Nicolas Pascarel
info@reciprocity.africa, +27 (0) 82 319 8404

Global Experience

19 – 24 October 2025

Alexandra, Johannesburg, South Africa

Micro-Entrepreneur Project

OVERVIEW

This document is designed to complement the course outline provided by LBS. It offers insight and guidance to the nuances of this unique project and working in Alexandra from Reciprocity.

The focus of this consulting project is to facilitate the survival and growth of existing small businesses that are owned and managed by historically disadvantaged South Africans. You, alongside your classmates, will be working in teams (the working groups assigned by the GE team) and each team will be assigned to one micro-entrepreneur based in Alexandra.

For the consulting project you will also be assigned a Reciprocity coach, who will be acting in an advisory capacity and support role when necessary.

Your consulting project will consist of an analytical observation phase, followed by a deliverable in the form or recommendations.

The assessment delivered to the LBS faculty is outlined via the course outline on your canvas page. The below is guidance with regard to the 90 minute consultation with your client during the working lunch. In addition the Reciprocity team will assess the impact of your recommendations on your client's business 6 months after the project commences. Another part of the project is the impact/evaluation matrixes. These outline the questions you want to ask your client 6 months on from the start of the project and will be evaluated by Reciprocity.

For all deliverables, your work is expected to touch three key areas:

Learning: ensuring that there is some documentation of your experiences and lessons learned, information and records available, and the intelligence gathered in support of the businesses' progress;
Focus: The specification of vision, setting of priorities, ensuring of consistent strategic direction and the existence of a plan of operation;
Growth: The untapped opportunities, the expansion of the business, acquiring new equipment or facilities, increasing the customer base or entering a new market, and so forth.

SPECIAL NOTE WHEN WORKING WITH MICRO-ENTREPRENUERS IN ALEXANDRA

There is a sacred trust involved when attempting to intervene and assist a business when identifying and addressing its problems, needs and opportunities. This is especially heightened when dealing with businesses that face severe constraints in terms of time, money and/or other resources and it is imperative that the working groups create meaningful value for the business, while not wasting the time or resources or creating unrealistic expectations of the entrepreneur.

Please remember that you are acting as ambassadors of London Business School, and as future leaders of business and society, which requires that standards of excellence are applied to all activities undertaken in the community in the name of the School. Also, your businesses will demand that you use absolute discretion when discussing their business particulars with anyone. You must be willing to accept the responsibilities implied above, and to demonstrate a strong commitment to serving the entrepreneur in a manner that is substantive, pragmatic, and has lasting value. It is expected that you, in the final analysis, know and understand the entrepreneur's venture as well or better than he/she understands it.

Suggested framework to approach your consulting project

DAY 1 - Initial assessment of the business

Keep in mind that the business is a projection of the personality of the founder/owner. In conducting analysis and ultimately making recommendations, it is vital that you take into account the personal characteristics and background of the people who run the business. Your recommendations can be technically sound but useless if they do not fit with the personality and capabilities of your client. Key issues to be assessed and documented with regard to the entrepreneur include:

- Age
- Motivation for starting business
- Family circumstances
- Financial Circumstances/commitments
- Work history/experience
- Maturity
- Educational background
- Future outlook
- Training and skills
- Growth orientation

Survival and growth of a business are dependent upon a clearly defined and somewhat unique business concept. The concept is concerned with the essence of the business, the value it creates, and the benefits it delivers to a customer.

The information you will gather should flow naturally from the conversation - it is **not an interview or an interrogation**, and the idea is that you establish a rapport and level of trust with the entrepreneur by sharing information and getting to know each other. At the end of this preliminary meeting, you will be expected you to have made a checklist of all these questions and try to infer/speculate from the information you have gathered what sort of impact the answers may have on the business. The suggested format for your checklist could look like this:

Question	Answer	Possible influence on the business?
Age		
Family circumstances		
Educational background		

As you discover the business premises for the first time, you will already have made a first contact with the entrepreneur. You can therefore focus on two other key elements of the entrepreneurial core, i.e. the **business concept**, and the **opportunity**. The challenge is to get acquainted with what is being produced and sold, to which customer base, and the people who drive the business.

After visualizing the business (premises, equipment, staff, surroundings etc.), start to examine the **business concept**, notably with regards to:
- The basic product or
- How the business makes its money (e.g., low service being offered margin/high volume)
- The complete product
- Core attributes or benefits
- Service mix
- Packaging
- Sources of value being
- Branding & marketing
- Unique aspects of pricing, sales or distribution
- Sources of differentiation that in effect define the business
- Location

Question	Description	Challenges	Opportunities
Basic product or service being offered			
Complete product mix			
...			

The second phase of this session is focusing on the **opportunity**: One can have a great business concept and high quality products, but still fail in the marketplace (or generate anemic returns), simply because there is no opportunity. The opportunity is in the marketplace, and so is concerned with market needs that have profit potential. In looking at the opportunity, the major concerns include:

- Forces creating the opportunity
- Key success factors to capitalise upon opportunity
- Definition of the target market
- Barriers to entry
- Competitor shortcomings
- Size and growth potential
- Profit opportunity of the market
- Fit between opportunity and concept
- The window of opportunity
- Customer loyalties to competitors & switching
- Competitive intensity costs

Question	Description	Impact on business and potential
Forces creating the opportunity		
Definition of the target market		
Size and potential growth of the market		
...		

At the end of day 1, we expect you to have completed the initial layer of analysis of the entrepreneurial core of the business; comprising of the **entrepreneur**, the **business concept** and the **opportunity**. At this stage you can start summarising and compiling some of the information that will be contained in your presentation and your consulting report to the entrepreneur.

DAY 2 - Internal operations and resources

On the second day on the premises, you can begin work on the second layer of analysis, focusing on **internal operations and resources.**

Based on the foundation established in terms of the entrepreneurial core (layer one), the team must explore the basic working of the business. Three sub-components are involved here; business numbers (accounting, bookkeeping, and the economics of the business), operations and infrastructure.

The first of these can be quite a sensitive issue with the entrepreneur, but is vital to the completion of any consulting engagement. Try to get a review (and, in some cases, construct) the financial records of the business. The entrepreneur must be an integral part of this process. In many instances, the team must help educate the entrepreneur both in terms of the benefits of systematic record-keeping and in terms of fundamental accounting issues. Systems should be kept simple, as it serves no purpose to develop either a system or a set of procedures that the entrepreneur will simply ignore. The team should stress that:

- Adequately tracking costs in proper categories allows the business owner to see what expenses are more significant and where increases or changes are occurring;
- By properly recording revenue and expenses in a systematic manner, profit can be regularly determined (many do not really know if they are profitable or how profitable they are);
- Comparisons of financial information can be made on a period to period basis only is consistent record-keeping is used;
- Most of the businesses will rely on cash-based accounting as opposed to an accrual basis, and you should be aware of the implications (especially in terms of distorting the true financial picture since revenues and expenses are not properly matched) and share these with the entrepreneur;
- There is a need for basic internal controls, such as distinguishing whether the person keeping the books has access to the cash.

In looking at the firm’s **numbers**, the concern is the financial records and what they say about the viability and needs of the business. Critical issues include:

- Existence of records
- Costing structure
- Existence of a book keeping system
- Breakeven point
- Cash flow
- Level of sophistication
- Receivables (timeliness and amount)
- Completeness of system
- Payables (timeliness and amount)
- Ease of system use
- Financial controls
- Accuracy of records
- Budgeting/financial planning
- System for collection and payment of VAT & other taxes
- Performance benchmarking ratios

Question	Description	Challenges	Possible solutions
Existence of records			
Existence of a bookkeeping system			
...			

You also want to note the linkages between accounting information and the marketing, production and financing needs of the business. For instance, in the marketing area, are sales expenses tracked properly and are all marketing costs built into the price of the product? In production, is inventory turnover properly tracked and is the cost of goods sold broken down into direct material, direct labour, and overhead? In the financing area, what is the interest expense and how much is it a percentage of total expense?

Operational considerations focus on how the product is made or produced, or, if a service business, how the service is actually delivered. The team will want to develop a step-by-step diagram of the production or service delivery system. The critique of operational considerations includes issues such as:

- Modelling of the production or service delivery process
- Internal controls
- Health & safety
- Administrative processes
- Process and information flows
- Handling complaints and returns
- Hours of operation
- Capacity vs. demand
- Resource productivity
- Purchasing policies
- Customer service
- Inventory management
- Delivery
- Inventory storage costs
- Outsourcing
- Value of inventory
- Quality control
- Obsolete inventory
- Theft/pilferage

Question	Description	Possible solutions
Modelling of the production or service		
Process and information flows		

At this point, it may be useful to produce a mapping of operational issues / bottlenecks which can be included in your final reports.

Turning to the **internal infrastructure**, the team's concern becomes assets and resources that the entrepreneur has accumulated to support operations. Thus, assessing the internal infrastructure of the business involves an evaluation of the adequacy of elements such as:

- Operating facilities
- Computers/cash registers/accounting
- Production equipment machines/administrative equipment
- The staff (other than the entrepreneur)
- Customer parking
- Security
- Information systems
- Formal registration of business (CC, partnership, etc.)
- Employee compensation package
- Databases and records (other than financial)
- Location
- Cars/trucks/bakkies

Question	Description	Possible solutions
Operating facilities		
Production equipment		
...		

DAY 3 - External Relationships and Activities

In moving to layer three, the team's focus now shifts to **external stakeholders** of the business, including customers, financiers, suppliers, tax/regulatory/municipal authorities, community authorities or bodies, distributors, and sources of transport. These have been organized into three major sub-components: marketing and the customer base, financing, and the external network.

The first of these, **marketing**, is a common problem in many of our client enterprises. While marketing is an internal function, its purpose is to interface with external publics. It is vitally important that the team obtain a first-hand feel for the customer. Further, team members should be made study the ways in which the entrepreneur approaches and interacts with current and prospective customers. Teams should strive to interview some customers, and to observe the entrepreneur when he/she is involved in selling, customer relations, and customer service.

The marketing efforts of these firms must involve doing more with less. You should assess the use of "guerrilla techniques", or creative mechanisms for communicating with the market, bartering services for services, co-marketing or sharing resources with other businesses, tapping into under-utilized vehicles for promotion, and so forth. In examining marketing efforts, the team should specifically explore the following:

- Positioning
- Branding
- Segmentation and targeting
- Advertising
- Sales efforts and approach
- Sales promotion
- Distribution
- Pricing
- Signage
- Collection of receivables from customers
- Marketing plan
- Tracking of market performance
- Market research
- Competitive threats
- Customer buying habits
- Customer screening (for high risk customers who cannot make payments)
- Marketing media

Question	Description	Possible solutions
Positioning		
Segmentation and targeting		
...		

Many of our clients need **finance**, but they do not really know how much. They are heavily reliant on their own resources and those of friends and family for financing, and do not qualify for conventional sources of funding. Analysis of their financing needs, resources and relationships should include:

- Ownership structure
- Short term vs. long term assets & liabilities
- Financial structure
- Availability of alternative financing & debt position
- Business and personal credit
- Ability to service debt
- Current and future capital needs
- Access to capital
- Financing preference of entrepreneur (e.g., debt vs. equity, control vs. risk)
- Cost of capital
- Number people the entrepreneur is attempting to support through the business

Question	Description	Possible solutions

Entrepreneurial success is frequently associated with a well-established network of people, agencies and organisations outside the firm. The network will be extensive, with stronger and weaker components. The entrepreneur will cultivate this network, ensuring regular communication with key members. It is helpful to try and draw a summary picture of this network. Thus, when looking at, and characterizing, the extended network, the primary issues are:

- Relationships with suppliers
- Relationship with legal expert
- Relationship with banker
- Relationships with distributors
- Other financial contacts
- Government contacts
- Contacts with community agencies
- Access to sources of labour
- Sources of free or cheap advertising
- Sources of publicity or low cost visibility and promotional assistance
- Other advisors

Actor	Description	Current role in business model	Potential role in business model

On the basis of the above table, try to draw a stakeholder map for your client, which will form part of the recommendations you may formulate in your final report.

Day 4 - Wrap-up and desktop research

You will spend much of this day preparing your deliverables for the presentations to clients. You may still need to be present at the businesses for some time, so that you can obtain any remaining outstanding information from your client and make final assessments on your possible recommendations and how they could be implemented.

You will also need time to do some desk research to find information about, and liaise with (if applicable), the external actors who may be involved in the recommendations (government agencies, suppliers, customers, service providers, NGOs and CBOs, etc).

Day 5 - GE plenary and presentations to clients

The final day of your consulting project will be divided into two sessions:

1. On Friday morning, your group (incl. your navigator) will be presenting to the entire cohort, navigators and Professors Rajesh Chandy or Elias Papaioannou(your client will not be present). This is considered to be a “practice run” for your actual client consultation later in the day.

2. Your clients will join you later for lunch. Your group will then, after lunch, take them through the recommendations as well (no AV, you will need to provide hand-outs to both navigator and client)