FEEDBACK TUTORIAL LETTER

1st SEMESTER 2019

ASSIGNMENT 2

Innovation Creativity and Entrepreneurship (ICE712S)
Assignment 2

Young entrepreneurs linked to angel investors through new Namibia Entrepreneurs web portal

Access to angel investors as a means to funding for start-up entrepreneurs, last week for the first time became a reality for young Namibians who are keen to start their own enterprises but find themselves against a brickwall when it comes to financing.

This concept was introduced at a breakfast for budding and prospective entrepreneurs organised by the Business School at the University of Namibia in partnership with the Financial Literacy Initiative and the Wadhwani Foundation.

The foundation has a southern African chapter based in South Africa and is run by its Executive Vice President, Bafana Kubheka. He visited Windhoek to participate as a presenter at the breakfast, introducing the entrepreneurs to an alternative form of funding. At the same event, a dedicated, local digital portal, namibiaentrepreneurs.com was launched. This website is exclusively for young entrepreneurs looking for the ever-elusive funding of their business plans.

The Wadhwani Foundation is the creation of Dr Rimesh Wadhwani, a Silicon Valley investor who now takes funding opportunities across the world through his foundation. Working together with its Namibian partners running the entrepreneurial website, it offers funding accompanied by training and mentoring.

The director of UNAM’s Business School, Professor Grafton Whyte said a lot is happening in the local entrepreneurial space but efforts are fragmented and there is no entrepreneurial ecosystem.

“With this portal we want bring together different stakeholders for the benefit of entrepreneurs and provide a toolbox for start-ups,” he said.

Through a partnership with the Wadhwani Foundation, the website known as Namibia Entrepreneurs, offers mentoring, training and funding to students who want to start a company.

“Wadhwani will work with Namibia Entrepreneurs by supporting young Namibians and early-stage enterprises with mentoring, learning tools and investor connects,” said Kubheka.

Prof Whyte said they are targetting 10% of new graduates every year, adding that Namibia’s tertiary institutions produce about 10,000 graduated new jobseekers every year in a job market that already suffers from a 43% unemployment rate in the age group 15 to 34.

The director of the Financial Literacy Initiative, Francois Brandt, announced at the breakfast that this year’s Start-up Festival will be held over two days at the end of June with the UNAM Business School as partner for a symposium to promote entrepreneurship.

Source: Mandisa (2018)

Questions
1. Young Namibians who are keen to start their own enterprises sometimes find themselves against a brick wall when it comes to financing, this was stated in the case study. Discuss the different ways in which entrepreneurs can raise funds/capital to start an entrepreneurial venture. [14]

**Entrepreneurs can approach the following institutions for finance of some sort:**

- Commercial banks
- Merchant banks
- Business partners
- Development Bank of Namibia
- National Youth Credit Scheme
- Local business support centres

**Informal sources of finance**

If everything else fails, small businesses will start with finance obtained from informal sources. Often referred to as the three “F’s” namely family, fools and friends, these sources are the only options that remained open for the entrepreneur.

**The venture capital and private equity market**

Venture capital is funding that is supplied to a business during its earliest stages of development. The venture capital market focuses primarily on growth financing.

**Attracting investors and the private placement of shares**

To start a business, the entrepreneur has to sell his/her ideas to organisations that have the capabilities to finance the idea. The venture capitalist, on the other hand, will have its own criteria against which it will measure the possibility of success. The entrepreneur should know what the criteria are and according to that work out a marketing plan to raise funds.

2.

(a) Identify the resources that an entrepreneur needs in order to come up with a market offering. (4)

- **Financial resources**
- **The human resources**
- **Physical resources**
- **Raw materials**

(b) By means of a practical example, explain how an entrepreneur can use the resources identified above to produce goods and services. [10]

- **Financial resources – Either by means of own or borrowed capital**
- **The human resources - How to accurately forecast human resources needs and recruiting the best candidates for the job.**
- **Physical resources, which include fixed assets such as buildings and equipment.**
3. Discuss what a small business will do when it wants to establish a network.  [8]
   • The entrepreneur will identify people and organisations which he/she thinks will help the business grow.
   • During conversations the entrepreneur will seek criticism, advice and suggestions from these people
   • Once the entrepreneur obtains the above, he/she will ask for advice and what preparations are necessary to overcome these problems or make use of the opportunities.
   • The entrepreneur should also tell these existing contacts later how they have helped and thank them.

4. Describe how entrepreneurs impact on economic growth, wealth generation, employment creation and increased capital flow on the Namibian economy.  [14]

   Economic growth is the increase in a country's productive capacity, as measured by comparing gross national product (GNP) in a year with the GNP in the previous year.

   Wealth generation is the abundance of valuable resources or material possessions. The true wealth creators are not just following what others do. They are looking for new ways to create value. It is a much more satisfying way to make money than to simply look for the quickest way to move dollars from other pockets to yours.

   Employment creation is the process by which the number of jobs in an economy increases. Employment creation often refers to government policies intended to reduce unemployment. These programs may take a variety of forms.

   Increased capital flow is the movement of money for the purpose of investment, trade or business production. Capital flows occur within corporations in the form of investment capital and capital spending on operations and research & development. On a larger scale, governments direct capital flows from tax receipts into programs and operations, and through trade with other nations and currencies. Individual investors direct savings and investment capital into securities like stocks, bonds and mutual funds.