



ON MY MIND BY MACLEOD AND FOUCHE



FINDING DIAMONDS

We need to celebrate, polish and grow the entrepreneurs in our country

We started the Aspen GIBS Route-to-Market Challenge last year with an idea. Based on development economist David McKenzie's work outlined in the book *Randomistas*, we knew from a randomised control trial that one of the best ways to identify good small businesses is through "signalling". You can't just look at business plans and other data. You need ways to let entrepreneurs signal meaningfully through deliberate action.

We also knew that the typical barriers to growing a business, such as skills and capital, get lots of attention, but that forging a route to market is an underappreciated challenge and often more difficult to overcome than others.

In 2024 we expanded the challenge to include logistics firm DHL. This time we were seeking small, high-impact businesses in health care and logistics. The cynics among us were worried. Calling for entrants, we feared an embarrassing turnout. After all, "South Africa has abysmal entrepreneurship", we're told.

Our sample can't be taken to refute that overall statement. But it shows there are diamonds out there that we need to celebrate, polish and grow.

Medical mastery

Take Ortho-Design, the winner of this year's Aspen segment. The Pretoria-based medtech business manufactures biomedical devices for orthopaedic surgery. Founder and director Tim Peach recalls the origin: "During my engineering studies I had a conversation with an orthopaedic surgeon. He proposed an innovative idea for a new medical device. This collaboration profoundly inspired me to bring the concept to life."

Peach went on to complete a master's in biomedical engineering abroad and came home to found Ortho-Design the year after this con-

versation. The company designs and manufactures in South Africa, but its biggest market is exports to the US.

Skip forward to 2024 and a recent LinkedIn post sums up the progress: "We are excited to announce we received US FDA [Food & Drug Administration] approval for the following new anchors in our range!" Anchors are tools used by surgeons to attach soft tissue to bone.

And there is more cutting-edge surgical tech on the way. The 3D printing of customised surgical implants is a frontier science. Peach and his firm recently 3D-printed a customised titanium radius to replace cancerous bone in a greyhound, which was successfully operated on at the Johannesburg Specialist Veterinary Centre.

Cloudy with a clear vision

In a world where hi-tech businesses are all the rage, we'll do well not to ignore the brilliant ideas that harness simple technology to solve complex problems. Colin Mkosi didn't. The winner of this year's DHL logistics segment conjured up his business while studying at home, wishing he had someone to do his shopping for him.

"I thought it would be a great idea to be able to call someone to your house and give them a list of all the things you want from the store," Mkosi says. "I also thought it would be great if they could use bicycles for efficiency. So I decided to start Cloudy Deliveries."

Cloudy might sound like Uber Eats. Here's the difference: Cloudy operates in Langa, Cape Town. Cloudy has its

own app and you can order via WhatsApp chatbot. The business didn't stop Mkosi from studying; this year he completed his LLB. All the while Cloudy has been providing employment for a growing number of Langa youngsters using bicycles and electric bikes. Deliveries cost between R20 and R60 and cover everything from groceries and takeaways to laundry and parcels.

Where to and how?

Ongoing engagements with winners, finalists and our two corporate partners have revealed some common challenges. One is spatial. Especially for businesses such as Cloudy, far away from formal hubs of commerce, entrepreneurs struggle with accessibility that many of us take for granted. Getting from Langa to a bank, a technological service provider and other resources is hard and time consuming.

As Mkosi puts it: "It's about making sure that the resources and support systems that entrepreneurs need are available right where they are, without the need to travel long distances. By bringing these institutions closer to the communities in townships, we can ... foster a more vibrant and self-sustaining entrepreneurial ecosystem within the townships themselves."

More established firms cited the need to reach other countries to expand. Part of this problem is outside our control – we're a relatively small market. If you're building technology, serious growth is probably beyond our borders.

However, solving another part of the problem is up to us. Firms agree that stifling regulation is a handbrake on growth. Based on our experience, it is high time to cut red tape if we're serious about unleashing our entrepreneurial diamonds hidden in the soul of South Africa. ✕

* The Centre for African Management & Markets at the Gordon Institute of Business Science conducts academic and practitioner research and provides strategic insight about African markets. Ian Macleod is a founding member; Francois Fouche is an economist and research fellow at the centre

