

## THUSO MENTORSHIP PROGRAMME

### INTRODUCTION

Everywhere you go in South Africa, people are setting up their own businesses and entering the Small and Medium sized enterprise environment. However, factors that often inhibit individuals from starting up businesses of their own, or from expanding existing businesses are lack of capital and expertise.

Commercial banks are often reluctant to lend to start-ups because the applicant does not meet the bank's minimum lending criteria or lacks a convincing Business Plan.

This is where Thuso Mentorship can help in bridging the gap between the entrepreneur and the lending institutions. Entrepreneurs may apply for loans up to R5 000 000 from any Commercial Bank.

### WHAT IS KHULA ENTERPRISE FINANCE LTD?

Khula Enterprise Finance Ltd was established by the Department of Trade and Industry as a conduit to help the Small, Medium and Micro Enterprises (SMME) to obtain funding from various retail financial intermediaries (RFIs). Khula, who helps entrepreneurs with guarantees to secure loans, initiated the Thuso Mentorship network in order to help provide entrepreneurs with PRE-LOAN business plans and POST-LOAN support in the form of management and technical expertise.

### WHAT IS MENTORSHIP?

Mentorship is a method for advancement which provides support and training through relationship building. It is about matching a business and mentor with a similar personal and professional interest in a process of support, sharing and learning to help entrepreneurs, who want to start up or successfully run their existing businesses and reach their full potential.

### WHAT "THUSO" DOES:

Thuso through its network of Business Mentors and Business Plan developers, provides Small and Medium sized businesses with the necessary business advice and expertise that will enhance their ability to obtain finance, and sustain credit worthiness, through the linking of financial and non financial service provision.

### WHO QUALIFIES?

1. Existing Khula Credit Guarantee clients;
2. New and qualifying small and medium entrepreneurs (SMEs).

### WHAT IS REQUIRED OF ENTREPRENEURS?

1. A loan application of up to R5 000 000;
2. The desire to start up a business, improve or to expand an existing business;
3. A viable business idea that is translatable into a Business Plan;
4. Skills to run the business – bearing in mind that

- business skills can be provided by mentors;
5. An Empowerment deal looking for finance to execute government contract or seeking finance to acquire share holding;
6. At least 10% own contribution either as cash or assets already invested towards the business;
7. Clear credit record;
8. South African citizenship.

### KHULA OFFERS ENTREPRENEURS THE FOLLOWING TWO SERVICES:

#### Business Plan

- Loans up to R300 000.  
Client contribution = 25% and  
Thuso Mentorship contribution = 75%
- Loans above R300 000, up to R5 million.  
Client contribution = 50% and  
Thuso Mentorship = 50%

#### Mentorship

- Mentorship will be provided initially for 3 months after loan approval at no cost to client. Thereafter mentorship will be provided at client's or bank's request at negotiated fee and terms.

**HOW THUSO WORKS:**

1. Client approaches Khula regional Mentorship office for either a Business Plan or Mentorship assistance.
2. A regional coordinator recommends a mentor after assessment for either a Business Plan or Mentoring request. Khula Institutional Support Service will appoint a mentor.
3. The client, complete with a Business Plan, will then approach a commercial bank for a loan.
4. The bank assesses the Business Plan and an application in terms of its lending criteria.
5. If satisfied the bank will approve the loan.
6. If the risk is not adequately covered, the bank may require a guarantee from Khula Credit Guarantee Limited.
7. If credit guarantee is approved by Khula Credit Guarantee Limited, there is every possibility of the bank approving the loan. However, the decision to grant a loan finally, rests with the bank.
8. Once the loan has been approved, a requirement may be that a mentor be appointed to help the client with the implementation of a Business Plan and loan management.
9. If the business experiences problems, business advice or remedial mentoring may be required to assist the business in providing specific solutions to help it achieve its goals or turn it around.
10. A mentor will be engaged by Khula Institutional Support Service for this particular assignment.

For more information about Thuso Mentorship programmes in your area, please contact:

**KHULA ENTERPRISE FINANCE LTD.**

**Head Office:**

Khula Enterprise Finance Ltd.  
PO Box 4197, Rivonia, 2128  
[www.khula.org.za](http://www.khula.org.za)  
Tel: (011) 807 8464  
Fax: (011) 807-9023 or 807-8477  
Email: [helpline@khula.org.za](mailto:helpline@khula.org.za)  
Tollfree helpline: 0800-118815

**Bloemfontein:**

Tel: (051) 430 0275/3203  
Fax: (051) 430 0949  
Email: [khulabfn@cscope.co.za](mailto:khulabfn@cscope.co.za)

**Cape Town:**

Tel: (021) 686 3130/2  
Fax: (021) 686 3137

**Durban:**

Tel: (031) 301 1916/7  
Fax: (031) 301 1922  
Email: [khula@mweb.co.za](mailto:khula@mweb.co.za)

**East London:**

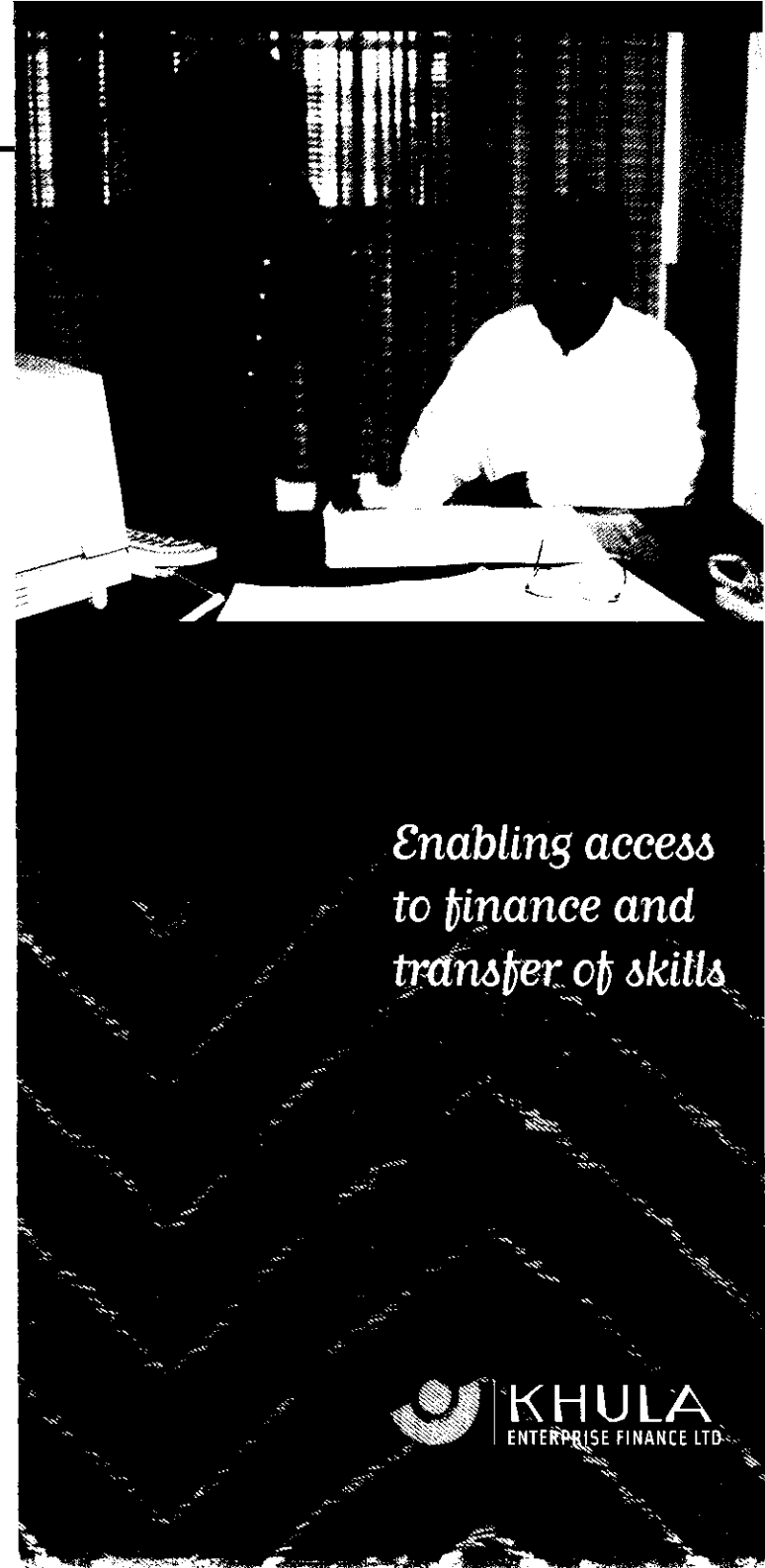
Tel: (043) 721 0437/0442  
Fax: (043) 721 0445  
Email: [zibid@iafrica.com](mailto:zibid@iafrica.com)

**Midrand:**

Tel: (011) 315 0036/7  
Fax: (011) 315 7436  
Email: [khulamid@iafrica.com](mailto:khulamid@iafrica.com)

**Port Elizabeth:**

Tel: (041) 363 2570  
Fax: (041) 363 2570  
Email: [khula\\_pe@epweb.co.za](mailto:khula_pe@epweb.co.za)



*Enabling access  
to finance and  
transfer of skills*