

# Robert Veenstra Entrepreneurship Centre

Quarter Three, 2016

## 1. Introduction

In recent years, Stenden South Africa (SSA) has increasingly become involved not only in development of the computer centre (known as the *Robert Veenstra Entrepreneurship Centre*), but also in other projects that are based within the same building. These projects include the Nemato 4 You Bakery, the E-Hub, the Driving School, the Centre for Women and Child Abuse Victims as well as the Nemato Boxing Gym. Sadly, some of these projects are unable to develop further until the building is renovated to avoid further issues relating to damp and general wear and tear. In figure 1, the basic floorplan of the entire building has been represented.

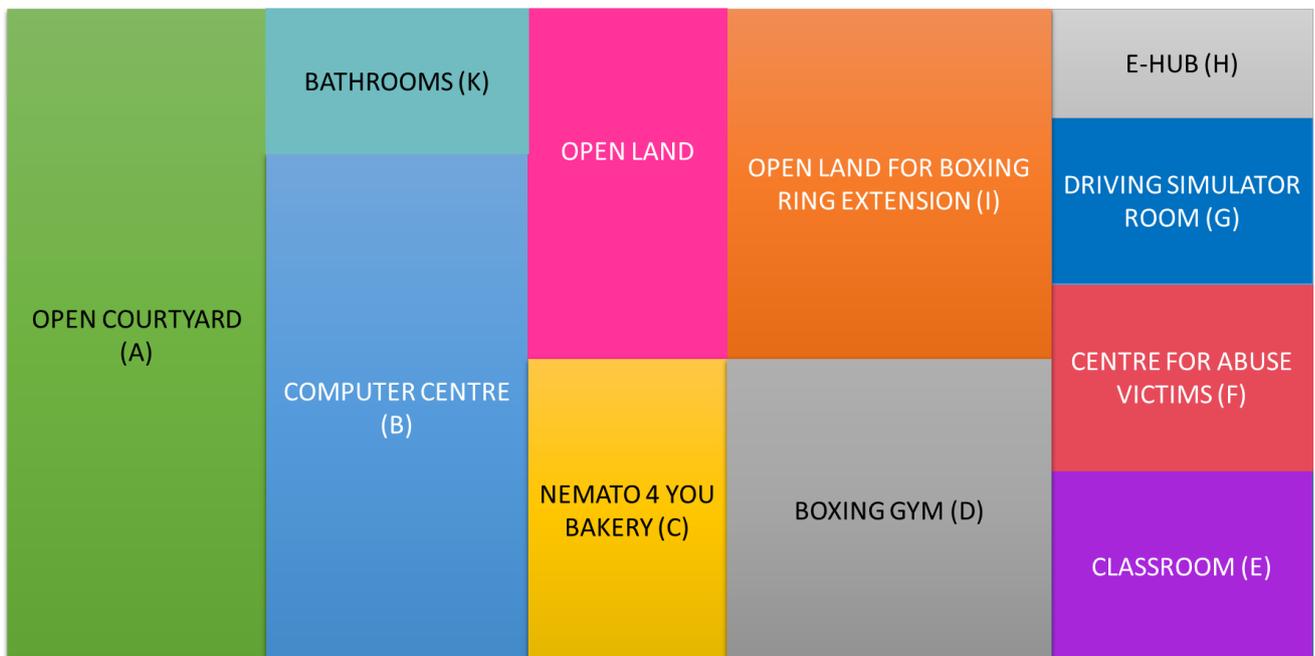


Figure 1: Floorplan – Robert Veenstra Entrepreneurship Centre and Surrounding Projects

## 2. Background

The Robert Veenstra Entrepreneurship Centre was originally established as a Community Centre that by Stenden South Africa under its Community Development Department on 25 June 2010. It was named after Mr Robert Veenstra who served as on the Executive Board of Stenden University of Applied Sciences from 2004 to 2010, the first two years as a member and the last four as the president.

Upon Mr Veenstra's appointment in 2004, one of his first assignments was to assess the continued feasibility of Stenden South Africa as an International Branch Campus of Stenden University. At that point in time the campus had been operating under difficult circumstances and the scenario of closure

was very real. Nevertheless, Mr Veenstra advised and facilitated its continuation and from 2006 onwards the campus grew at a steady rate.

Mr Veenstra's original sentiment is what drives Stenden South Africa today to unleash potential in its surrounding communities. It was therefore very apt that upon learning of Mr Veenstra's departure from Stenden in June 2010 to name our flagship Community Project after him.



Unathi, a volunteer giving instruction during a computer class at the Robert Veenstra Entrepreneurship Centre

The core activities of the Robert Veenstra Entrepreneurship Centre revolve around the offering of entrepreneurship courses and basic computer skills training.

Since the inception of the Entrepreneurship Centre more than 265 learners have been enrolled each year, including teachers, school learners, government institutions, and unemployed people. According to John Mabote, the mission of the Centre is "to provide practical and theoretical computer training to the local community so that they can be empowered to become independent and computer literate". His vision is to "develop local communities by teaching local members to become entrepreneurs".

Over the last 10 years, the Entrepreneurship Centre has expanded to other areas of the building. For example, the Nemato Boxing Club was established by Stenden South Africa under its Community Development department in 2013. Since then, the area has been used for boxing training and as a local gym (established in 2014), but it is in desperate need of renovations. The manager, Mango, is motivated to take this gym to a new level by marginally increasing monthly memberships and offering personal training sessions. In 2016, Mango placed third in an Eastern Cape body building competition and he has recently started weekly fitness classes for Stenden students at the campus in Port Alfred.

In 2014, Stenden South Africa also opened the Dr. Isaac Mabindisa Centre (also connected to the main building). This is a project that allows learners to undergo training for their drivers' licenses so that they can gain employment as drivers. There are eight driving simulators next to the main classroom and since its inception, there have been 20 students per course who have classes from 09:00 until 16:00 two days per week. The learners' classes take three weeks using two hours per day and the

simulator classes take two weeks using two hours per day. The full course takes place over 25 consecutive days. The aim for this Centre is to benefit unemployed local residents by providing them with skills that could enable them to find employment.

Finally, in 2015, a derelict room attached to the end of the building was converted into an Enactus Entrepreneurship Hub (E-Hub). The Stenden Social Entrepreneurship students saw a need for promising local entrepreneurs their own work space as opposed to the limited space at their own homes. Since then, a leather craftsman and an IT specialist have moved into the E-Hub. They now have their own office space in a central location. Stenden South Africa’s Social Entrepreneurship students continue to assist these entrepreneurs with training and business development.

In 2014, the White Door Centre was opened next to the Dr, Isaac Mabandisa Centre to provide counselling and support to rape survivors and abuse victims. The aim of this Centre is also to find safe homes for women and children who have been subjected to domestic violence. This is done with the help of regular grants from the local Social Development department.

After doing a recent analysis of the building, the SSA Social Entrepreneurship students found that the building is in need of major renovations so that the current businesses and projects and operate efficiently and in a more professional environment. In Table 1, an overview of the costs involved in these renovations can be found.

**Table 1 Cost Overview – Proposed Renovations to the Robert Veenstra Entrepreneurship Centre**

<i>DETAILS:</i>	<i>Required:</i>	<i>Total Cost:</i>
<u><b>Materials</b></u>	2 x load of sand 2 x load of stone 100 x Bags of cement/brickforce 200 l Paint 2000 Bricks	R47 000
<u><b>Equipment Rental</b></u>	5 days concrete mixer 2 days compacter 5 days roof cleaner	R4 000
<u><b>Assets/Investments</b></u>		
	1 x colour printer 1 x air-con instillation Ventilation for Bakry Gym apparatus 2 x small baking ovens	R140 000
<u><b>Labour</b></u>		

*Labour costs for entire renovation*

Flat rate: Breakdown to be provided once work is completed and if over-quoted, this will be reduced.	R60 000
<b>Total Renovation Costs</b>	<b>R251 000</b>

### 3. Project Breakdown

#### 3.1. The Robert Veenstra Entrepreneurship Centre – Computer Project (B)

Initially, the Robert Veenstra Entrepreneurship Centre consisted of one large classroom that is still used as a computer training facility. Mr. Mabote is running a successful programme that allows underprivileged learners access to a basic computer skills course at a cost of R550 per participant (between 15 and 30 learners at a time). The course always runs over a period of 2 months. The computer Centre also receives income from internet users (R6 per 15 minutes) and photocopies. This income goes towards Mr. Mabote’s salary, which is partly covered by Stenden South Africa. Over the last year, Mr. Mabote has also started to run free training sessions for local school children who are also allowed free internet access during their visits.

At the beginning of 2016, Rotary Port Alfred donated some upgraded computers to the value of R30 000, but the concern is that the building has been deteriorating over the past five years and there is a continuous damp problem that will potentially affect the computers and cables that are connected to the exterior-facing wall. In order to solve this problem, renovations would need to be done to the exterior of that section of the building. For now, the new computers have been installed in a classroom-style setup so that they are no longer close to an external wall. This will help in preventing damage to the cables (see figure 1).



Figure 1: New setup

These renovations would include the implementation of a drainage system that allows rainwater to flow from the roof, away from the wall so that the damp in the wall plaster is alleviated. Once this has been installed, the walls can then be plastered in the affected areas and the environment will subsequently be safe for computer cables. The Centre is also running off an internet line that was established in 2010 and this has become extremely slow, causing dissatisfaction for users. This is a concern that needs to be attended to before they lose local users.

Furthermore, an air-conditioning unit will need to be installed for summer months to avoid the overheating of computers. According to John Mabote, this has been a frequent problem in the months of November, December, January and February. The full cost breakdown of the renovations that need to be done to the entire exterior and interior of the building (including all projects) can be found in Table 1.

Essentially, this renovation would develop the entire building (not only the computer classroom) so that it can become a hub of entrepreneurial activities for the local community in Nemato. SSA would still like to extend the name of the current computer centre (*Robert Veenstra Entrepreneurship Centre*) to the broader building and relevant projects.

### 3.2. The Nemato 4 You Bakery (C)

The Nemato 4 You Bakery has been operating for more than eight years, but they are constantly experiencing difficulties with second-hand equipment and changing of cooperative members. Finally, over the last two years, SSA management, together with their Social Entrepreneurship students, seems to have gathered a dedicated group of two cooperative members who are more reliable. Stenden recently invested further capital into the interior of the building by retiling the floors in 2015. The initial investments, eight years ago, were in the form of contributions from Social Development and Rotary Port Alfred.

In 2015, the bakery opened a separate department for confectionaries and in the last two weeks has started to sell basic meals such as 'vetkoek and mince'. The oven that is being used for this department is old and difficult to regulate in terms of temperatures. This is problematic for cake-baking.

The reason for the expansion in product range relates to the poor profit margins on bread sales in the township (i.e. R1 per loaf). The food cost per loaf of bread is well over 50% due to South Africa's rising inflation rate. The new bakery products will include popular local meals and confectionaries. These recipes will be standardized and marked up to ensure reasonable profit margins.

In order to increase productivity and gain a Health and Safety certificate, the bakery still faces challenges in terms of the following:

- They are in need of a new cake oven
- They are short of basic cooking equipment (pots, pans and a microwave)
- They have not been able to afford the necessary apparel to work in the kitchen (e.g. non-slip shoes and chef's jackets)
- A ventilation system is still required before they can receive a Health and Safety certificate. The quote for this system alone was R40 000.

Furthermore, the exterior of the building (figure 2) is looking run-down and uninviting to potential customers. These potential renovation costs have also been incorporated into Table 1.

Currently, the financial overview for the bakery is as follows (Table 2):

*Table 2: Cost Overview of the Nemato 4 You Bakery (Per Month)*

Item	Unit Price	Number of Units	Total Amount per week (6-day week)	Total Amount per month
<b>Income</b>				
White bread	R8.00	35	R1 680	R6 720
Brown Bread	R7.50	35	R1 575	R6 300
Cake Sales	R200 (ave.)	5	R1 000	R4 000
<b>Total Sales</b>			<b>R4 255</b>	<b>R17 020</b>
<b>Expenses</b>				
White bread	R7.00	35	R1 470	R5 900
Brown Bread	R6.50	35	R1 155	R5 500
Cake mix			R625	R2 500
Casual Wages			R300	R1 200
Electricity			R1 500	R6 000
Monthly stipends	R1000	5		R5 000
<b>Total Expenses</b>				<b>(R26 100)</b>
Net Loss				(R9 080)

SSA is currently covering the loss that is incurred by the bakery. Sometimes this loss is greater, but this is an average estimate for 2016 based on their sales to date. In order to break even and cover their own expenses as well as their stipends, the quantity that needs to be sold can be calculated as follows (assuming that an equal number of white and brown loaves are sold):

$$\text{BE Quantity} = \text{Fixed Costs} / (\text{Selling Price} - \text{Cost Price})$$

BE Quantity =  $12\,200 / (7.75 - 6.75)$   
= 12 200 loaves per month  
= +/- 485 loaves per day

However, if the cake sales amount to R4 000 per month, this is the equivalent to 21 loaves per day. Therefore, the final break even in loaves is 464.

Therefore, the bakery needs to be selling a **more than 400** loaves extra per day in order to break even. Further cake sales and meal sales could also reduce this number. With an approved Health and safety certificate as well as a new cake oven and cooking equipment, this should be possible as the bakery could also then sell bread to the local air school, the local TB hospital and the local soup kitchen (If Stenden manages to get their grant for 'Hunger Solutions').



Figure 2: Nemato 4 You Bakery

### 3.3. Boxing Gym (D,I)

There is a boxing gym next to the bakery that is used for personal fitness and boxing training. However, the interior of the building does not have the full capacity for an actual boxing ring. The renovation costs in Table 1 include the extension of this building to incorporate the boxing ring (figure 4). The gym is also in need of new equipment and weights as the current equipment is more than 15 years old and becoming extremely difficult to maintain. The new equipment has also been included in the cost overview. The exterior of the gym is in desperate need of improvement (figure 3).

The potential benefits that could result from this renovation are as follows:

- Increased membership
- Create an income for the current gym manager (currently he only receives R50 monthly membership per person, but there are only +- 20 members)
- Increased number of people who are interested in fitness and sport rather than violence and drinking
- Entertainment for the local community

In the last six weeks, our Social Entrepreneurship students have been assisting with this project to improve membership, brand recognition and business management for the gym. By assisting Mango with weekly fitness classes at Stenden, these students have helped him to find another income generator that could assist with simple improvement costs. Table 1 also includes the cost of turning the extra space at the back of the building (figure 4) into a boxing ring.



Figure 3: Boxing gym



Figure 4: External Space for Boxing Ring

### 3.4. Driving school and Centre for Abuse Victims (E,F,G)

These two projects are funded by Social Development in the Eastern Cape and are currently managed efficiently by employed staff. The Hope Centre allows abused women and children to seek guidance and counselling, while the drive school allows local residents an opportunity to do their code 10 drivers' licences so that they can become employable as drivers.

### 3.5. Classroom (E)

There is a classroom next to the boxing gym (figure 5) that is used for driving lessons on Tuesdays on Thursdays. This room is in need of basic renovation and painting so that SSA can use it for guest speakers and extra entrepreneurial classes during the rest of the week. On Sundays, it is also hired out by the local church at a minimal fee of R200. The Social Entrepreneurship coordinator would like to start a programme in which Local business owners and interesting motivational speakers can come and offer basic training sessions to people who would like to learn more about business start-ups and business management. People will be required to pay a small entrance fee per session of R5/R10 in order to cover any minimal expenses relating to the maintenance of that classroom and the payment to the speakers.

SSA's Social Entrepreneurship students and Enactus students will also use this space for skills development and educational workshops (e.g. personal development skills, waitering/bartending skills, basic bookkeeping, writing a business plan). This classroom will be coordinated as a non-profit organization (like the driving school and abuse centre). This programme is still in its early phases and the current Entrepreneurship students are piloting some classes in basic bookkeeping.



Figure 5: Classroom

### 3.6. E-Hub (H)

In 2015, the SSA Enactus students emptied out a derelict room that is next to the driving simulation room, on the far corner of the building (Figure 6). They painted the inside of the room and created a basic work space for three of Nemato's local entrepreneurs who were showing great potential in terms of business growth. The purpose of this room is to provide a work space for local entrepreneurs who are currently working from home, but would prefer to have a separate work area. As this is a central building, this space provides them with good access to potential customers and even colleagues.

The three entrepreneurs are as follows:

- Qhawe Industries (a small IT solutions company)
- ILAC (a leather crafts business)

These entrepreneurs have unfortunately experienced major challenges with this space because of rainfall and further damp issues. As a result, the electricity has been intermittent and the SSA maintenance team no longer has the time to go up and fix something every time it rains. Therefore, some basic renovation costs for this building have also been incorporated into Table 1 so that the drainage system can also cover this room to avoid future damp-related problems. In order to cover basic electricity and water costs, the tenants will be required to pay a minimal monthly rental of R150 each. This will only start in the beginning of 2017 once the building has been fully renovated. The Enactus students have raised funds to improve the interior of the building with tiles and a better roof.



Figure 6: Students renovating the E-Hub in 2015

### 3.7. Sports Field

At the end of the building, next to the computer centre, there is an open courtyard that is the size of a tennis court (figure 7). To date, this space has not been used for anything constructive due to its poor state. The renovation costs in Table 1 also include the basic construction of a tennis court that can also be used for other sports such as volleyball. This also includes a small changing room where the current toilets are (figure 8). If this is implemented, the idea is for SSA community students to organise extramural sports lessons for children in the surrounding areas so that they can develop their tennis/volleyball skills rather than spending time on the streets.



*Figure 7: Sports Court*



*Figure 8: Ablutions*

## 4. Conclusion

This centre has great potential to become self-sufficient and even more beneficial for the local entrepreneurs in the Nemato township of Port Alfred. The renovations discussed in this document are costly and currently Stenden SA cannot afford to undergo such a large project. However, it is hoped that in future, we will be able to raise said funds and improve the quality of the building so that it will be possible for various projects to operate efficiently and successfully within the area. The renovation would also instil pride amongst the current tenants who are experiencing a lack of motivation due to the poor condition of the current building (refer to Table 1 for more pictures of the exterior of the building). In future, another renovation that could add substantial value to the building, would be the instillation of solar panels. Currently, the building represents two of the 'three P's': People and Profit. However, another long-term goal for the centre is to represent the third P, Planet.

However, on the positive side, the Robert Veenstra Entrepreneurship Centre has become a familiar name amongst Nemato, Port Alfred and Station Hill residents. This is because of the continuous efforts made by Mr. Mabote, SSA's Community Development department and SSA's social entrepreneurship students. From now on, a quarterly report will be submitted to Robert Veenstra and Stenden

International so that all parties can continue to look at ways in which the Centre can be developed and improved.

Appendix 1

