

The impact of partnerships and collaborations for small businesses

By [Khathutshelo Mufamadi](#)

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'If you want to go fast, go alone. If you want to go far, go together,' so says the African proverb. This is true of any journey, and more so the entrepreneurship journey.



Khathutshelo Mufamadi

Research shows that about 90% of business startups fail in their first year, under 50% make it to their fifth year, and only 33% make it to the 10-year mark, for a number of reasons including a lack of financial support, skills and resources.

I stand by my position in saying, collaboration presents one of the most plausible solutions to driving and improving the sustainability of small businesses. This helps to ensure these entities stand the test of time, through skills transfer and exposure to markets presented by collaborative partnerships, which can increase purchasing power and grow business revenues.

Our local company, Droppa, an on-demand courier and fleet hire e-hailing app recently partnered with SkyNet Worldwide Express in South Africa to explore opportunities to expand market reach and grow the business. I thought to reflect on some influences that led to our decision to collaborate, especially given that statistics show that small businesses fail within the first five years.

Joint ventures, partnerships and collaborations

I am of the view that when small businesses accept that we exist within an ecosystem, which extends far beyond our localities, only then can they begin to think broadly about growing sustainably to become entities that can significantly contribute towards the GDP of the country. These opportunities lie in joint ventures, partnerships and collaborations, and in some instances mergers and acquisitions.

It is critical for small businesses to engage in partnerships and collaborations. This will allow them to maintain their authenticity while continuing to grow with the support of big corporates.

Like any other entrepreneur, the decision for us to partner was not an easy one, but we realised that if we were to grow and survive in this industry we had to take a big leap towards exploring this, and do it with a deliberate intention to realise the possibilities of the partnership and not the limitations.

However, when our relationship with SkyNet South Africa started, we did not envisage that it would be concluded in the middle of a pandemic or the impact it would have on our business. But fortunately for us, demand increased with more people shopping online.

While the Covid-19 pandemic has had a devastating impact on the livelihoods of individuals and businesses across the world, it has presented opportunities for others.

In fact, a study by Nielsen on the impact of Covid-19 on the FMCG and retail sectors in South Africa found that 68% of consumers reduced their frequency of visits to brick and mortar supermarkets, while 37% increased their online shopping activity. This in turn led to increased deliveries, thereby providing opportunities for businesses like ours.

While this has been a precarious time to engage in a new relationship, given the critical stage of our economy, characterised by a shrinking revenues and rising costs and expenses, our thinking was that to attempt to shape the future we must be willing to take the risk.

Presenting a win-win situation

We have learnt some lessons throughout the process, especially as a small business with just four years in the industry. We do not take our partnership lightly, and what each party brings to the table is important and presents win-wins.

SkyNet has a global footprint, with 35 hubs across South Africa and networks across Africa and a presence in over 200 gateway cities globally. The company was established in 1988 and has a 32-year track record. We came in with a disruptive technology offering and a four-year-track record. One of our biggest lessons has been that as entrepreneurs we need to leverage our strengths to establish synergies with more mature industry leaders.

It is also important to identify areas of growth within the partnership and opportunities of mutual benefit.

Droppa does not own bakkies or trucks but, through its daring business model, has registered over 1 000 driver-partners.

A lesson in collaboration and partnerships for small businesses is to take the leap and believe that it will work, and if it doesn't, rather have tried than never known what could have been.

Mutually beneficial

Furthermore, make sure that whatever partnership you enter into presents opportunities of mutual benefit, win-wins for all parties. Do not compromise your business values over a partner, but identify mutual ground and synergies that will strengthen both partners.

There are opportunities for increased quality and quantities through collaborations, as well as increased production to meet a growing market demand. With that comes an increase in revenue and opportunities for more distribution channels and the creation of stronger and trusted brands – because the market wants credible brands.

These partnerships present opportunities for access to markets and more clients, and in turn big corporates can tap into the agility and innovative thinking that a youthful small business can bring to the table.

The trick is to understand your business offering and your strengths and identify a partner that will enable your business to grow, one that will complement your offering without compromising your business; because as the African saying goes, if you want to go fast, go it alone, and if you want to go far, go together.

We are not saying it's going to be smooth sailing all the way, because like any partnership, there will be hiccups, but it's how you fix those that will determine whether the relationship makes it or not.

While there are those who may choose to walk the journey alone, entrepreneurship is not for the faint-hearted, and support structures within the ecosystem are crucial for the development, growth and sustainability of small businesses.

ABOUT THE AUTHOR

Khathutshelo Mufamadi, founder and CEO at Droppa

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