

# PROPERTY<sup>POINT</sup>

A GROWTHPOINT INITIATIVE



## Development impact report 2008 to 2018

Headline findings

# Foreword

**We urgently need to grow businesses and our economy to address South Africa's societal problems of inequality and inequity.**

Property Point is deeply committed to **working hand-in-hand** in **collaborations** and **partnerships** to achieve an inclusive economy and a **thriving society**.

Our **roots** are in the **private sector**, which we believe is pivotal not only to the economy, but also in society. Any organisation can only thrive to the extent that the society in which it operates does.

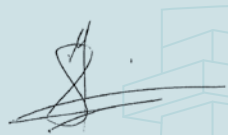
This is the purpose of Property Point. We **break down** the **barriers to entry**, **create jobs** and **build enabling environments** for **entrepreneurs** and **small businesses**.

With a **decade-long history** of changing the **economic landscape** in the property sector, we have led the **transformation** to an inclusive and **equal South Africa** with a **deep commitment** to **social cohesion**.

We believe that **leadership** is **everything**. It requires **empathy** and a **deep understanding** of the lived realities of South Africans. **Leadership** also requires **accountability**.

It is for this reason that we commissioned external research to quantify Property Point's **economic contribution** to South Africa. We appointed StratEcon to undertake an **economic impact assessment** of Property Point from 2008 to 2018.

The findings show significant **positive impact** on **economic stimulus**, **creating jobs**, **small business access** to **private sector markets** and **building accelerated revenue growth** for small businesses.



**Shawn Theunissen**

*Founder and head  
Property Point*

*Corporate social responsibility  
Growthpoint Properties*



**168** businesses accelerated  
on the programme



# Highlights

## 2008 to 2018



**R1.58bn**  
Cumulative contribution  
to total GDP



**R1.14bn**  
Cumulative access  
to markets



**2 244**  
Total jobs created  
(direct and indirect)



**78%**  
Accelerated revenue  
growth in year two after  
a business joins  
the programme



Return on investment  
**R14.20**  
For every R1.00 spent  
on Property Point  
sponsorship



**168**  
businesses  
accelerated on  
the programme

# About Property Point

## PROPERTY<sup>POINT</sup>

A GROWTHPOINT INITIATIVE

**Small and growing businesses are the key to creating jobs, stimulating long-term economic growth and environmental and social benefits, and growing small businesses into sustainable medium and large businesses is Property Point's deeply-held purpose.**

**Property Point was launched by Growthpoint** in 2008 and it has established a decade-long track record of successfully **developing sustainable small businesses**.

Over the past **10 years**, its **dedication to unlocking opportunities** for growing small business has changed the small business landscape in the South African property sector. It has mobilised transformation and helped to build **effective entrepreneurial ecosystems** with the sector.

The Property Point approach is based on a **design thinking methodology** driven by user insights and solving for unconscious biases. To achieve the market uptake of small businesses in supply chains, Property Point adopted a **demand-led approach** focusing on **understanding the market**.

Through this approach, Property Point ensures that small businesses **focus** on **building business competencies, capabilities** and **capacity** so that their value proposition is aligned to the market and ensures that they can compete on merit to access and deliver opportunities.

The **award-winning enterprise** and supplier development programmes of Property Point have proven an effective catalyst for successfully accelerating small business growth by providing entrepreneurs with the **skills, training** and **personal development support** they need to develop their enterprises into fully independent companies.

In supporting small companies to become **successful** and **sustainable businesses**, Property Point builds on three pillars: **risk, reputation** and **relationships**.

The programme is distinguished by a **unique model, innovation, funding streams, partners** and, most importantly, its **precise and provable measurement** of its **real impacts**.

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## About StratEcon

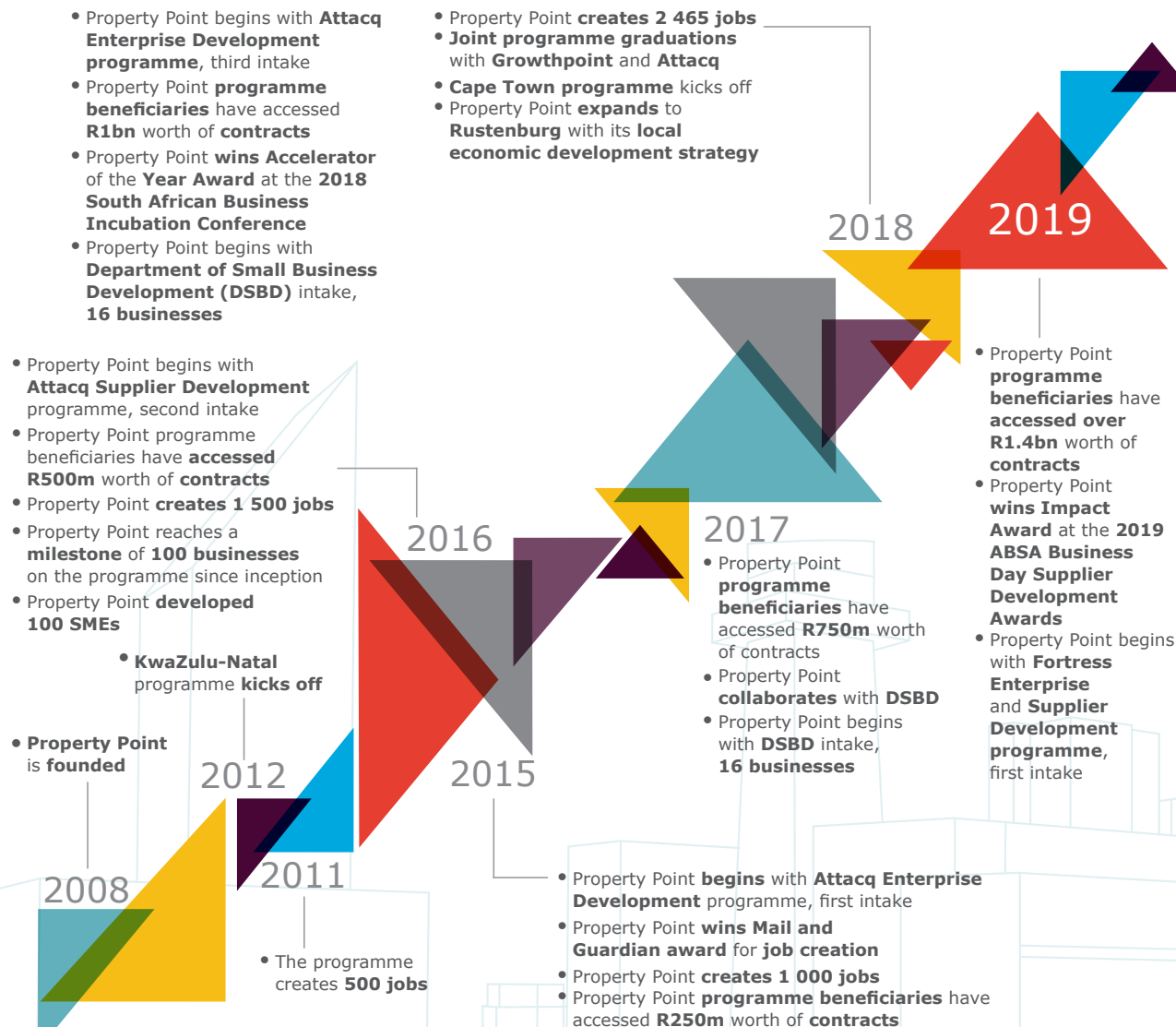
StratEcon Applied Economic Research is a specialised economics consultancy with more than three decades of experience. StratEcon undertakes a wide range of economic analysis and economic modelling. It has built an excellent reputation of delivering thorough and comprehensive analysis of complex issues. StratEcon prides itself on finding innovative and creative solutions to complex economic problems.

## Full research report and methodology

The full Property Point economic contribution 2008 to 2018 research report compiled by StratEcon can be requested at [www.propertypoint.org.za](http://www.propertypoint.org.za)



# Property Point Timeline 2008 to 2019





# Enterprise and supplier **development** for **entrepreneurial**, economic and social **success**



**Creating successful entrepreneurs and small businesses is absolutely essential for the success of South Africa.**

Small and big businesses need to do their bit to make a difference. To ensure that our economy moves in the right direction, we need to **stand up**, be **brave** and change the way that we, as South Africans, see our place in the **bigger scheme of the economy**. We all need to contribute.

This is why Growthpoint established Property Point in 2008. Today, its **success** has **exceeded** anything we thought possible.

With its **10-year** track record, it has made a real difference to the **success** and **sustainability** of many small businesses, with meaningful knock-on impacts.

We know first-hand how difficult it is to **grow** a **successful business**.

Growthpoint itself started small. In 2001, we owned only **nine properties** worth **R100m**, and employed only one person. Today, **18 years** later, Growthpoint is the **largest** South African primary JSE-listed REIT and provides space to thrive with **innovative**

and **sustainable** property solutions on three continents. Our diversified portfolio of **559 property assets** is now valued at some **R140bn** and we employ more than **600 people**.

There is increasing pressure on business to not only do good, but to **prove** and **measure** the difference they are making.

No programme in the property sector is **more successful** at doing this than Property Point and this independent research of its **economic contribution** reveals how relevant and meaningful it is for the economy, the property sector and South African society as a whole.

**Estienne de Klerk**  
*CEO of Growthpoint  
South Africa*





# Cumulative economic contribution



## R1.58bn

Cumulative contribution  
to total GDP

**Since 2008, Property Point has cumulatively contributed R1.58bn to total Gross Domestic Product (GDP).**

From a zero base, our direct contribution to GDP in 2008 was R1m and has grown exponentially to R156.9m for the year in 2018. Similarly, our contribution to total GDP increased to R520m in 2018 alone.

### **What are we measuring?**

GDP is the total value of all final goods and services produced in the country. GDP, although not all-encompassing, is a measure of material wellbeing and whether the country is doing well.

**Why this is important:** This shows the significant positive impact and stimulus that Property Point is having on South Africa's economy as a whole through small businesses driving economic growth.

“Business evolves and you need to keep changing with the industry; that is why we are moving towards the use of technology now. I have learned to spot and capitalise on these opportunities through the Property Point programme. It has really sustained me over time.”

*Smart Kunene, Managing Director, Easy Security*

# Case study: Easy Security

**Smart Kunene** was among the first small business owner to be incubated by Property Point when he started. Today, he is a success story and a better businessman because of it.

**Kunene** is the owner of Easy Security, a company that originally sold gates and motors in Thokoza in the East Rand and occasionally offered guarding services. He enjoyed being a 'businessman' but was frustrated by his company's lack of growth.

"The Property Point programme was very influential in changing my mindset about business," he recalls. "Working with mentors, I realised that I was not really a businessman because I had no idea how a business was run. The programme helped me understand what a business is and how to grow it. I learned about things I never knew of, like finance, mentorship, operations and human resources, and that there are various departments in a business that interact."

Right now, **Kunene** is focused on building **Easy Security** to become one of South Africa's top 50 players in the security industry in the next five years.

**Kunene** is grateful for the programme's teachings, which he still implements today.

For more information on Easy Security please go to:  
<https://www.youtube.com/watch?v=q-JqIt1sPxE>



# Access to markets



## R1.14bn

Cumulative access to markets

**Since 2008, Property Point businesses have cumulatively accessed market opportunities to the value of R1.14bn, predominantly within the private sector.**

The tender and contract value grew 1 500% for Property Point programme's businesses between 2009 and 2018. This is a massive increase on the 14% GDP growth for the same period.

### **What are we measuring?**

Access to markets is vital to small business growth and sustainability. Without clients there is no cash to run the business. Approaches to supporting small business needs to incorporate actively participating in supply chains.

**Why this is important:** This figure reveals that Property Point unlocks real

private sector procurement opportunities that small business are successfully accessing and benefiting from and in so doing are building sustainable businesses and transforming our economy.



**Having been part of the Property Point Accelerator programme, I can safely say that these kinds of initiatives are crucial. We are a self-funded business, so we are grateful to the programme for opening access to financial support. There has been more access to markets and job creation because of that.**

*Olga Ncube, Managing Director, Kusile Hygiene*

## Case study: Kusile Hygiene 'n Industrial Services

Husband and wife, **Sifiso and Olga Ncube**, ventured into entrepreneurship nearly a decade ago. **Olga** quit her job to fund their up-and-coming pest control business, which quickly secured a couple of long-term contracts, but even with expanding into industrial cleaning and laundry, the **Ncubes** struggled to see commercial growth.

However, when they joined Property Point and started learning the business of running a business, their prospects improved.

"Mentorship and networking with other entrepreneurs was not easy. We realised that we were sorely lacking in sales and marketing, which impacted the growth of the business, especially on the financial side," they admit.

Undergoing the vigorous programme yielded amazing results, moving them beyond a 'mom and pop' operation, to incredible growth and exciting prospects.

The **Ncubes** are well on their way of realising their dream of wealth creation and community upliftment. The Gauteng-based company is expanding, with regional offices in KwaZulu-Natal and the Eastern Cape.

Using skills and competencies obtained from their mentor, **Sifiso** and **Olga** continue to refine their business strategy and processes to yield better results.

*For more information on Kusile Hygiene 'n Industrial Services please go to:*  
<https://www.youtube.com/watch?v=DoWsByULcGQ&feature=youtu.be>



# Jobs created



## 2 244

**Total jobs created**  
*(direct and indirect)*

**In 2018, 2 244 people were employed in jobs attributable to Property Point and in the businesses that had completed the programme.**

These direct, full time jobs have grown significantly from 11 jobs in 2008.

### **What are we measuring?**

Direct jobs are those from activities in the property sector. Indirect jobs are those in the supply chains and induced jobs that arise as a result of people spending their salaries and wages.

**Why this is important:** This confirms that Property Point is an engine of employment and a successful driver of much-needed job creation in South Africa, making a positive impact to not only the economy but also to society.

“ We will continue to grow our business while investigating opportunities to diversify into other lines and expand our product and service offering. ”

*Mpho Sono, Managing Director, TMT Cleaning*



# Case study:

## TMT Cleaning Hygiene

After completing her bachelor's degree in environmental health management in 2001, **Mpho Sono** went from being an unemployed graduate to managing director of her own company.

**Mpho's** entrepreneurial journey began at home, with three contract helpers and a borrowed vacuum cleaner. She started servicing a government building with janitorial and hygiene services, but struggled in the government tender space. Instead, she turned to the private sector and approached the construction site of a mall that was being developed by Growthpoint. She participated in Growthpoint's request for a proposal, but it quickly became clear to the procurement team that she was not ready for the job and she could not price correctly. Growthpoint suggested that she approach Property Point and since then **TMT Cleaning Hygiene** has thrived.

"When I entered the programme, I saw that the business was not ready for private sector procurement. I was thrilled when we engaged the private sector very early in the programme and eventually met with the standards required," says **Mpho**. "The Accelerator programme helped us access opportunities, it gave us the skills to deal with stakeholders and provided the support needed to overcome many of our challenges. Even after the programme, Property Point has been a supporting hand for every stage of our organic growth."

Over the past two years, **TMT Cleaning Hygiene** has grown by 20% and employs 390 workers, most of whom are women. It has provided employees with on and off-the-job training, employee handbooks, written employment contracts, health and accident insurance, pension fund, productivity incentives, and salary increases.

For more information on TMT Cleaning Hygiene please go to:  
<https://www.youtube.com/watch?v=XMZUq49rgIc>



# Accelerated revenue growth



**The turnover of small businesses increased by 78% on average in year two after joining the programme.**

The upwards trajectory of revenue continued well beyond the programme and was 46% higher, and again 61% higher, a year and four years after completion, respectively.

## **What are we measuring?**

Turnover increase is used as a measure of business success and the ability to convert and deliver on market opportunities that have been accessed.

**Why this is important:** Accelerated turnover growth shows small businesses becoming medium and big businesses and embryonic firms growing to become more sustainable. It signifies a lasting impact on our commercial and economic fabric.

“**Their marketing interventions were critical in exposing our brand. Property Point reviewed our business in a way that made us see there was still much work to be done and systems to be introduced from our side. This programme is built on the right principles of empowerment.**”

*Thuso Koboyatau, Financial Director,  
TSK construction, TSK interiors*



## Case study:

# TSK Construction/ TSK Interiors

**Thato Setati** and **Thuso Koboyatau** know all about resilience in business. Since forming **TSK Construction Pty (Ltd)**, also trading as **TSK Interiors**, eight years ago, they have experienced highs and lows.

**Setati** and **Koboyatau**, respectively the managing director and financial director, quit their previous jobs as property brokers to venture into construction services and management, with the goal of amassing enough capital for property acquisition and development.

However, the challenges of lack of access to market and finance, late-paying clients, and rocky internal management systems, proved to be a rude awakening for the entrepreneurs.

Failing to be included in a panel of contractors at Growthpoint proved to be a blessing in disguise when Growthpoint referred them to Property Point.

Within two years of completing the programme, the company's revenue increased by 40% and its employee numbers shot to nearly 100, and it received funding from a public bank, something they had struggled with.

**TSK Construction** has grown its national footprint, diversified into interior design, space planning, furniture design and manufacturing, furniture procurement and joinery, and now subcontracts to smaller companies.

"Property Point has helped us access private sector opportunities by leveraging our relationship with Growthpoint. The programme helps entrepreneurs to turn opportunity into real sustainable businesses."

For more information on TSK Construction/  
TSK Interiors please go to:  
<https://www.youtube.com/watch?v=1KPbsJ3I3eg>



# Return on investment



## Return on investment

# R14.20

**For every R1.00 spent on Property Point sponsorship**

### **For every rand of sponsorship invested, Property Point programme businesses benefited by R14.20.**

This return is reported as a benefit cost ratio (BCR) and is the rand value of return (benefit) for each rand of sponsorship (cost). This number is based on tenders and contracts that were awarded to firms on or up to two years after programme completion.

The research revealed that it is most likely higher than R14.20, because the benefits of Property Point's programmes arguably extend beyond two years after a small business graduates from the programme.

### **What are we measuring?**

The return on investment is reported as a BCR. This ratio is interpreted as the rand value of return (benefit) for each rand of sponsorship (cost). The BCR is in turn calculated as the ratio of the present value (PV) of all benefits of the programme to the PV of all the costs.

**Why this is important:** Return on investment is important because the programme is sponsored by external partners who invest in the enterprise and supplier development of small businesses. It shows that the impact of their investment is amplified exponentially.

“**The solution to reducing unemployment in South Africa is growing emerging companies. Entrepreneurship accelerators and incubators like Property Point are good and I wish more companies would empower emerging enterprises.**”

*Thapelo Tlhapane, Managing Director, TT Holdings*

# Case study:

## TT Holdings

At just 23 years old, with no work experience but armed with his BSc Quantity Surveying and burning ambition, **Thapelo Tlhapane** from Rustenburg, North West, registered TT Holdings in 2015 and embarked on his business journey.

“My first client, TSK, was my former employer and a Property Point graduate company. When I started my business, I knew I wanted to get into the Property Point programme. It did not work out the first time as I did not meet the minimum requirement. However, I tried again the following year and was accepted,” explains Tlhapane.

As a youth with little practical work or business experience, the Property Point programme became the blueprint for building **TT Holdings** from the ground up.

Overcoming the challenge of inexperience meant learning to network, understanding the value of market linkage support and practical exposure to the business environment. **Tlhapane’s** mentorship focused on the technicalities of running a business.

From working in a town house, **TT Holdings** now has two branches; Johannesburg and Rustenburg. It works with most of the mines in the North West, taking advantage of localisation and has nine staff members, with one ad hoc employee in Bloemfontein.

**Tlhapane** credits the programme for helping his own personal growth and maturity, traits that have helped him grow his business by retaining customers and becoming a principal agent who determines the scope of work and appoints suppliers on projects.

For more information on TT Holdings please go to:  
[https://www.youtube.com/watch?v=rM\\_scVW1RTM](https://www.youtube.com/watch?v=rM_scVW1RTM)



# An equal and inclusive South Africa where...

**Bold and courageous business leaders with empathy and a deep understanding of the lived realities of South Africans are committed to achieving social cohesion by addressing the societal challenges of inequality and inequity with urgency by growing businesses and our economy.**

Business leadership is reflective and representative of South Africa's **diversity**, where all have an **equal voice**, are **trusted** and **respected**.

Leaders at all levels actively create inclusive organisations where all **employees** are **recognised**, feel they can be their **authentic selves** and **believe** that they **belong**.

Organisations embody **curiosity**, **flexibility**, **agility** and **adaptability**, underpinned by **real commitment** to addressing societal challenges.

Organisations come together to critically **reflect** and **dialogue** on private sectors' roles in society.

A private sector breaks down the barriers of entry to **create jobs** and **build enabling environments for entrepreneurs and small businesses**.

A private sector commits to **partnerships** and **collaborations** to achieve an inclusive economy and create a **thriving society of abundance**.

*NBI online publication "Creating a just and equal South Africa – a vision for transformation and social cohesion – 26 October 2018". You can access the report on [https://www.nbi.org.za/wp-content/uploads/2019/04/NBI\\_Transformation\\_Report-FINAL.pdf](https://www.nbi.org.za/wp-content/uploads/2019/04/NBI_Transformation_Report-FINAL.pdf)*



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