

#DAY53LOCKDOWNSA

Entrepreneurs in lockdown: Unlock their value in a new talent economy

by

Marius Meyer

Entrepreneurs are the backbone of a thriving society, and unfortunately also the greatest victims when economic activity is shut down. During these times of lockdown it is interesting to see how many entrepreneurs simply don't want to give up. Many of them continue to think of new ideas to generate income such as producing masks, inventing new e-commerce solutions or simply to produce new products or services. Others forced into lockdown given the nature of their products or services, continue with philanthropic work to keep themselves busy and to contribute to society.

It is now more than 40 years since top management guru Peter Drucker argued for a shift toward an entrepreneurial society. Drucker challenged executives to make innovation and entrepreneurship a "normal, ongoing everyday activity." As Julian Birkinshaw, a professor in strategy and entrepreneurship at London Business School asserts in the online publication SA Business Index, this type of thinking on entrepreneurship requires a fundamental change in mind-set. Given national lockdowns all over the world, these "normal, ongoing everyday activity" Drucker spoke about has been shut down with devastating effects for the entrepreneurs, their staff, the economy and society at large.

Sadly, and to our detriment here in South Africa, it is clear that we have a long way to go before this paradigm shift occurs in our country. In fact, many entrepreneurs and their staff were the first victims of the lockdown, while entrepreneurship was not actively encouraged in the country before the lockdown. Universities and colleges prepare students to become managers and professionals working for big corporations. At best some universities in their economics and management faculties have a small sub-section called entrepreneurship intended to prepare entrepreneurs for the future while the rest of faculty is seen as the mainstream academics preparing students to enter big business. When they do enter big business, they are confronted with the reality of retrenchment and down-sizing, a situation that is even more prevalent in this period of lockdown. It is already a fact that entrepreneurial activity in South Africa is less developed than in other countries. And with 30% unemployment South Africa is not in a position to afford poor entrepreneurial activity.

It is clear that leading competitive nations world-wide flourish on entrepreneurship. Top countries have realised that if you want your economy to be successful, you need thriving entrepreneurs. It is therefore not surprising that some of the world's top global companies come from the most competitive nations such as the United States of America. Just look at the phenomenal success of companies like Facebook, Google, Microsoft and others to see the success of a country driving

economic success on entrepreneurship. Closer to home, Rwanda is now the leading nation in Africa in terms of opening opportunities for entrepreneurs. Almost all barriers to opening a business have now been removed and it is possible to open a business 24 hours a day in Rwanda. That is real commitment to supporting entrepreneurs to start up and become successful in the shortest possible time.

Admittedly, luck also plays a role. If you are in the hand sanitising business for a long time, surely it was not because of your vision that you would do so well today, it is simply luck that the Covid-19 crisis creates a high demand for your product. Other entrepreneurs have moved away from producing their normal products and ventured into areas where the needs are. However, this is only part of a short-term survival strategy to generate some income to pay the bills.

Entrepreneurial and intrapreneurial talent is the new currency in the modern business environment. In fact, we missed the opportunity of making the transition from knowledge economies to talent economies. A talent economy is one in which talent drives economic activity like we have seen in the Silicon Valley. In South Africa, Cape Town has evolved into a talent hub driving information technology, tourism, retail, insurance, call centres and other talent focus areas as the centre of economic activity. In Johannesburg, Sandton has been such a talent hub, and in recent times, Rosebank in Johannesburg and Pretoria East have overnight established themselves as talent hubs being driven by the best qualified talent making things happen in these talent centres.

It is a sad reality that companies are punished during the lockdown for their lack of talent management before the lockdown. If you maintained a big proportion of employees who simply sit at home while they are unable and unskilled to deliver any work from home for your company, you are responsible for your own demise as an employer. You are paying the salary of an employee not adding any value to your business. In some companies this would be the majority of your staff compliment, and if the relief funds are not adequate for you to survive, you will be faced with the inevitable reality of retrenchment. Put differently: Your employees have become the victims of your lack of talent development and management prior to the lockdown, and you cannot blame the lockdown for this omission. It is during this time of crisis that companies should also learn the hard lesson of the need to employ more intrapreneurs, i.e. people who can generate ideas and use business entrepreneurship to generate money for the business. For instance, progressive universities have created specialised income-generation units to harness entrepreneurship and innovation capabilities within academic institutions.

However, entrepreneurship and talent economies do not happen automatically. They need an environment conducive to experimentation, creativity, innovation and growth. Ideas can only be converted to sustainable businesses if the environment is supportive and enabling of such initiatives and if leaders actively encourage such initiatives. The following actions can play a significant role in driving entrepreneurial talent:

- Teach children at a young age about entrepreneurship and business opportunities;
- Create opportunities and competitions for business ideas to be recognised and supported;
- Make entrepreneurship an active and visible part of school and university curriculums;
- Build strong funding opportunities for entrepreneurs to support the start-up phase of their businesses;
- Conduct research to support good practice in entrepreneurship;

- Create specialised entrepreneurship hubs, and refocus their work to sustain themselves in periods of economic decline;
- Use the reduced period of business activity to train entrepreneurs in the skills they need to be successful entrepreneurs;
- Train entrepreneurs in hygiene to prevent their businesses from being closed down;
- Create a visible pool of intrapreneurs and innovators in organisations and set them up for success.

In essence, we need to elevate talented individuals and drivers of business and entrepreneurial activity in South Africa. While entrepreneurship and economic activity has been suppressed over the past seven weeks due to the Covid-19 crisis, we must remind ourselves that the coronavirus and junk status arrived at the same time. As a country, we will need increased entrepreneurial activity to turn the economy around. Moreover, we cannot afford the high failure rate of new businesses and therefore need to expend all effort in setting these businesses up for success.

Since the beginning of April, all our focus has been on dealing with the short-term crisis and risk of the Covid-19 crisis. Business activity has been significantly reduced and health responses prioritised. Unfortunately the cost to the economy and the social crisis it created was a heavy price to pay. We now need to think even more innovatively on how to curb the spread of the Covid-19 virus, while allowing businesses to operate in safe and hygienic environments.

Over the medium term, we will need a massive national programme on entrepreneurship, not only to sustain and grow current entrepreneurs, but also to create new start-ups and to make them successful. Furthermore, neglected and unrealised opportunities such as artificial intelligence, blockchain and e-commerce, e-health and digital business need to be prioritised and driven at a national level to stimulate economic activity and growth. If we succeed in the quest for entrepreneurship, business will be able to grow and we will empower ourselves to drive talent economies with talented entrepreneurs at the centre of a dynamic business environment. Once a true talent economy is established in a relaxed lockdown environment, more entrepreneurs will be attracted to the new talent economy and we will begin to see business success being replicated in different parts of the country and continent. But to make this work, we need to put entrepreneurs at the centre of talent economies and drive business activity around them. Thus, we need to leapfrog ahead and this requires a fundamental paradigm shift in moving away from the industrial economy (2IR), to the knowledge economy (3IR) to the 4IR talent economy. Let us all be change agents and catalysts for driving the new talent economy as we make the transition from lockdown level 4 to 3 over the next two weeks.

Marius Meyer lectures in Strategic HR Management at Stellenbosch University and is Chairperson of the SA Board for People Practices (SABPP). For more information on the Coronavirus, visit www.sacoronavirus.co.za