

## SIYB TRAINING BUZZ

### JUNE 2010



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#### DID YOU KNOW

Ms Ntombifuthi Mtoba was appointed as the **new president of Business Unity South Africa (BUSA)**. She was the first black woman to be appointed as a partner of one of the big four accounting firms in South Africa. After the announcement she said: "I'll help them build the capacity and then reach out to small businesses and capacitate them as well so they can create jobs. A lot of work needs to be done, but I am extremely excited and honoured to be appointed."

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#### WOMEN'S ENTREPRENEURSHIP DEVELOPMENT CAPACITY BUILDING WORKSHOP

Epilepsy South Africa will be hosting a five-day capacity building seminar for organisations offering services to women entrepreneurs.

Who should attend: Disability organisations wishing to offer business development services to women entrepreneurs, women entrepreneur's associations and women's organisations wishing to offer services to women entrepreneurs with disabilities.

Date: 16 – 20 August 2010. The closing date for applications is 2 July 2010.

Venue: Epilepsy SA National Office, Cape Town

Availability: Opportunity for 16 delegates through funding received from the ILO.

Cost: Training will be provided free of charge, inclusive of a training manual, tea/coffee and lunch. Delegates must fund their own transport and accommodation (should this be required).

#### Programme overview

This Women's Entrepreneurship Development Capacity Building Seminar presents training based on work conducted by the ILO with the financial support of Development Cooperation Ireland (DCI). The work is directed by the Women's Entrepreneurship Development and Gender Equality (WEDGE) team.

Training will focus on aspects addressing the needs of real capacity building. It has been designed to take account of the expressed needs of women entrepreneurs, their associations, and the support organisations that serve them.

### **Training modules**

1. Gender and enterprise
2. Markets and market access
3. Business Development Services for WED
4. Enabling environment for WED
5. Building associations and strategic alliances
6. Gender issues in finance
7. Assessing impact
8. Action planning

One of the following supplementary sessions will be selected based on the needs of delegates:

- HIV/AIDS and women entrepreneurs
- Women refugees and entrepreneurship
- Women entrepreneurship and trafficking
- Entrepreneurship development for women with disabilities

Registration/Information: Marina Clarke on (021) 595-4900 or at [economicdev.no@epilepsy.org.za](mailto:economicdev.no@epilepsy.org.za).

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### **ONE DINNER THAT CHANGED THOUSANDS OF LIVES**

**San Salvador (ILO Online)** – It was a few days before Christmas 1977 and life at the parish of the Holy Trinity in the Western Salvadoran city of Sonsonate was extremely busy. With only two priests to handle the increasing number of baptisms and confessions typical of the Christmas period there was not a moment free to relax. Father Flavian Mucci – one of the two priests – knew that Christmas was also a lonely period for a priest, especially for one whose family is thousands of miles away.

He had received various dinner invitations but did not want to spend Christmas Eve with just one family. He wanted something bigger, with more people. So he went out and invited every homeless person he saw for a Christmas dinner at the parish. He spoke to quite a few of them, but never imagined that almost 300 people would join him the following day.

“That day I learned the true meaning of happiness”, says Father Mucci, an American Franciscan priest who first arrived in El Salvador in 1968. “Not that I was not happy before, but this was a different type of happiness, one more profound and meaningful. It was a happiness based on giving.”

More than thirty years later, what started as a simple dinner has become one of the most prominent and efficient social enterprises in El

Salvador. Agape – a Greek word meaning unconditional love – is now present across the country with 47 social, productive, educational and spiritual programmes that benefit over 50,000 people in vulnerable situations.

The programmes include a home for elderly, a university for students from low-income families, a communal restaurant, several clinics, a TV station and a publishing house, among others. One of its most recent initiatives has been a training centre in the Eastern city of Usulután where unemployed workers can take a number of courses, from computer training to cooking lessons.

But perhaps what sets Agape apart from other enterprises is the combination of a strong social commitment with sound business practices. “If new tables are needed for the restaurant or the university, they are manufactured at one of our carpentry workshops. If an elderly person falls ill, a doctor from one of the clinics is there to help. All of our projects are interconnected”, says Father Mucci.

Agape’s method of organisation has also received praise both inside and outside El Salvador and has been emulated by many organisations aiming to reach its level of success and compromise. “Each programme is run by an expert on his or her field of expertise. They have complete autonomy to take the decisions they see fit. Decentralisation and trust are key for us”, says Father Mucci. And he adds: “Every cent that comes in or is spent is accounted for.”

It is no coincidence that Agape has received several ISO 9000

certifications, including one for its administrative management processes. Last month Agape also reached another milestone in its long and impressive history when it was awarded the Social Entrepreneurship Award 2009 for Central America, Panama and the Dominican Republic.

“By combining social commitment with business innovation, a social entrepreneur plays a crucial role in the promotion of decent work and social inclusion – two key goals of the ILO in these critical times the world and the region are facing. This prize recognises Agape’s contribution to what we believe is the right way forward”, said Virigilio Levaggi, head of the ILO’s Office for Central America, Panama and the Dominican Republic.

“I always repeat the same thing: I’m a priest, not a businessman”, says Father Mucci. “This prize was possible thanks to the support and hard work of the people that constitute Agape. It is their love and commitment that make this project possible, not me.”

The prize – which received more than 30 applications – will allow Father Mucci and his foundation to come into contact with the world’s top social entrepreneurs and take part in next year’s regional meeting of the World Economic Forum in Cartagena, Colombia.

El Salvador has come a long way since the civil war ended in 1992 leaving approximately 75,000 people dead or disappeared. This year’s presidential election marked the first democratic transition in two decades between governments from opposite

sides of the political spectrum. El Salvador has also been taking important steps in the consolidation of social rights and social dialogue. One example is the launch of the Movement for the Unity of El Salvador Unions, signed by the country's main union groups under the technical advice of the ILO. Local unions have also agreed to join the Social and Economic Council recently created by the government which also includes the participation of employer groups and members of the civil society.

But Father Mucci has been in this business long enough to know that even the most beautiful silver lining can be threatened by an ominous cloud. The global economic crisis has hit hard in the region and El Salvador – one of the poorest countries in Latin America – is no exception. “Every day we see people coming in asking for a job. This morning a lawyer with many degrees under his belt was here saying he was willing to do any work. All he asked for was to receive a minimum wage, which is little over 170 US dollars a month”, explains Father Mucci.

To make matters worse, El Salvador has one of the highest murder rates in the region, linked to the proliferation of street gangs or “maras” which dabble in drug trafficking, extortion and guns. According to Father Mucci, this in turn has to do with high poverty levels and the lack of decent jobs and a bright future for the majority of the country's youth.

“The maras used to concentrate on businesses, bus companies in

particular. Now they are extorting anybody and everybody. For many of the gangsters it is the only way they know to make a living. That's why it is very important to put children through school, to train them and to create the jobs necessary to help them realise they have the right and option of a better future”, says Father Mucci.

He knows there is only so much Agape can do to improve the situation in El Salvador. In a country with over fifty percent of its 7 million inhabitants living under the poverty line, reaching 50,000 people may not sound like much. He could do a lot more if more funds were available. “We have the will, the discipline, the know-how and the people to do it. We know we can do it”, he says. The proof that they can is in that Christmas night more than thirty years ago and in everything they have accomplished ever since with that same passion and spirit.

Source: [www.ilo.org](http://www.ilo.org), 7 June 2010

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## 10 TIPS FOR BEING A GREAT LEADER

1. **Let them do all the thinking:** One of the keys to transforming performance is allowing your people to find their own answers. Let them think through their own issues rather than telling them what you think the solution is and what you think they need to do.
2. **Focus on solutions:** Although problems can certainly be interesting to discuss, focusing on solutions is more useful. If you catch yourself focusing on a problem or the drama in a

- situation, or even getting bogged down in detail, refocus your attention on identifying and planning the way ahead.
3. **Remember to stretch:** Quiet-type leaders and/or *comfortable-making people* leaders make other feel uncomfortable. Great leaders stretch people to make them feel positively challenged and generate growth, and in growth there is aliveness, engagement and passion. All of these are necessary for achieving great performance.
  4. **Accentuate the positive:** By continually providing positive feedback in as many forms as possible over time helps to validate, confirm, encourage, support and believe in people's potential. As people start to see themselves in a new light, reality starts to change as well.
  5. **Put process before content:** Be highly disciplined in all of your conversations and diligent in ensuring every conversation is as productive as possible. Get the process of any conversation right before getting into any of the content. Having a good process includes establishing clear expectations so you know at every moment exactly what you're talking about, and why, and where you're trying to get to.
  6. **Listen for potential:** If we're not measuring and monitoring how people are growing, we can easily fall into the trap of focusing on their problems. Listen for *where* people are heading rather than for *what* might not be working and see people for their potential.
  7. **Speak with intent:** Be succinct, specific and generous. Being succinct requires you to decide on the essence of what you want to say and say it in as few words as possible. This will keep people's attention and interest. It also allows people to create their own mental models that correlate to the ideas you are trying to share. Being specific means paying close attention to what others say so we can be accurate and detailed in our responses. Being succinct and specific together means including everything that's relevant in a dialogue and nothing irrelevant. Being generous is a subtle thing – it's about being committed to the other person understanding your message. It means putting yourself in their shoes when you're speaking and taking care to use words they will connect with. Being generous is also a way of showing you care about the other person and it helps to build trust. This invites the other person to take the conversation to a deeper level and in so doing, opens up the possibility of change.
  8. **Dance toward insight:** This step involves asking people the type of question that will help them think more clearly and identify their own 'aha' moments or insights. To get this dance right, first ask permission before getting personal or taking a conversation to a deeper level, then make sure you're on the same page, and then ask your question. As you facilitate this dance, you'll see people's faces change as they

move from the awareness of a dilemma, to reflecting, to having an illumination and then being ready to take action.

9. **Create new thinking:** Quiet leaders do this by starting the conversation by identifying the current reality of the other person's thinking, exploring alternatives for action with them and then tapping into their energy and motivations.
10. **Follow up:** To help people recognise and further embed any habits they're developing or to ensure that their new thinking becomes a reality, it's important to follow up with them. By doing this in a positive and supportive way, we give them the encouragement they need to turn their delicate new circuits they've created in their brains into full-blown hard wiring.

Source: [www.ketler.co.za](http://www.ketler.co.za)

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## **WOMEN ENTREPRENEURSHIP: A ROAD TO DECENT WORK AND MDGs IN AFRICA**

*In Africa the equal rights of women and their equal participation in the social, cultural, economic and political life have remained illusive. Women are still the main victims of poverty, social prejudice, lack of access to health services and education. During the XIth African Regional Meeting of the ILO in Addis Ababa, a panel discussion on women's entrepreneurship involving UNDP Administrator Kemal Dervis, ILO Director-General Juan Somavia and ILO Regional Director for Africa, Regina Amadi-Nicku, as well as*

*workers' and employers' representatives, concluded that empowering African women can empower Africa.*

**Addis Ababa (ILO News)** – Hadinet Medhin, born into a farming family in Adwa in Tigray, was 20 years old when she became both visually and hearing impaired in 1988 as the result of a grenade attack.

Besides natural disasters and economic disadvantage, the population of Ethiopia has endured three decades of war. War in the Tigray region in the 1980s displaced hundreds of thousands of people and left many more disabled, including the women.

Hadinet's husband sells construction materials and wholesales teff, or wheat and pulses. She tried to develop a business producing, buying and selling milk. But the profit wasn't good. And when her cow died, she had to find some other form of earning a livelihood.

She borrowed some money from relatives and set up a shop in front of her house. "I sell sugar, coffee, soap, washing powder, stationery, plastic shoes and other goods," she said. "I manage the shop myself but make business decisions and do record-keeping jointly with my husband. I don't know yet what my monthly sales will be."

Hadinet's experiences are emblematic of the challenges millions of women here and in other countries in Africa face today. The story of Hadinet underscored one of the objectives of the panel discussions – to exchange views on how promoting entrepreneurship and

decent work for women can contribute not only to their empowerment, but to the removal of structural and legal barriers as well

“We should see women’s entrepreneurship as an entry point to achieve Decent work and the Millennium Development Goals” (MDGs), said Ms Gertrude Mongella, Chairperson of the Pan-African Parliament who addressed the panel organised under the theme of “Women’s empowerment through Women’s entrepreneurship and Decent Work in the Africa region” at the UN Conference Center of the Economic Commission for Africa (ECA).

“Women’s empowerment is a key strategy in achieving gender equality”, she said, adding that despite playing an increasing role in Micro, Small and Medium Enterprises (MSMEs) in Africa, women still face major constraints in establishing and running businesses.

The theme that women entrepreneurship is the best route to achieving Decent Work and the MDGs was predominant in the discussions here. “Women’s entrepreneurship has an impact on poverty reduction and achievement of the MDGs”, said Ms Thokozile Ruzvidzo, from the Division of Gender and Social Development of the UN Economic Commission for Africa.

Still, in a continent where entrepreneurship is generally low, the challenges faced by women in this area are even greater. And yet, change is in the air. In recent years, Africa has witnessed the phenomenal growth of the informal

and the micro, small and medium enterprise sectors, much of it driven by women.

According to Gerry Finnegan, Director, ILO Lusaka and senior specialist in Women’s Entrepreneurship Development, “The ILO’s Decent Work agenda provides a valuable framework for considering effective ways for supporting women entrepreneurs.”

The Irish Aid/ILO programme “Developing Entrepreneurship among Women with Disabilities” (DEWD) aims to facilitate the access of women entrepreneurs with disabilities (WEWDs) to mainstream women’s entrepreneurship development (WED) activities in five sub-Saharan African countries. It does this through close cooperation with another Ireland funded ILO project, “Promoting Women’s Entrepreneurship Development and Gender Equality” (WEDGE), which works on enhancing economic opportunities for women entrepreneurs (WEs) in general.

WEDGE offers a model for an ILO strategy in women’s entrepreneurship development with a three-pronged strategy: promoting knowledge about women’s entrepreneurship; supporting voice and representation for women entrepreneurs; and developing a variety of services targeted at women entrepreneurs and their service providers.

“When you empower African women, you empower Africa”, the ILO Director-General Juan Somavia said, adding that fostering women entrepreneurship in Africa is crucial for the development of the continent.

In a brief statement, the UNDP Administrator Kemal Dervis insisted that African women are a “driving force at all levels” in a continent where “women leadership” is a tradition particularly in trade.

Across Africa, the ILO is working with development partners including the UNDP. “In the context of the “One UN”, the ILO is working actively on a joint programme for the economic empowerment of women in Mozambique”, Mr Finnegan said.

Participants agreed that women’s entrepreneurship could be a channel for instituting mechanisms that provide greater protection, security and safety to women entrepreneurs and their families and communities. It further ensures that women, particularly marginalised women, become aware of their rights and entitlements to available resources. This contributes to combating discrimination in the labour market.

**Source:** [www.ilo.org](http://www.ilo.org), 7 June 2010

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## **WHY IT’S ADVISABLE TO HAVE YOUR FINANCIAL AUDITED**

**By Juliet Pitman**

Private companies can now choose between an audit and an independent review. What are the benefits and drawbacks of each?

The New Companies Act will usher in significant changes for all companies, and particularly for small to medium enterprises (SMEs).

It will affect their accounting practices, obligations and requirements. All companies will be required to prepare financial

statements, in line with international best practice.

## **Requirements for financial statements**

The Act sets out that these financial statements must:

- Satisfy the reporting standards as to form and content.
- Present fairly the state of affairs and business of the company and explain the transactions and financial position of the business of the company.
- Show the company’s assets, liabilities and equity, as well as its income, expenses and any other prescribed information.
- Set out the date on which the statements were produced and the accounting period to which the statements apply.
- May not be false, misleading in any material aspect or incomplete.
- Bear, on the first page of the statements, a prominent notice indicating whether the statements have been audited, if not audited, have been independently reviewed; or have not been audited or independently reviewed; and the name and professional designation, if any, of the individual who prepared or supervised the preparation of these statements.

## **Audits and independent reviews**

Historically, all companies – both public and private – needed to have their financial statements audited on an annual basis. But this has changed under the New Companies

Act, which has introduced an alternative to the audit that is of particular relevance to SMEs.

The Act stipulates that only public companies and companies where it is considered to “be in the public interest” will need to be audited. All other companies are only required to undergo an independent review. This will be carried out by an independent accounting professional and not by a registered auditor and the aim is to lower the regulatory burden for small businesses.

Of course, small companies can still choose to be audited if they so wish, and there are benefits to be considered when making such a decision.

### **The independent review**

The current draft regulations to the Companies Act allow for three different levels of “independent reviews”. Theashen Ashley Vandiar, project director, auditing and members’ advice at the South African Institute of Chartered Accountants (SAICA), explains that depending on the size of assets and turnover, a company subject to an independent review may be required to:

- Only produce a compilation reports, as is currently the case with close corporations.
- Have a review performed in accordance with International Standards on Related Services (ISRS 4400), a standard that relates to “agreed upon procedures”.
- Have a review performed in accordance with International

Standards on Review Engagements (ISRE 2400).

### **Pros and cons**

On the one hand, the independent review could work out to be cheaper and less time-consuming and for these reasons has been welcomed by many small companies. An audit involves substantive procedures and requires the services of a registered auditor instead of an accounting professional.

However, as Vandiar explains, “What most fail to realize is that a review is a double-edged sword” and they need to seriously consider the value they will be getting from an independent review versus an audit.

A review will not provide the kind of assurance afforded by an audit (and frequently required by third parties such as financial institutions). Only the third kind of review, performed in accordance with International Standards on Review Engagements, provides some form of assurance.

“An audit involves tests of controls and substantive procedures and would ultimately result in an opinion being expressed by a registered auditor. An audit results in a reasonable level of assurance. An independent review performed in accordance with ISRE 2400, on the other hand, involves only enquiry and analytical procedures. An independent review thus results in only limited assurance being expressed by a practitioner”, says Vandiar.

A review may also not necessarily be quicker or cheaper, he adds. “In order for analytical procedures and inquiries alone to be meaningful, the

person performing the review needs to have an in-depth understanding of the client's industry and business environment, as well as a detailed knowledge of the client's internal controls, management's background, operating functions, and prior financial performance. A trainee clerk is unlikely to possess the minimum knowledge required to conduct a review engagement that will be of benefit to the entity." In other words, the minimum qualifications and experience expected of the person conducting the review has a direct impact on the cost of a review. Reviewers should at least have a theoretical knowledge of auditing and belong to a professional body.

They are required to perform the review engagement in line with international best practices.

In summation, Vandiar says that the most significant difference between a review engagement and an audit boils down to the time taken to complete the engagement, and the outcome in terms of the difference in the level of assurance obtained.

"An audit is likely to take longer than a review, which, however, would result in the highest level of assurance, whereas a review performed in accordance with ISRE 2400 can only provide a limited level of assurance."

Vandiar maintains that the cost of an audit would not be significantly different to that of a review performed in accordance with ISRE 2400. "Yes, other levels of independent reviews as described in the draft regulations would be cheaper, but they do not provide any

form of assurance whatsoever", he says.

A recent survey in the UK showed that of those companies exempt from being audited, some 80% chose to have their financials audited anyway. Vandiar advises that when it comes to deciding whether to have their financials audited or not, non-public entities should consider their stakeholder needs as well as their future plans to grow and engage public interest.

**Source:**  
[www.entrepreneurmag.co.za](http://www.entrepreneurmag.co.za), 22 June 2010

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## **Q&A FOR ENTREPRENEURS**

### Question:

I am interested in joining an angel investment matchmaking online network. Should I go local or international and is it normal that they ask for a registration fee?

### Answer/Solution:

It is probably better to register with a local network, as it is easier to do a background check on the site and obtain references regarding possible investors.

### **Local versus International Network**

Using a local network makes dealing with possible investors so much easier. It is important to be able to meet them face-to-face and they too will appreciate meeting the person to whom they are lending their hard-earned money.

### **Why is a registration fee necessary?**

Charging a registration fee works as a quality filter. This means that the network will only attract those that are serious about finding investors and hopefully filter out those who are not serious. However, there are people out there who will claim to have good contacts in the angel community and charge hefty fees upfront and then don't deliver; this is why it is important to register with a network that has a code of ethics. If they offer a refund or guarantee of some kind, even better. Most, however, have terms and conditions that you must read carefully and understand before registering.

### **Choose the right angel investor**

The best kind of angel investor is one with the right background so that you could, if need be, ask him or her to take a more active role in the company. If the investor is internationally based this could be difficult.

### **Do your own investigation before paying a registration fee**

- You can visit [www.whois.co.za](http://www.whois.co.za) for background check to find contact details for the owner of the website.
- Contact the network and request references from other users.
- Do an Internet search and see if there have been any complaints.

### **DIY angel networking**

You do not have to sign up with a network. Angel investors can be people you know, or do not know. Those you know might form part of your business network, e.g. suppliers, employees, customers. Those you don't know can be made

up of professionals, managers in the corporate world, bored with their jobs who want to invest in something new.

**Source:**

[www.entrepreneurmag.co.za](http://www.entrepreneurmag.co.za), 18 June 2010

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## **10 TIPS TO CREATE POWERFUL VISUALS**

A good slide presentation must support the presenter and avoid being a distraction. The audience need only to glance at the slide and know exactly what it is you are saying.

Here are some tips to help you get your message across quickly:

1. **How many slides?** The purpose of a slide is two-fold: firstly to assist the presenter as a prompt-card and secondly to help the audience create a visual picture of what the presenter is saying. This means that the amount of slides will vary as per the needs of the presentation.
2. **Uncomplicated backgrounds:** A basic, solid-coloured background is less of a distraction than a busy, colourful one that helps to confuse the audience to decipher what is background and what is information. Company logos as a background are a no-no, even if watermarked.
3. **Choose the right font:** Select a font that is simple to read, e.g. any font similar to Arial or Times New Roman. Ensure the font is presented in lower case, as this is easier and quicker to read than capitals. The font size must be

- big enough and easy to read. A minimum size should be 28 point.
4. **Create a story:** Just as your presentation is a *story* to create buy-in, so should your slides be a story that will also grab the attention of the audience. Use story-boarding techniques.
  5. **Animation:** To assist in keeping the attention, how the slide is introduced plays an important role. Keep it simple. Any movement is a distraction, so when information comes flying through the room from different sides, this takes the focus off the presenter. Use animation only for effect, e.g. having a motor vehicle driving into the slide has more effect, but this must be limited.
  6. **Does it really make sense?** When designing the slide, you know what it is you wish to get across, but how understandable is it to the audience? Use pictures that say exactly what you want it to mean and ensure that there is no ambiguity. Keep taking a step back, question and re-question your information. Do not confuse the audience as it will make it more difficult for them to make a decision.
  7. **Create an interest:** Too much information confuses any audience, so do not make them work unnecessarily. A slide cluttered with long sentences and lots of words is enough to put any audience to sleep. Use short bullet-points (and the presenter can fill in the gaps) combined with a relevant picture or graphic.
  8. **Prompt from the screen:** Never prompt from your laptop monitor; rather gesture to the screen as this is the reference point for the audience. Resist the temptation of reading from the screen, word-for-word, as the audience are quite capable of doing that themselves.
  9. **Graphs:** Keep the graphics simple, easy to read and understandable. Line graphs are always more difficult to quickly grasp the message. A better method is either a bar chart or a pie graph.
  10. **Choose the right colour:** Keep colours in mind. Assume that at least one person in the audience is colour blind. Avoid colour combinations such as red on blue, red on green and blue on green.

Source: [www.ketler.co.za](http://www.ketler.co.za)

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