5 lessons from a seasoned entrepreneur and mentor

Mentorship could be the game-changer South African entrepreneurs need, especially as 70% of mentored businesses experience a five-year increase in survival rate. Sam Clarke, CEO of Skynamo, says entrepreneurs are needed now more than ever since they see opportunities, capitalise on these, and, in doing so, create the businesses of the future. But they urgently need support if they are to succeed.

Sam Clarke, CEO of Skynamo | image supplied

He explains that not only do entrepreneurs create jobs, but they also boost economic growth through the development of innovative technologies, products, and services.

“Where would South Africa be without the entrepreneurs behind the likes of Yoco, Sweep South and GetSmarter which have revolutionised the way we work, clean, pay and learn?

“While each of these businesses is vastly different, they all have one thing in common: the entrepreneurs behind them had mentors and, today, they mentor others,” he says. “It is now more important than ever for today’s entrepreneurs to receive mentorship to help them navigate the current challenging environment.”

Clarke himself has founded two businesses thus far, with plans to launch more in future. He shares that he started tapping into the entrepreneurial spirit at a young age and could always be found building and selling products to his peers. After completing his studies in engineering, he started his first job for a company, as this was expected of him.

The desire to start his own business, however, was reignited whilst pursuing his Master of Business Administration postgraduate degree. This led him to start his first business, Magus, which helps engineers accelerate the antenna design and modelling process. Five years later, armed with a desire to make a difference to underserved businesses using technology, he launched Skynamo.

Over the course of his 14-year long entrepreneurial career, Clarke has learnt a number of lessons which he shares with the emerging entrepreneurs he mentors, and reveals his top five below:

1. Revenue, revenue, revenue

The entrepreneurial community often references funding as a measure of success. But, in reality, the true measure of a business' success is revenue. Funding may be necessary and it is a sure sign that someone thinks there is a strong chance of future success, but in itself, it's not the true benchmark.

2. Keeping a finger on unit economics

Understanding the costs and revenue of each and every deal helps a business to understand how much each deal contributes to R&D and overheads. Once a business comprehends its unit economics, it can show that, at a given scale, it will be profitable, even if it isn't profitable today. Investors need to understand at what point the business will go from needing further funding to being profitable. This conversation starts with solid unit economics.

3. Hire the right people

Hiring the wrong person can be a costly exercise, especially with the small-, medium-, and micro-enterprise sector accounting for 75% of jobs lost in the overall economy. Take the time to hire and onboard new employees and ensure that a lot of time is spent with them, so they understand the business and its objectives.

4. Focus on a small beachhead

This is a market segment in which a business gains a dominant market share as well as the strength to attack adjacent markets with different opportunities. The temptation amongst entrepreneurs is for their product to have broad appeal initially so that they can build a big business overnight. Rather, they should start small and become the leader in a particular market before expanding into others. The earlier they can determine who their ideal customer is and zoom in on them, the cheaper it will be to build the business.

5. Be coachable

Seasoned entrepreneurs are generally eager to share the wealth of experience they have accumulated, so budding entrepreneurs should join and take advantage of entrepreneurial networks. One way of doing so would be to plug into the network of other entrepreneurs supported by their funders.