	

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## **iLembe Business Retention & Expansion Programme**

# **RESULTS OF THE BALLITO BUSINESS SURVEY**

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### **BACKGROUND**

Last year the Agency Development and Support Department of the Industrial Development Corporation (IDC) invited development agencies to consider running a Business Retention & Expansion (BR&E) programme. Recognising that up to 80% of all new jobs are created by the growth of existing business, Enterprise iLembe was quick to respond. By the end of 2010 it had secured IDC funding and started to brief local stakeholders.

The overall goal of the iLembe BR&E programme is to stimulate local economic development and create employment opportunities by retaining and expanding existing business.

This is done by conducting a confidential survey of local business in order to learn what it is like to be in business locally and to record ideas, concerns, priorities and the obstacles to business growth. The information from the survey is then used to develop proposals for a local action plan and may also provide useful input to the plans and thinking of external role-players.

In February 2011 Enterprise iLembe agreed to work in partnership with iLembe Chamber of Commerce Industry & Tourism and conduct the first BR&E business survey in Ballito. The Task Team met for the first time on 23 March to begin planning the programme. The next few weeks were spent determining the scope of the business survey, agreeing a questionnaire, identifying and inviting businesses to participate and recruiting volunteers to conduct the interviews.

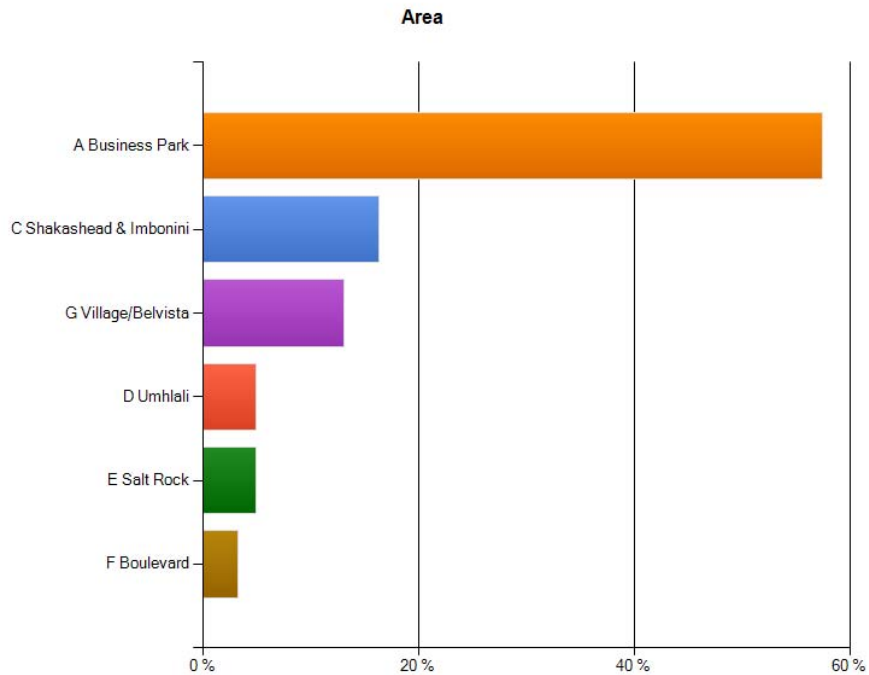
Once the holiday period was over, the Ballito survey was formally launched at a well attended breakfast function at Hotel iZulu on 24 May. A total of 32 people stepped forward as volunteer interviewers and attended one of the three training courses run on 25, 26 May and 3 June.

Working in pairs the volunteers used a structured questionnaire to interview the owners or managers of local business. Finding suitable dates to suit busy business people was not always easy and the survey period had to be extended. The final interview was conducted on 4 July and a total of 61 responses was captured.

On 6 July the Task Team met to review the findings in detail in order to identify the key issues and draft proposals for action.

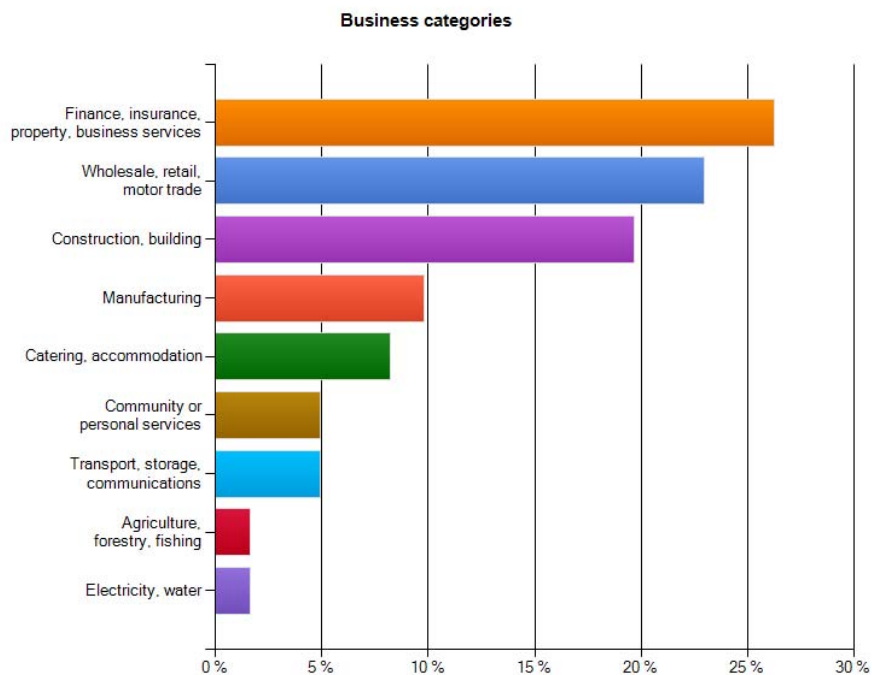
## SURVEY FINDINGS

A total of 61 businesses from the following areas took part in the survey. More than half were from the Business Park area.

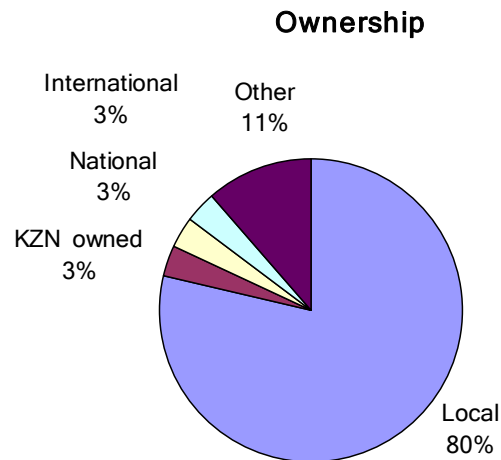


### SECTION A: Business Structure & History

More than a quarter (26%) of the firms interviewed are in finance, insurance, property or business services, a fairly wide category that includes activities such as graphic design. Almost as many (23%) are in wholesale retail or motor trade while construction and building form nearly 20% of the total.

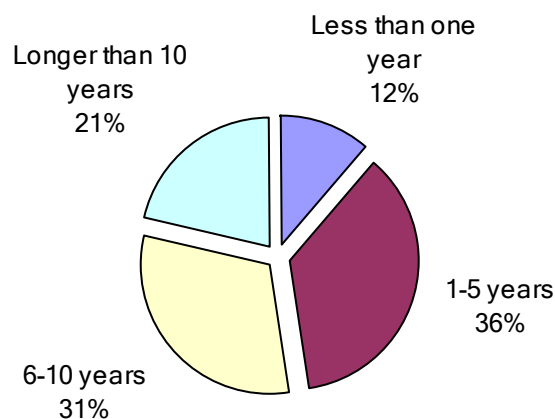


By far the majority (79%) of firms are locally owned and most of those included as “Other” (11%) have substantial local ownership.



The respondents are evenly split between well established and relatively new businesses. Over a third (36%) have been operating in Ballito for 1-5 years and 12% for less than a year. On the other hand 31% have been in the area for 6-10 years; and a significant number (21%) for more than 10 years, in one case as long as 60 years.

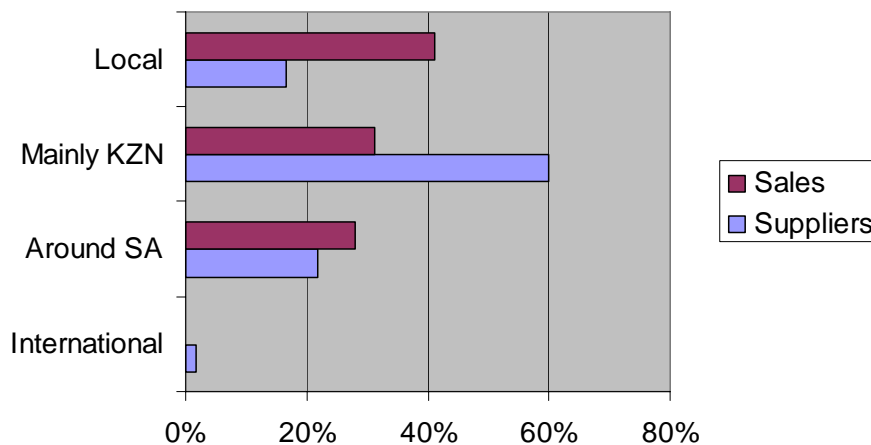
### How long in Ballito?



Local customers are the main source of sales for 41% of the businesses surveyed while another 31% focus predominantly on KZN. Many (28%) do business throughout South Africa but none see international customers as their primary target.

When it come to suppliers 60% of those interviewed purchase the bulk of their supplies from within KZN – often from around Durban – or from various parts of South Africa (22%). Hardly any (2%) make significant purchases outside the country. An issue that will come up again later is the fact that relatively few (17%) can find the majority of their supplies locally.

### Sales & Suppliers



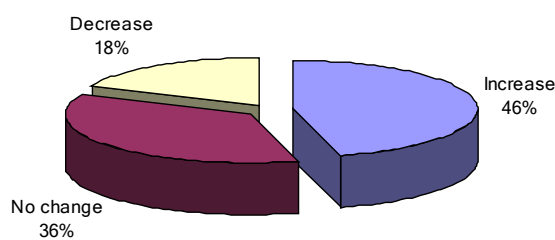
When asked what methods they use to promote their businesses, by far the greatest number said word of mouth has a big impact (74%) or some impact (16%) on their sales. Networking and socialising were said by 44% of interviewees to have a big impact and 28% believe it has some impact on sales. Next in importance are signage and websites followed by local newspapers and then local advertising directories.

### SECTION B: Employment

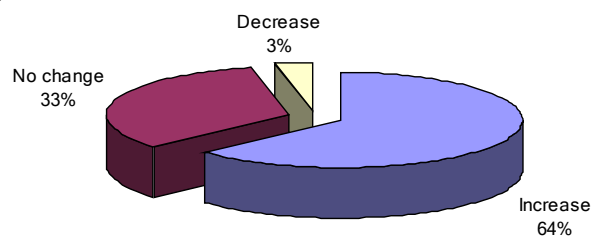
Between them the businesses surveyed employ 713 men and 540 women, i.e., a total of 1 253 or an average of 21 people in each business. Of these 86% are full time, 9% part time and only 5% are casuals or contractors.

In spite of the recession 46% of the respondents said they had increased the number of people employed over the last two years while 36% said there had been no change in numbers. Only 18% had to reduce the number of people employed.

Employment over the LAST two years



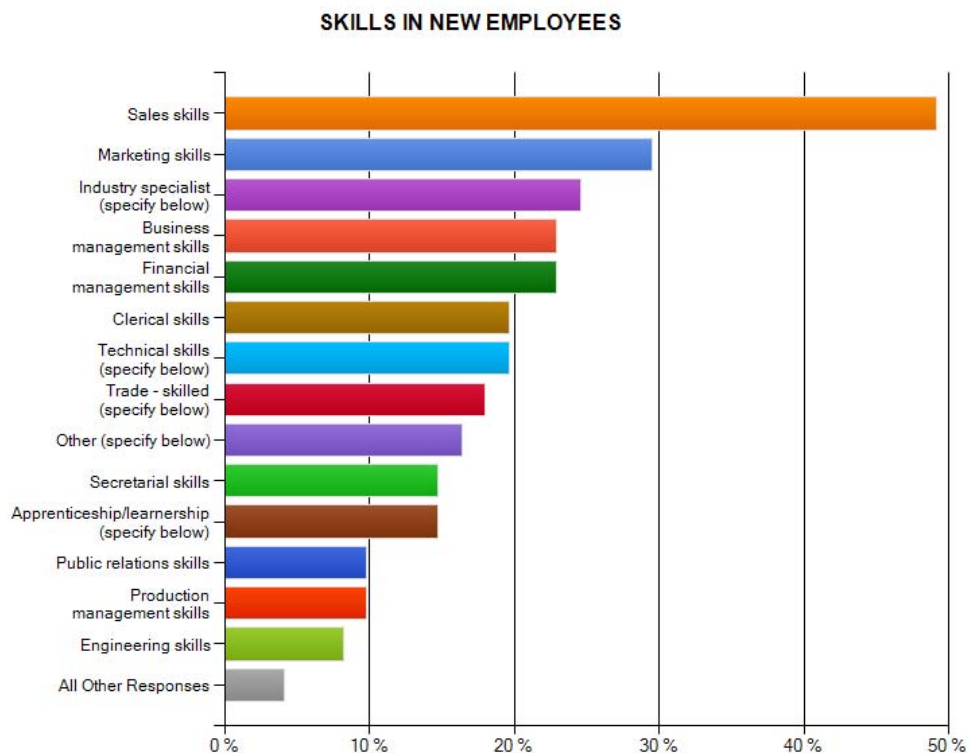
Employment over the NEXT two years



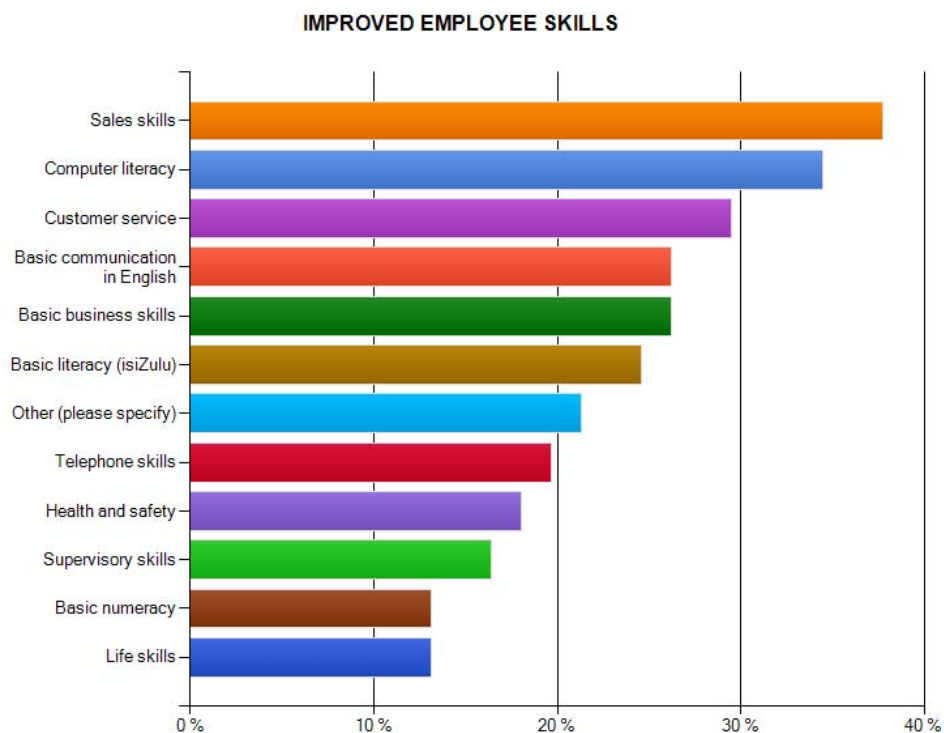
Nearly two thirds of those interviewed plan to employ more people over the next two years while a third expect their numbers to remain the same. Only 3% expect to reduce the number of people employed.

When asked what skills they would look for if they were recruiting in the near future nearly half would like to employ people with sales skills and 30% would look for

marketing skills. Next in importance were a wide variety of jobs under the heading of “industry specialist” and ranging from architect, butcher, conveyancing and graphic designer to waiters, housekeepers and chefs.



More than half the interviewees have difficulty in recruiting certain skills and listed 49 different occupations ranging from qualified professionals to capable labourers and drivers. Several complained of difficulty in finding competent artisans and construction workers and having to recruit from outside the area. Lack of affordable housing hinders the recruitment of middle and lower income group workers.

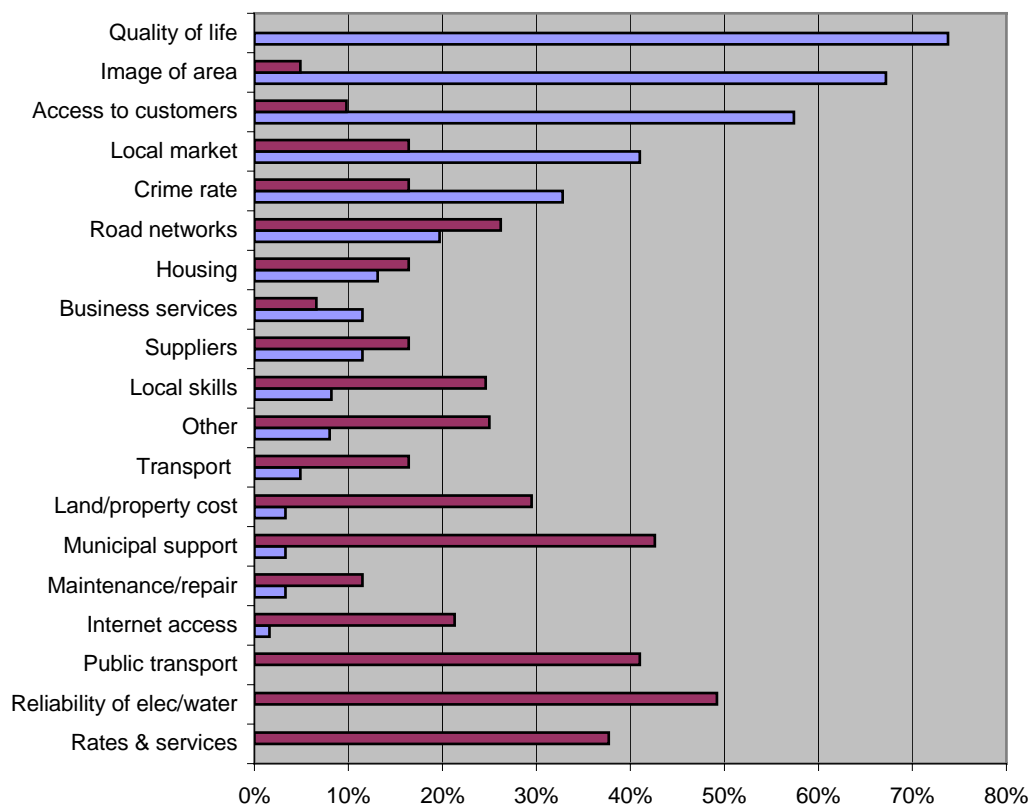


Again sales skills were mentioned most frequently (38%) as being in need of improvement followed by computer literacy (34%) and customer service (30%). Basic communication in English, basic business skills and basic literacy (isiZulu) were also seen as important.

### SECTION C: Business Environment

A remarkable 74% of respondents feel the quality of life is an advantage of running a business in Ballito while 67% see the image of the area as another advantage. Also well regarded are access to customers (51%) and strength of the local market (41%). Unusually for surveys of this nature, up to a third of those interviewed believe the rate of crime locally to be an advantage. In contrast, businesses in Shaka's Head and Imbonini and particularly in Umhlali view crime as a disadvantage of the area.

#### Advantages & Disadvantages

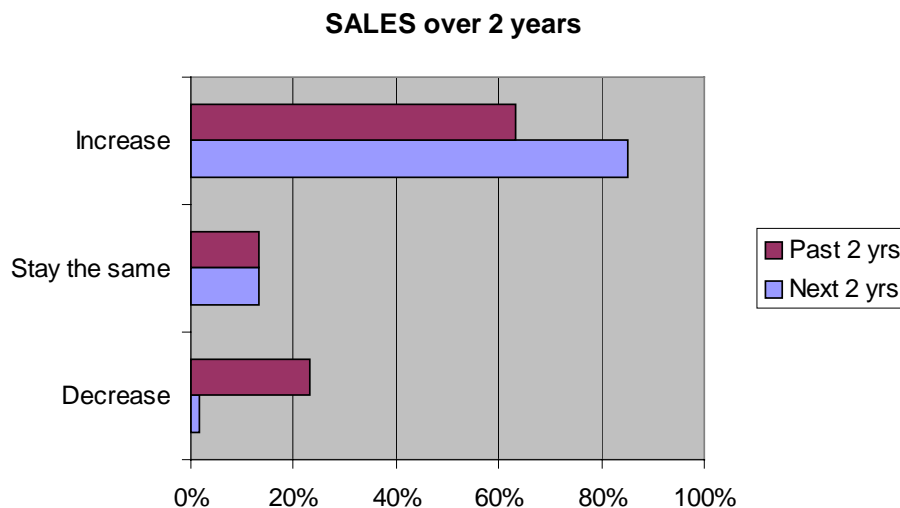


The availability of housing was seen as a positive by 13% but a disadvantage by 16%. Elsewhere in the survey the lack of affordable housing was mentioned as hindering the recruitment of lower paid workers and inexperienced professionals.

The most frequently mentioned disadvantage was the unreliability of the electricity supply – an issue for nearly half (49%) of those interviewed. It may also have been one of the factors influencing the 43% of respondents who believe municipal support is another disadvantage of running a business locally. Next on the list for 41% of businesses was the availability of public transport – particularly for workers at night. The relative cost of rates and services is a disadvantage for 38% and the relative cost of land and property for 30%.

When asked about the single most important reason that influenced the decision to start a business in Ballito, the replies were most often related to opportunity (41%) or to quality of life (31%).

In spite of the economic climate, 63% of businesses said sales had increased over the last two years, 13% said sales remained steady and 23% saw sales decline. Looking ahead 85% expect sales to increase, 13% think they will stay the same while only one firm predicted a decrease in sales.



#### SECTION D: Business Opportunities

Local businesses listed four dozen products or services that they would like to buy but cannot find locally. They include electrical repairs, quality furniture, IT and computer maintenance, the services of mechanical engineering workshops, packaging of various types, panel beaters, power tools, printing including size A0, spares of various types including general motor vehicle spares, speciality foods and wholesale dry goods as well as bakery and supermarket supplies.

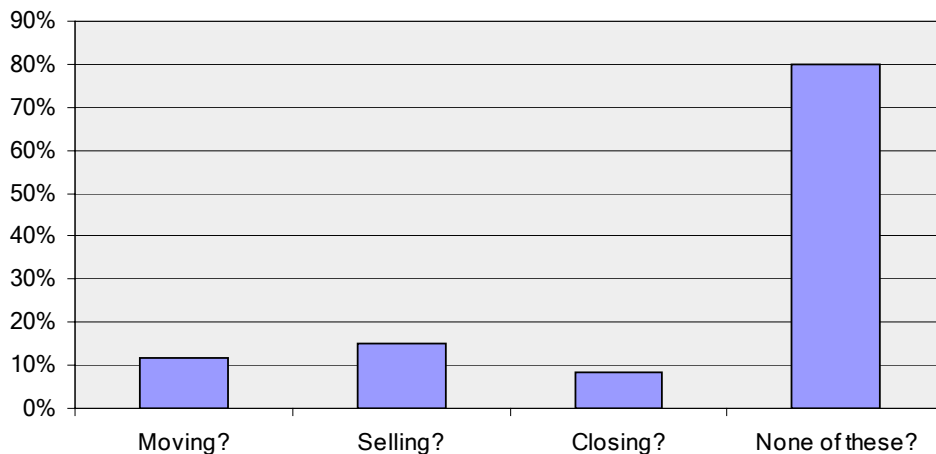
Several products and service are available but not purchased locally for price reasons, e.g., wholesale cement, cool-drinks, chocolate, dairy products, fish and meat as well as paper and stationery.

There was some divergence in opinion about on what new businesses might succeed in Ballito. Suggestions ranged from artists, authors, electronic traders and telecommuters to low emission light industry or heavy industry to create jobs. Many of the suggestions related to products or services mentioned earlier, e.g., wholesalers, engineering workshops and suppliers of spares. Restaurants and fast food outlets were mentioned several times and well as sources of lunch for staff in Shaka's Head or for builders. Other suggestions included cinema, gym, laundry, printer, security equipment supplier, affordable schools and an arts and crafts heritage market in Umhlali.

**SECTION E: Future Plans**

By far the majority of businesses (80%) did not even consider selling, closing or moving their businesses out of the area during the last two years. However 15% considered selling, 12% considered moving and 8% considered closing. In several instances their reasons for doing so are personal. Others were prompted by the cost of doing business locally and at least one business is currently preparing to leave the area for this reason.

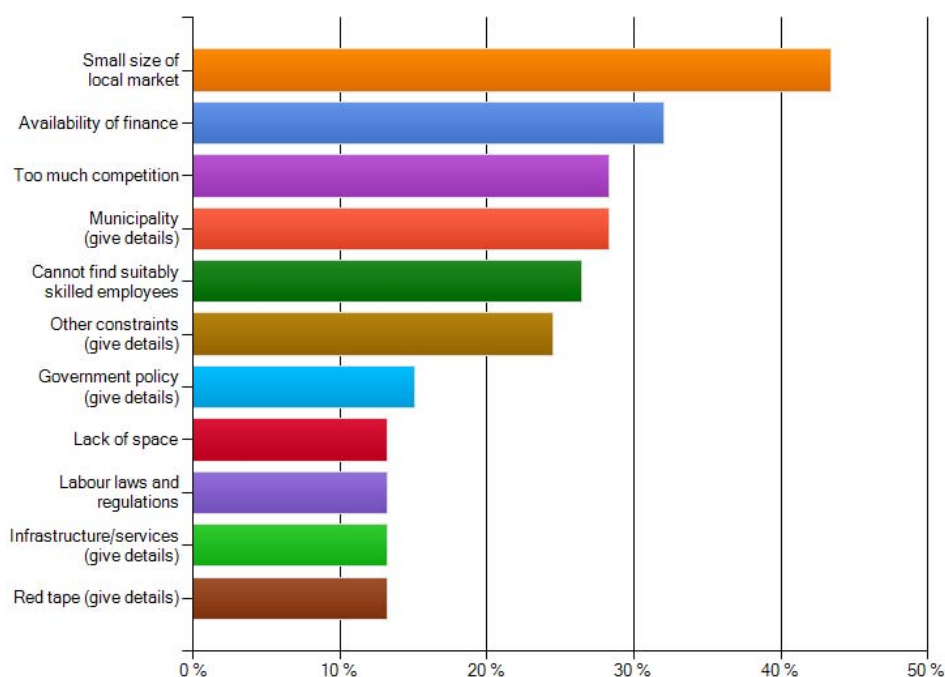
**FUTURE PLANS: Have you ever considered...**



On the other hand 83% of business people say they have plans to expand or change their businesses. Some intend to increase capacity, acquire bigger premises or take on more employees; many are diversifying into new products or services.

The most frequently mentioned constraint to expansion was the small size of the local market (43%) followed by availability of finance (32%). An equal number (28%)

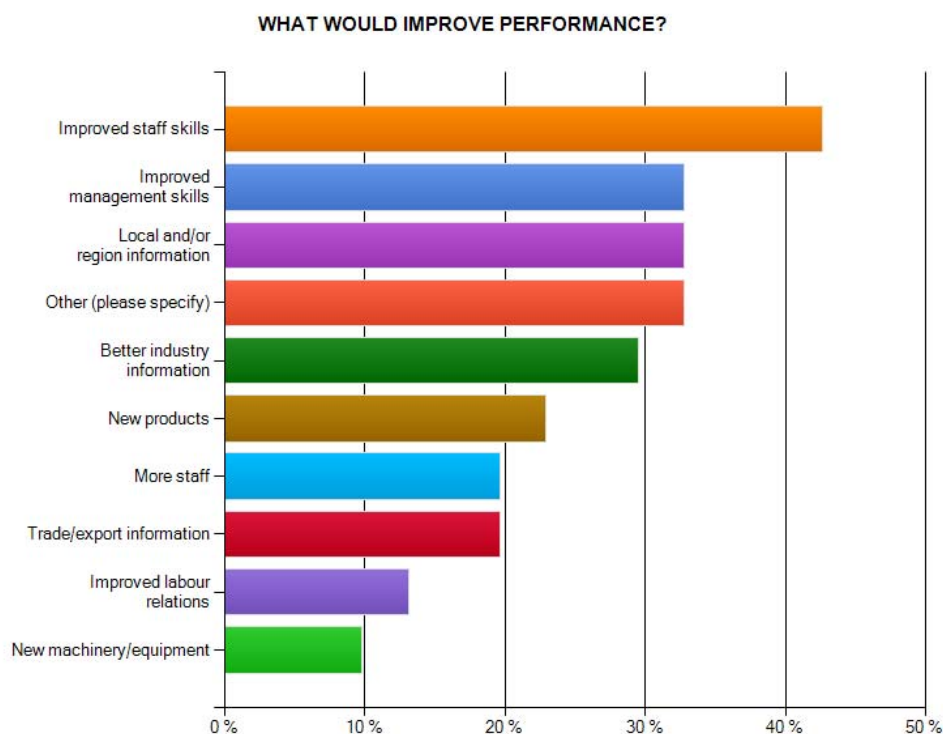
**MAIN CONSTRAINTS TO EXPANSION**



said their main problem is either the municipality or too much competition. The most common issue concerning the municipality is the unreliability of the power supply but there were also complaints about rates, fees and service charges.

## SECTION F: Supporting Environment

Most interviewees see staff skills (43%) and management skills (33%) as the key to improved performance in the year ahead. Information about the locality/region (33%) or their particular industry (30%) or trade/export opportunities (20%) would also help. Other ideas include a common vision for local development shared by business and the municipality, promotional events, a directory of local business and better opportunities to tender to the municipality.



When asked if they would like to receive information on various topics, interviewees expressed most interest in information on tendering opportunities (56%), marketing (48%), municipal bylaws and how to go green (both 34%). Some would also like to know more about legislation affecting business (33%), business management and BEE certification (both 31%) or incentives (30%).

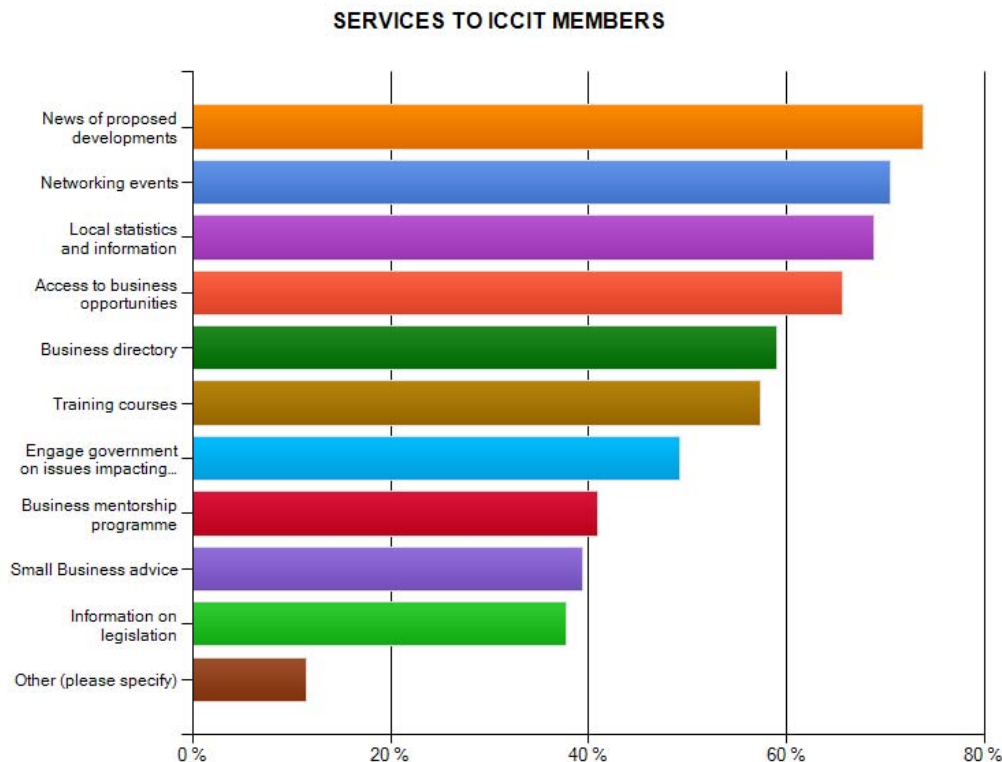
Over half (54%) of the people interviewed said they were not experiencing a problem with any level of government. Among the remaining 46% the most frequently mentioned problems are slow (or no) responses to applications or queries, high rates and service charges and also the high cost of new electrical services. Several complained of communication and information problems or difficulties around local tendering and procurement.

## SECTION H: Local Business Organisations

Up to 43% of respondents are members of the iLembe Chamber of Commerce Industry & Tourism (ICCIT); a few are members of the Businesswomen's Association (5%), the Durban Chamber (3%) or the National Small Business Chamber (2%). As many as 48% are members of other business organisations many of which are specific to a particular industry. Relatively few (9%) are members of both ICCIT and another business organisation.

Three quarters of those interviewed want more information about ICCIT and several expressed interest in joining.

When asked about the services ICCIT should offer its members, most selected news of proposed developments (74%) followed by networking events (70%), local statistics and information (69%) and access to business opportunities (66%). A significant number want a business directory (59%) or training events (57%). Only half suggested the Chamber should engage government on issues affecting business.



A massive 98% said that ICCIT should promote Ballito as a tourism and investment destination although the accompanying comments seemed more in favour of investment than tourism promotion.

Answers to the question on what the Chamber should do really well revealed that opinion was fairly even divided between either engaging government on issues affecting business or activities that make it easier to do more business, e.g., networking and information sharing. Promoting Ballito as a tourism or investment destination came a distant third.

## **SECTION I: Overall**

Unsurprisingly, issues related to electricity, roads and other infrastructure topped the list of things that would make Ballito a better place to do business. Many saw the Chamber or the Municipality having a key part to play while a number suggested that more should be done to make the area cleaner and more attractive or to encourage more people to live locally.

Finally, 90% of people felt the questionnaire helped them express their opinions but 8% were not sure and 2% said it was not helpful.

Many concluded their interview by emphasising points that had been made earlier but several people pointed out the need to address problems at the taxi rank including the provision of ablution facilities.

## **KEY ISSUES**

After reviewing the survey findings in detail the task team identified the following key issues.

- Reliability of services particularly the electricity supply.
- High rates on commercial properties.
- Cost of municipal services.
- High cost of new development infrastructure.
- Poor communication between business and the municipality.
- Need to improve local skills.
- Incentives for expansion and new ventures.
- The need for more affordable housing and schooling.

The task team is concerned about the fact that two firms are seriously considering closure and a third is already committed to leaving the area. All consider the cost of doing business locally is too high and two are unhappy with responses to issues they have raised with the municipality.

## **RECOMMENDATIONS FOR ACTION**

In evaluating proposals for action the task team gave priority to ideas that:

- were likely to find local champions and active supporters;
- would be relatively easy to fund or obtain resources for;
- could be implemented without delay and show tangible results within six months;
- were achievable and realistic particularly in respect of the time, energy and skills available to implement them.

The task team consequently recommend that immediate attention should be given to the following and that a broader programme of action could follow at a later stage.

**Recommendation 1: Network local business.**

Through the iLembe Chamber establish frequent opportunities for local business people to network and to exchange ideas and information on topics such as the issues raised in this BR&E survey.

**Recommendation 2: Build bridges between business and the Municipality.**

Create a regular forum for two way communication between the local business community and KwaDukuza Municipality to facilitate constructive discussion of issues affecting business such as the electricity supply or rates, fees and charges.

**Recommendation 3: Promote Ballito as a place to live, work and play.**

Establish a programme that uses a variety of means to promote Ballito's unique combination of advantages as a place to live, to invest and to visit.

**Recommendation 4: Develop local skills.**

Establish a working group to prioritise local skills development needs and to identify the means to address them by pooling local capacity, knowledge and access to external resources.

**Recommendation 5: Produce a directory of local business.**

Produce a digital or hard copy directory of local businesses that is comprehensive and cost effective while being easy to use and update.

10 July 2011