

Trending opportunities for SMEs to stay ahead of the game

By  Catherine Wijnberg

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Was the pandemic a test case in remaining agile? If so, is business, and especially small businesses, better prepared as we enter the critical decade for climate change?



Catherine Wijnberg, founder and CEO of Fetola | image supplied

The business sector largely survived the global upheaval of Covid-19. Does this mean it's a template for future resilience and agility? We might need it sooner than expected. The speed with which climate change is arriving has surprised even scientists. Trend predictions for 2023 build on the lessons learnt from the pandemic.

Energy, water

The \$8.5bn pledged by the International Partners Group for the Just Energy Transition Partnership should help South Africa transition away from its dependence on coal, presenting new opportunities for labour markets and clean energy investments. However, resolving the energy crisis will take time with challenges continuing well beyond 2023.

Along with energy, water, which relies heavily on electricity for pumping and is itself the generator of hydroelectricity, is

another ticking time bomb. Eskom and the creaking water infrastructure are major, long-term projects that will require massive capital investment and deep political commitment. Their impact on all sectors of business calls for widespread adaptation strategies.

South Africa is also warming at twice the global average and climate change is already delivering erratic and unpredictable rainfall. Water intense industries, such as agriculture which is attributed to 70% of consumption globally, will need to take particular note but, unless addressed, the ripple effect of water scarcity will affect the entire economy.

Expect increased market demand for alternative solutions in the water and energy sectors, but also competition and fly-by-night operators. Resource efficiency will become a buzzword in the economy as leaders seek to ensure sustainable, profitable businesses.

Budget for installation in your office premises of alternative energy, water saving and storage solutions. Office clusters provide options to co-share costs improving the affordability of quality, lasting professional solutions. Together you will be more competitive and resilient.

Work in this sector? Claim a niche to supply direct to consumers, B2B or corporates. Upgrade staff skills, product ranges, quality and compliance systems that give you an advantage. Be wary of government deals, especially where you are exposed to huge cash flow risk and take appropriate precautions.

Supply chain insecurity

“Supply chain success relies on three pillars: people, processes and technology.” Covid left businesses unable to respond to border closures, lockdowns and the demand fluctuations of panic buying leaving two of these pillars cracked and highlighting the need for more resilient models.

The Russia-Ukraine war reminds us that instability is omnipresent. This, and strong local pressure on joblessness and BB-BEE legislation has encouraged some major South African retailers to seek reliable local manufacturers. For them bringing the supply chain closer is both a risk-reduction strategy and “the right thing to do” for the health of SA.

Expect exciting new local opportunities for top-quality, reliable suppliers. Budget for improvements in your product design, re-engineering to improve profitability, quality management processes, machinery upgrades, staff training and logistics. Explore technology to deliver supply chain optimisation and implement a supply chain resilience strategy – a contingency plan for production, inventory, lead times and logistics. Consider building collaborations that enable you to quickly and reliably supply at the quantity required, as buyers look to decouple from single-source suppliers. Look out for secondary business opportunities such as transportation and diversification away from struggling Transnet.

Agriculture

Reductions in rainfall and shifts in seasonal patterns already have South African farmers struggling to adapt, with the maize

crop and cattle industry likely to collapse if we reach three degrees. Food productivity has already decreased by 21% and is juxtaposed against a population of 2.5 billion by 2050, making this sector both essential and vulnerable.

The traditional farming industry is water intensive, uses chemical fertilisers that impact the environment, creates climate change emissions, and dovetails with food waste, which is a sector-wide open to improved ways of working.

Now is the year to embrace technology as a tool to address sustainability and boost profitability with the Internet of Things precision methods that monitor soil health, electronic tags for livestock and food-to-fork supply platforms. Alternative solutions that are accessible to all and better for the planet include regenerative agriculture that shifts from an extractive, linear production to healthy cycles of regeneration. It is based on low input needs prioritising crop rotation, low tillage, and organic fertilisers which together enhance drought resilience.

The coming year offers both an alarming set of challenges and an exciting array of business opportunities – and for many, the need to care both for the planet and the people is not negotiable. By using the agility we learnt in Covid-19 and collaborating with the right partners we can rapidly create profitable businesses that deliver a planet-friendly future.

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