

How SMMEs can position themselves as investment-worthy businesses

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Most Small, Micro and Medium Enterprises (SMMEs) aspire to grow and some even have ambitions of eventually becoming large profitable organisations - but this is not easy and many small businesses ultimately fail to scale.



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While there is no silver bullet to achieving growth, SMMEs should position themselves as an investment-worthy business to be incorporated into the corporate supply chain. To do this, SMMEs must ensure that they have the adequate managerial and industrial skills, while also maintaining a robust financing model.

Unfortunately, many make the common mistake of fixating on the product or service they provide and neglect to focus on growth, the customer base or attracting investors to their business, which would invariably produce the dynamics of growth and job creation.

Being part of an established value chain allows SMMEs, which often lack brand validation, to gain a clear identity. Yet, being integrated into a corporate supply chain can hold some challenges for small businesses that lack credentials and trade references.

Building your credentials

In this case, they could consider building their credentials by subcontracting to larger organisations in niche markets that are not attractive to big corporate players. Small businesses can also gain visibility by participating in corporate development programmes, which are designed to ultimately support SMMEs from a business perspective if they stand out from the rest. But make sure to build your credentials over time, or corporate opportunities will be few.

Most corporates have enterprise and supplier development programmes that are very active and that is where most opportunities lie. SMME can build their credibility by taking on work that is not attractive to their competitors.

In some cases, small businesses can even approach their competitors to provide subcontracting services if there are capacity constraints. So, there are different strategies to apply to build trade references and solid financials, while also improving your product.

Stay relevant

Being part of the corporate supply chain should be seen as a continuously unfolding process that is dynamic and can change over time. Successful SMMEs will leverage their innate agility to ensure that they stay relevant to the business needs of their clients.

Most SMMEs' ability to pivot and respond to changing conditions was severely tested by the COVID-19 pandemic, which forced them to adjust or revise their product offerings, as the way business is done has changed drastically. Those that rely heavily on physical infrastructure to run their business have had to at least adopt a hybrid model to continue servicing their clients.

This not only resulted in many SMMEs having to change their entire skill sets, but also changed the employment landscape, as most people now demand some form of flexibility in terms of working remotely.

Go digital

The pandemic also highlighted how integral the adoption of technology is to a business, even if it is part of a hybrid model. So, it is crucial that SMMEs look at digitalising their offerings to whatever extent they can, as technology needs to be a key component of delivery methodologies.

Additionally, small businesses that are part of the supply chain are guided by the broader needs of the corporate and most large enterprises have adopted remote working models. Largely, this has also become a requirement for their suppliers.

The SMMEs that stand out as investment-worthy businesses are the ones that can pivot quickly to continuing seamlessly servicing their clients. Keep in mind that your corporate client still requires the same service you've previously delivered and wants to see consistency. So, it is all about how innovative and quickly a business can respond, and, since small businesses are agile, they should use that to their advantage.

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