



**MAHLOBO FOUNDATION**

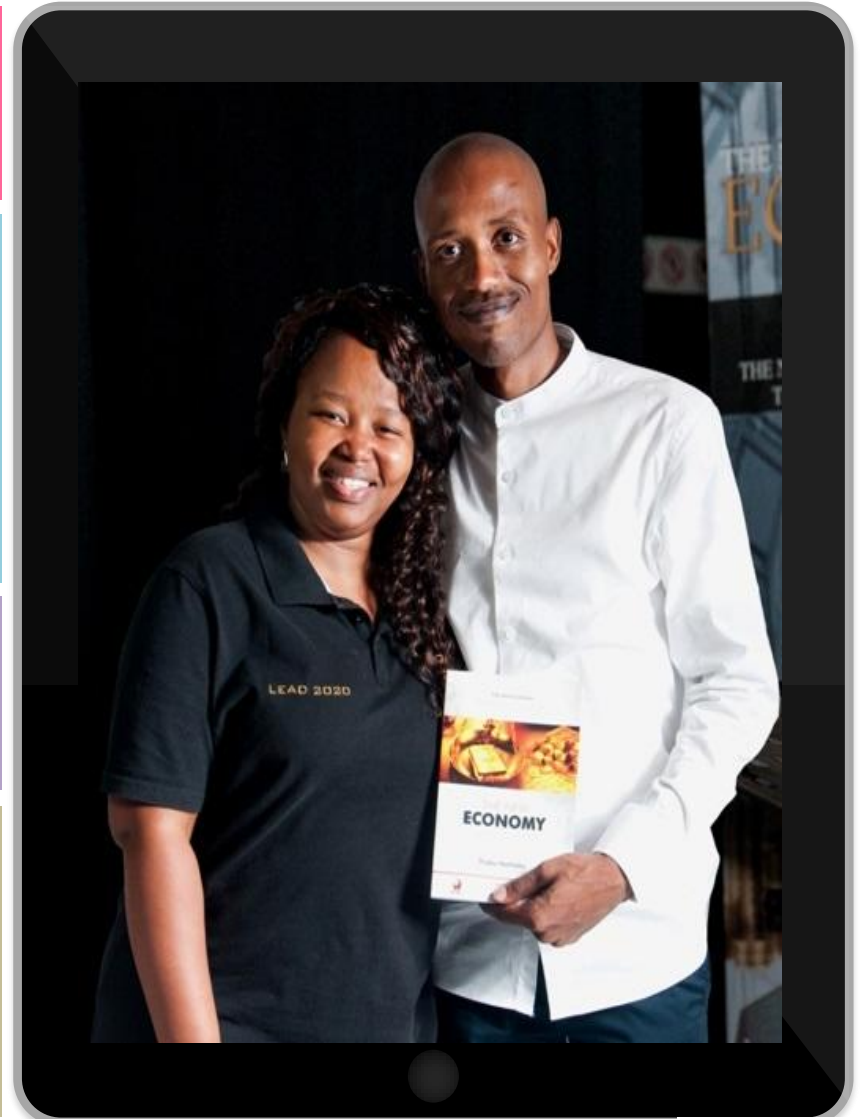
# Introduction

Mahlobo Foundation is a private equity company with a fund raised and managed by investment professionals.

It was started in 2015 by Thabo and Nthabiseng Mahlobo to perform a broad economic development function and engage in the business of extending long term support to small businesses, entrepreneurs and industrialists

We do this by supporting and financing emerging entrepreneurs that will benefit the South African economy, creating jobs and alleviating poverty

We have prioritized **Agri-Biz, Township Revitalization, Educational Content Development , Book Publishing and Co-operative & Small Business Mentoring** as our key focus areas.



# Vision, Mission and Values

## **Vision:**

To responsible, compassionately and ethically generate wealth as we empower businesses to prosper in South Africa and the rest of Africa.

## **Mission:**

To advance small business development as we explore opportunities in South Africa by expanding access to business mentoring; finance and effectively integrating and implementing sustainable development solutions.

## **Core Values:**

Leadership  
Commitment to Integrity  
Commitment to Excellence  
Customer Focus-Service

## **Working Philosophy:**

Initiate, Innovate and work as a Team



# Welcome to our Key Influencers Leadership Programme



**Marketplace  
Calling**

**Kingdom  
Business &  
Finance**

**Leadership &  
Education**

**Kingdom  
Economics &  
Governance**



# Session Objectives

By the end of this session, you will be able to understand the following:

- What is an Entrepreneur?
- Opportunity and Time
- How to pursue opportunities
- Kingdom Business & Finance
- Worldviews of Business
- Circumcision in Business
- Options on Funding new ventures
- Social Justice and Sustainability



# Are Entrepreneurs born or made?



# What is an Entrepreneur?

An entrepreneur is an innovator or developer who recognizes and seizes opportunities; converts those opportunities into workable/marketable ideas; adds value through time, effort, money, or skills; assumes the risks of the competitive marketplace to implement these ideas; and realizes the rewards from these efforts.' (Kuratko, 2008:4)



# Innovation

- New to the world
- New to country or market
- New product line
- Extension of existing line
- Product revision
- Product support innovation



# **Why is there shortage of Entrepreneurs?**

# Entrepreneurial activity drives economic growth

*An entrepreneurial culture is one of the key drivers for economic growth”-  
Jeffrey Sachs, Columbian University Economists (1989-1999)*

- The most competitive nations are those that have the highest level of entrepreneurial activity.
- Small and medium size businesses tend to be the greatest creators of jobs and collectively, the greatest creators of wealth in emerging economies.
- In 1790, 90% of the United States population was self-employed, a fact that is commonly thought to have been a major factor in the building of the world’s largest economy. Many of today’s most impactful global corporate began as small entrepreneurial ventures in America at about that time.
- In South Africa, as in other emerging economies, these potentially transformative entrepreneurial entities must be identified and nurtured now.

# Entrepreneurial Activity (TEA Statistics 2014-2015)

- TEA INDEX measures entrepreneurial activity by looking at the percentage of the active population, people between 25 and 64, who are entrepreneurs in any given country.
- GEM 2014 report, South African entrepreneurs dropped by 34%, the percentage of adults in a business less than three and a half years old fell to 6.97% in 2014, compared to 10.6% in 2013.
- During 2014, women were 2.6 times more likely to start-up a business out of opportunity. GEM has evidence that South Africa's businesses are improving, compared to previous years, with the discontinuance rate falling from 4.9% to 3.89%.
- South Africa's entrepreneurial eco-system decreased in 2014, due to poor ratings of government programmes and primary education.

# Entrepreneurial Activity (TEA Statistics 2015-16)

- 62% of businesses closed in 2015, which was caused by unprofitability or challenges in accessing finance to sustain the business.
- Female entrepreneurs significantly decreased, from 2.6 times more likely to start up a business out of opportunity in 2014, to 1.6 times in 2015.
- Additionally early-stage black African entrepreneurs decreased from 85% in 2014 to 68% in 2015.
- 73% of adult South Africans believe that entrepreneurship is a good career choice, while half of them believe they can start a business; but only one in 10, around 9.2% actually does it.
- South African's entrepreneurial intentions have almost halved since 2010, causing it to be 3.6 times lower than Africa's average. Botswana and Senegal were sitting on 33% and 38.6% of adults starting new businesses respectively, and South Africa on just 9.2%,

# FEAR OF FAILURE

A stronger intention to launch a business is typically accompanied by high opportunity and capabilities. Recessions and Downturns provides great business opportunities. However, entrepreneurs need to have a low fear of failure in order to risk starting a new business. Senegal and Botswana have a fear of failure rate of less than 20%, compared to South Africa which is 30.9%.

# Challenges in South Africa



Aspiring and existing entrepreneurs face huge challenges and frustrations in South Africa

Entrepreneurial skills are severely lacking

No disrupters who do things different ( it's always imitation rather than innovation)

# Challenges in South Africa



Entrepreneurs who focus solely on making money do not end up building GREAT businesses

Respect and Recognition for Entrepreneurs who are making a difference is not sufficient

Aspirant entrepreneurs in townships battle to get started

Existing culture ensures that Female entrepreneurs tend not to be high impact entrepreneurs

# Developing an entrepreneurial culture



Tolerance for entrepreneurial failure

South Africa has an entrepreneurial 'base' of high impact entrepreneurs

The Infinity of wealth



# Developing an entrepreneurial culture



Pre-existing values, foreign experiences and a home grown culture of entrepreneurship

Corporate careers are still more desirable in South African Society, that must change

The entrepreneurship-limited values that currently prevail in South Africa can and must be 'unlearned.'

# Developing an entrepreneurial culture



Foster a culture of entrepreneurship in homes, schools and universities. Include entrepreneurship in science-related fields of study.

Recessions provide business opportunities; policies must be formulated to encourage and support would-be entrepreneurs.

Create our own culture of entrepreneurship: celebrate role models, promote an effective venture capital and private equity community, providing structures for entrepreneurial education and skills-support

# Opportunity and Time, the ultimate game changers

- *I returned, and saw under the sun, that the race is not to the swift, nor the battle to the strong, neither yet bread to the wise, **nor yet riches to men of understanding...**; but time and chance happens to them all.” Ecclesiastes 9:11*

# Opportunities

- Opportunities may be defined as creating a market need or interest and making it into a superior value through a variety of resource and ability combinations (Kariv, 2011:29).
- Entrepreneurs may not have the necessary resources to pursue an objective, but their greatest resource is the opportunity that they can turn into profit. In other words entrepreneurs make something from nothing. Opportunity is the bridge that leads to the fulfilling of previously unfulfilled needs (Kariv, 2011:8).

# Opportunities come from

- Either a failure or a success that was not expected
- Competitors' failure to see the reality of a situation
- The discovery of a missing link between a market need and what is available
- Changes occurring within an industry or within the structure of the market
- Changes in the social environment that influence market needs
- A cultural shift that changes the way people perceive products and services
- Knowledge expansion

(Adapted from Kariv, 2011:27)

# Opportunities search

Opportunity search is not a passive process. The entrepreneur must be constantly on the lookout for new opportunities.

# 5 ways to Identify opportunities

1. Active Search
2. Passive Search
3. Opportunity creation
4. Fortuitous discovery
5. God opportunity ( Sudden open door)

# Types of opportunities

- Employment opportunity
- Start up business
- Buying an existing business
- Family business
- Partnership
- Franchising



# Sectors of opportunities

- Corporate Entrepreneurship
- Intrapreneurship
- Social Entrepreneurship
- Informal entrepreneurship
- Township Entrepreneurship

# Why opportunities?

- To solve problems (Needs of community)
- To Create Wealth
- To create opportunities for others (Jobs or business)
- To bring social transformation and justice
- God is glorified when we step into open doors!

# How to pursue opportunities ?

## TNE 7P's Model

- Planning (Business planning)
- Proximity (Divine Location- Go to where God is working)
- People (Relational & Cultural values exchange)
- Product offering (Value proposition based on needs of people)
- Problem solving (Meet the needs and add value)
- Profit making (economic exchange)
- People (Invest long term in your people/ staff)



**A Kingdom Entrepreneur seeks to know  
where God is working in His industry,  
so that he/she can join Him and work  
with Him**



# Activity: In search for opportunities

## ‘Not all closed doors are locked’

- Within your groups , Identify a range of opportunities that you can turn into profitable ideas (innovations).
- Based on the ways of searching for opportunities, identify the likely methods you as a group used to identify these opportunities.
- How can a combination of the above increase the potential for innovation?
- What do you think the following statement ? “ A Kingdom Entrepreneur seeks to know where God is working in His industry so that he/she can join Him and work with Him”

# Kingdom Entrepreneurship



# Stewardship

- God made man steward of the whole earth and commanded him to rule over it (Genesis 1). God also created man in His image, so man has amazing creativity.
- Man can apply that creativity in developing the earth to support the billions of people that resulted from God's mandate to be fruitful and multiply.
- Much of the development needed to support the earth's population comes through business.



# Stewardship

- Business is first and foremost about ***people-personal development and interpersonal interactions*** and relationships. Man was created to work and feels most fulfilled when he has done a good job
- ***Business thrusts people together***--employees working together and with suppliers to create products and services, and interacting with customers from product concept to delivery
- Deadlines, budget crunches, and technical problems create pressures that ***test character and relationships***





# WHAT IS A KINGDOM BUSINESS?



# What a kingdom business is not...

- Having the cross as part of its logo
- Telling the truth and keeping promises (Although it's necessary)
- Symbols-displaying Bibles and holding prayer meetings-and arguing against those who oppose Christianity.
- Having a Christian company name ( eg. Christ at work Consulting)
- Having Owners, Management and Staff who are Christians

# What really is a kingdom business?

A kingdom business will have *a vision, mission and strategy* evidenced by its *policies, procedures and culture* that *encourages* these *godly values*.

The sum total of all of these elements constitutes the worldview of the business-not just of the leaders, but of all the employees of the business.



# Business Worldviews

- Man-made worldview
- Principled worldview
- Kingdom worldview



**Convenience**

**My business,  
my way.**

**Crisis**

**My business.  
His way.**

**Conviction**

**His business,  
His way.**

**His business,  
His way!**

**Manifest His  
Glory!**

**Personal discretion  
decreases.**



# **Circumcision in Business**

**Crisis and adversity are catalysts in moving us towards our destiny. God use pain to free us and empty us from the love of the world.**



# Why Do Kingdom Businesses Fail?



# Activity: Is your business kingdom?

- Within your groups , Talk about your current business vision, mission, strategy, policies, and procedures . Ask one another if they encourage godly values.
- Based on the feedbacks you received from each other, Is your business a kingdom business? If yes, Why? And If No, Why do you say that?
- What are the practical things that you as an individual will do to make sure your business reflect kingdom values?





# Entrepreneur's skills sets on a Iceberg Model

An iceberg floating in dark blue water. The tip of the iceberg is above the water line and is labeled 'Knowledge & Skills'. The much larger part of the iceberg is submerged below the water line and is labeled with a list of other skills. The water surface is indicated by a yellowish-brown line.

Knowledge &  
Skills

Attitude, Traits,  
Thinking styles,  
Self-image,  
Business fit

# Kingdom Finance

**‘Investing in the African Dream’**



# **Funding Options Offered by the Finance Industry for New Ventures**



# Sources of Financing



- Personal savings
- Friends and relatives
- Other individual investors
- Venture capital firms
- Large corporations
- Sale of shares



- Friends and relatives
- Other individual investors
- Business suppliers
- Asset-based lenders
- Commercial banks
- Government sponsored programmes
- Venture capital firms
- Community-based financial institutions
- Large corporations

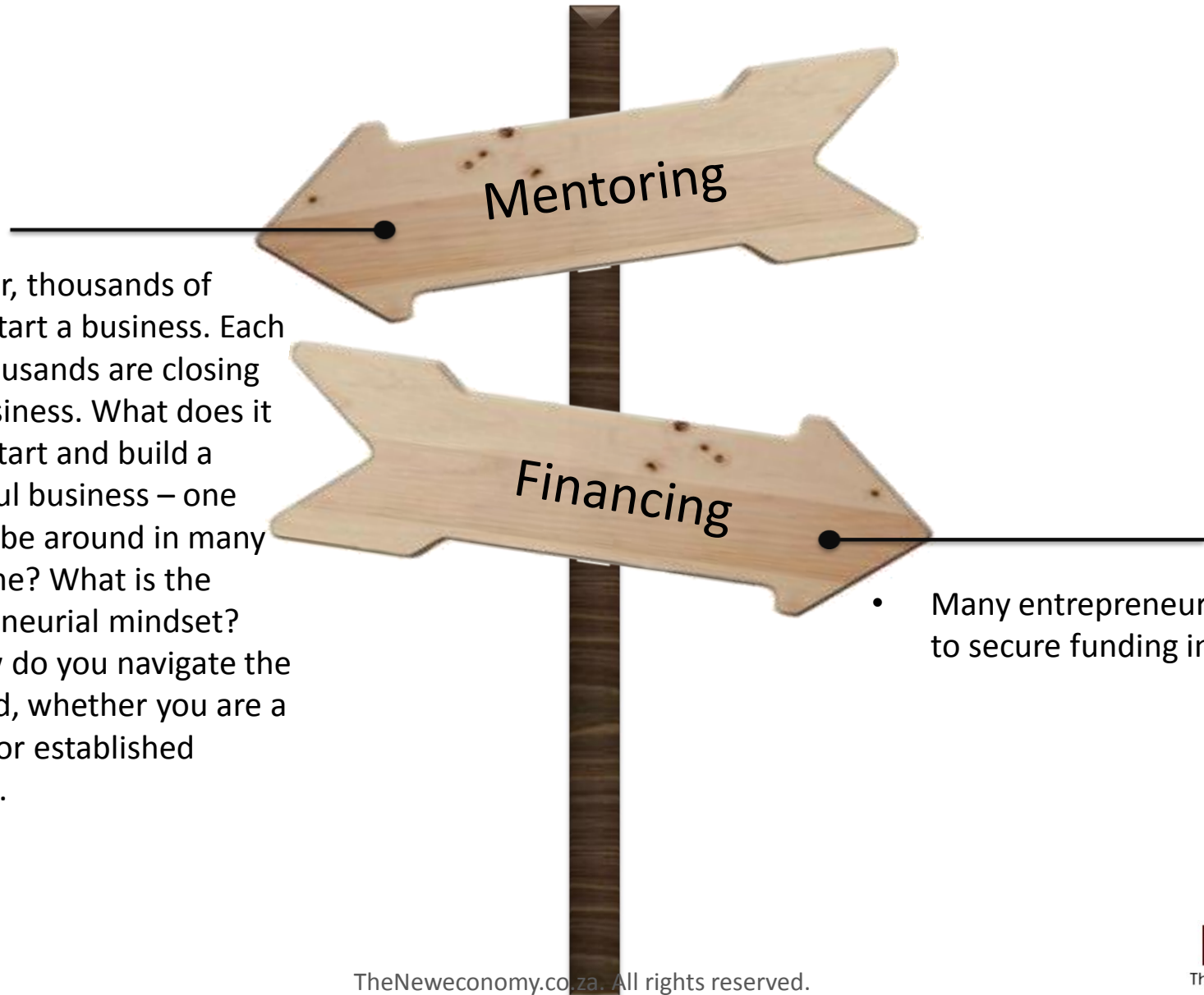
# White Paper on Small Business' in 1995

- Khula Credit Guarantee Scheme
- Commercial banks
- Business Partners
- Department of Trade and Industry (DTI)
- Industrial Development Corporation
- Merchant banks
- Land Bank
- Gauteng Enterprise Propeller
- National Youth Development Agency
- Khula Retail financial intermediaries
- SEDA – Small Enterprise Development Agency
- African Contractors Finance Corporation
- Zimele – Anglo American
- Community Projects Fund

# **Funding options to look at**

- **Commercial banks**
- **Government-sponsored programmes**
- **Incubating Fund or programmes**
- **Venture capital firms**
- **Community-based financial Institutions**

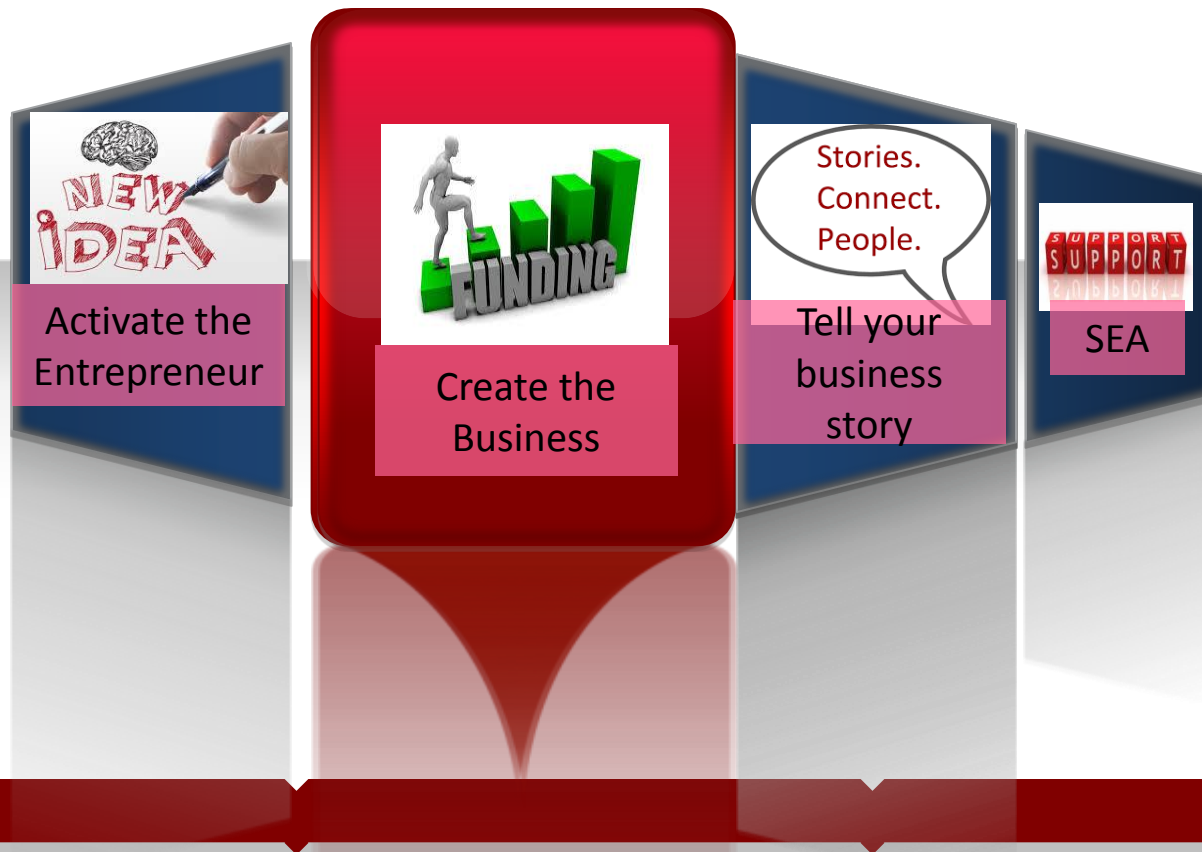
# Mentoring and Financing



- Each year, thousands of people start a business. Each year, thousands are closing their business. What does it take to start and build a successful business – one that will be around in many years time? What is the entrepreneurial mindset? And how do you navigate the minefield, whether you are a start up or established business.

- Many entrepreneurs struggle to secure funding in SA

# Accelerated Enterprise Development process



**Activate the Entrepreneur**  
**Business Creation( Mentoring & Finance)**  
**Tell your Business story**  
**Support-Encouragement-Accountability**



# 3 phase Incubating Model

## **Pre-Incubation:**

Interview, personal assessment, feasibility and viability study, training and preliminary business plan development, presentation.



## **Incubation:**

Finalization of Business plan, Venture Capital acquired, Mentoring and Coaching



## **Post Incubation:**

Continuous Business Support, Encouragement and Accountability

# Why You Should Become the Bank!



WHY  
**WHY YOU SHOULD BECOME  
THE BANK!**  
"A Financial Intelligence Handbook For Financial Managers"

"COME  
**K!**  
gers"



**Thabo Mahlobo**  
Author, Entrepreneur, Investor & Keynote Speaker

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WHY YOU SHOULD BECOME THE BANK!

WHY YOU SHOULD BECOME THE BANK!

WHY YOU SHOULD BECOME THE BANK!

# The Wake up Call

- 2008 Global Financial meltdown/ Recession
- 2009, LCBN Africa => New Economy Leadership Institute
- Loss of Property, Assets and Finances
- Commitment to study money



# History of Money

- Refer to The New Economy Book
- 1971, President Nixon removing dollar from gold standard, Credit becomes the new money
- Credo- Belief and trust to keep commitment



# South African Financial System

- Banking Sector
  - Development Banks
  - Commercial Banks
  - Mutual Banks
  - CFI'S
- Non Banking sector ( FSB )
  - Insurance
  - FSP
  - JSE
- National Credit Regulator
  - Debt counselors etc

# Battle to Reform Banking

- Banking Cartels/ Oligopoly
- Price fixing scandal
  - Investec
  - Standard Bank
  - ABSA

Nationalization of Banks?

BRICS Plans to exit Global banking

# Why Become The Bank?

- To be able to finance our business ventures
- To bring economic reformation in Africa
- To support initiatives that will solve greatest global challenges.
- To be at the forefront of social and economic justice





# How you can be the bank

- **Commercial Banks (High Entrance fees and Exit Fees)**
- **Non-Banking Institute - Financial Service Providers ( High set up cost, fees and red tapes)**
  - FSB, NCR,FAIS
- **Set up a Private Equity company as an FSP AND create a Share like TNEProject300 where 300 Investors put R100 000 –R1Million each and it will mature after 5years**
  - Property Development, Venture Capital, Agriculture, Vehicle financing, Hotel and Hospitality Industry etc.
- **Set up a Club/ Stokvel account and recruit 200-1000 men and women to deposit R500/R1000 each into it, use that account for providing Loans and for investing in difference assets. Push it until it reaches its maximum threshold which is R500000.( Tax incentives)**



# The Widow's Olive oil

## 2Kings 4:1-7

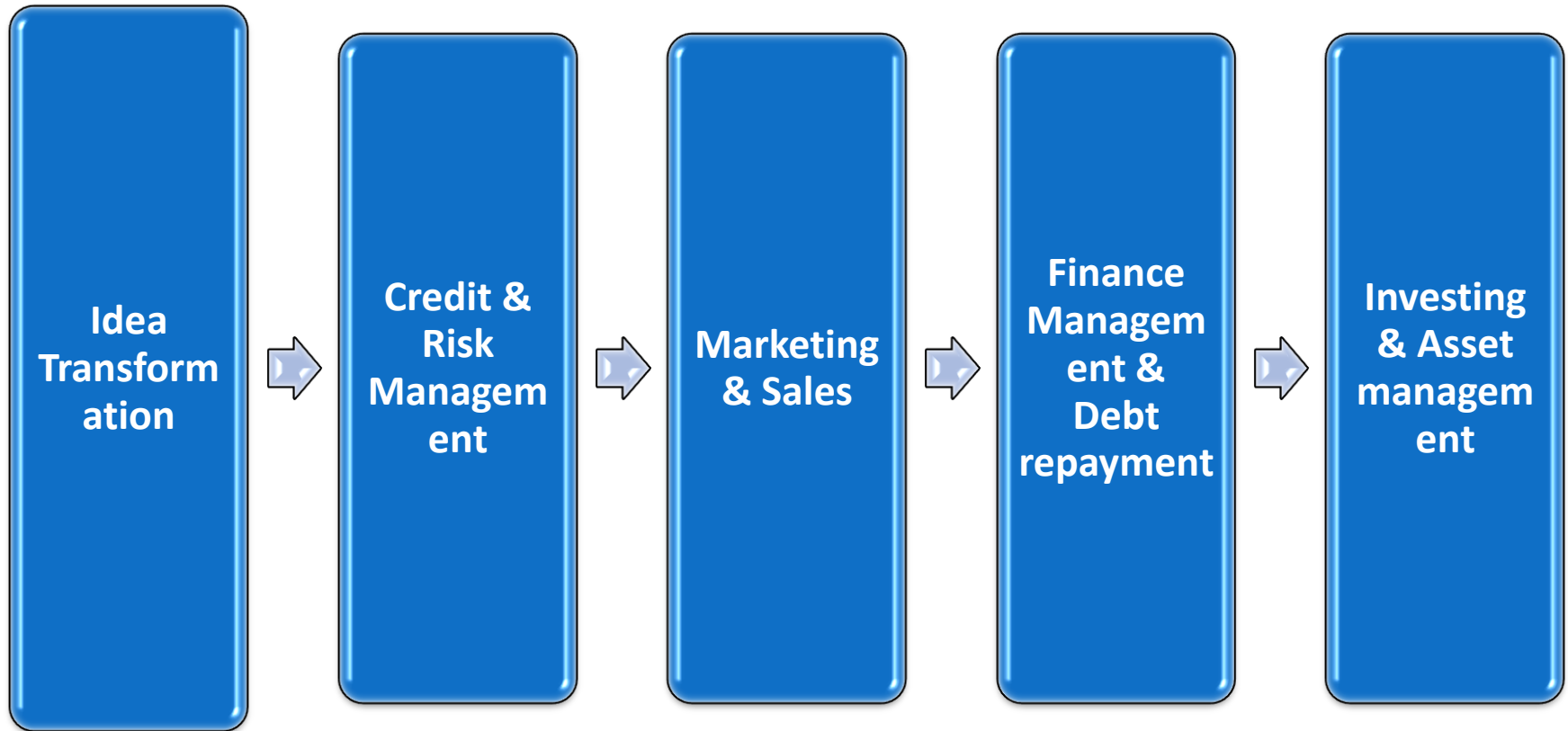
**“Borrow as many empty jars as you can from your friends and neighbors”**

# The Widow's Olive oil

## 2Kings 4:1-7

***“Now **sell** the olive oil  
and **pay your debts**, and  
you and your sons can  
**live on what is left  
over.”*****

# Widow's Olive Oil Finance Model



# Community Banks

- **Stokvel Model**
- **Mutual Banks Model**  
**Reverend Henry Duncan(1774-1846)**
- **Cooperative Banks in South Africa**
- **Cooperative Bank of Kenya as a model for inclusive economy**
- **The formation of Volkskas Bank (ABSA)**



# **Awaken the Financial Genius in You!**





### Why not become your own financial adviser

Financial problems begin when financial advice, a sale pitch is confused with the education. Many people think advice and education mean the same thing, but the asking for advice means, "Tell me what to do." Seeking education means, "Tell me what to study so I can learn what I need to do."

The difference between education and advice may seem like a small point, but the differences can often have a significant impact over a person's lifetime. If all you are taught to do is hand your money over to salespeople, you are a customer, not a financially educated person. Why not become your own financial adviser?

As you read this book you will be able to take charge over your finances and be in a position to teach your children what you never learned. We also shared 12 financial wisdoms we wish we learned at an earlier age that would have given us a head start in life.

1. Never work for money, work to learn
2. Not all income is equal
3. Tithing part of my income
4. Giving generously
5. Tax make the rich richer (Understand the other side of tax)
6. Saving to create capacity to be generous and investing, not for mere days
7. Using insurance for rainy days
8. Investing as an inside and sophisticated investor.
9. Dealing with money emotions and spend wisely
10. Use Debt as a leverage to acquire more assets, not for private consumption.
11. Understanding the Law (Use the law to protect my assets and wealth)
12. Be financial smart (Differentiate between Assets versus Liabilities, Good and bad expenses)

### About Authors

#### Thabo and Nthabiseng Mahlobo

Thabo and Nthabiseng are the Founders of Mahlobo Foundation, a private equity fund with a fund raised and managed by investment professionals to perform a broad development function and engage in the business of extending long term support to businesses and entrepreneurs.

They are also the Founders of New Economy Leadership Institute, a 7 mission institute with an on-going objective to resource marketplace leaders to become visionaries and transformational leaders in the marketplace.

Their passion is to reach, transform and bless Africa....They view Africa as a gift in God's hands.

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THABO AND NTHABISENG MAHLOBO



# AWAKEN THE FINANCIAL GENIUS IN YOU

"A FINANCIAL INTELLIGENCE HANDBOOK FOR ENTREPRENEURS"

THABO AND NTHABISENG MAHLOBO

AWAKEN THE FINANCIAL GENIUS IN YOU



# Financial Education

- Spiritual Education
- Academic Education
- Professional Education
- Entrepreneurial Education
- Financial Education

# Financial Intelligence

- **Accounting**

Accounting is financial literacy, or the ability to read numbers. This is a vital skill you need if you want to manage money, build business and investments.

- **Investing**

Investing is the science of making money, let money work for you not the other way around.

- **Understanding markets**

Understanding markets is the science of supply and demand.

- **The Law**

The law is the awareness of accounting, corporate, government and SARS regulations. It is important to play by the rules if you want to be financially free.



#### About the Author

Thabo is the founder of Mahlobo Foundation, a private equity company with a focus on managed by investment professionals to perform a broad economic development role in the business of extending long term support to small businesses, entrepreneurs and educators. Thabo is also the Co-Founder of The New Economy Learning Institute, a business curriculum institute with an on-going objective to ensure entrepreneurs become effective and profitable financial leaders in the marketplace.

#### Book Summary

THABO MAHLOBO

# WHY YOU SHOULD BECOME THE BANK!

"A Financial Intelligence Handbook For Financial Managers"

	4 % in South Africa	96% in South Africa
Manage money in	Five (5) Jars	One (1) Jar
Focus on	Vision	Provision
Invest in	Things that multiply and never pay interest (i.e. no personal debt)	Things that depreciate and pay lots of interest (use much personal debt)
Anticipate and prepare for	Cyclical Economy	Linear Economy
Leave and inheritance for	Two (2) generations	No future generations



Thabo Mahlobo

Author, Entrepreneur, Investor & Keynote Speaker

Employee

**E**

You Have A JOB

"B" Type  
Business Owner

**B**

You Own A System  
That Works For YOU!

Self Employed

**S**

Investor

**I**

**MF** You Own A JOB

Money Works for YOU!

**TNE**  
The New Economy



*This is the cash-flow pattern of  
a rich person:*

### INCOME STATEMENT

<b>Income</b> Rental Income Dividend Interest Royalties
<b>Expenses</b> Taxes Mortgage Payment

### BALANCE SHEET

Assets	Liabilities
Real Estate Stocks Bonds Notes Intellectual Property	Mortgage Consumer Loans Credit Cards

*This is the cash-flow pattern of  
middle class:*

### INCOME STATEMENT

<b>Income</b> Salary
<b>Expenses</b> Taxes Mortgage Payment Car Payment Credit Card Payment School Loan Payment

### BALANCE SHEET

Assets	Liabilities
	Mortgage Car Loans Credit Card Debt School Loans

# What's Your Business Story?



# Contemporary issues

## Q AND A

**Have a blessed  
Week! &  
Safe Travels.**





# Contact Details



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