

Flying High

“I remember waiting for days at the airport for the plane to arrive, panicking that after paying so much money the plane may not show up.”

Sibongile Sambo was meant to fly. “I grew up near an Air Force base and always had a love of planes,” she says, remembering a childhood spent waving to jets at South Africa’s Hoedspruit base.

After a successful seven-year career in Human Resources with two large corporations, Sibongile seized the opportunity presented by the passage of the South Africa’s Black Economic Empowerment Act in 2003 to start her own business. The Act promotes affirmative action for previously disadvantaged groups, including targets for government procurement opportunities. In 2004 Sibongile founded SRS Aviation Ltd, the first 100% black female owned aviation company in South Africa.

Success was swift, but so were the challenges that followed. Many of the clients in her business continued to prefer working with her white, male employees rather than with Sibongile herself. Most importantly, access to finance has proved incredibly difficult for a young woman running a capital intensive business. Rising oil

prices since 2005 have made it even more difficult to maintain competitive prices.

Sibongile is not alone. Since the end of apartheid the South African government has promoted affirmative action on the basis of both race and gender. However, access to credit remains especially difficult for black women: only 38% are banked, compared to 44% of black men, 91% of white women, and 94% of white men. Black women reflect a home loan usage of only 2%, compared to a rate of 26% for white women. This affects the ability to access bank finance.

Sibongile has soldiered on and in 2006 SRS Aviation was named South Africa’s “Top Emerging Gender Empowered Company.” The track record to date includes brokering seven planes, with annual revenues nearing \$5 million.

Sibongile would like to see the South African Financial Sector Charter revised to include financing outreach on the basis of gender as well as race. She suggests banks could pay more attention to training loan staff in better understanding the challenges of women in business.



Sibongile Sambo

COMPANY PROFILE

Business Name: SRS Aviation Ltd.

Business Type: Aviation Services

Annual Turnover: US\$5m

Employee Number: 9

Business Reach: Global

SOUTH AFRICA

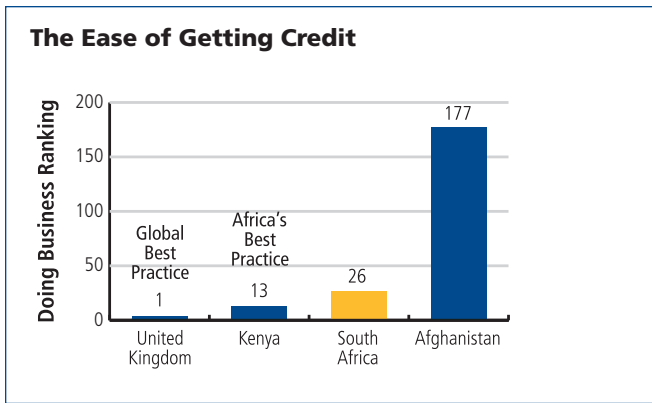
Population 47.4 million

GNI per capita \$5390

DB global ranking 35/178

Doing Business getting credit ranking 26/178





Source: *Doing Business 2008*.

Starting out


One of five children born to a mother who struggled to support her family during the years of apartheid, Sibongile was sent to live with her aunt when only a young child. Her name, Sibongile, means “we are thankful.”

As a child playing not far from the neighboring Air Force base, airplanes occupied Sibongile’s imagination. “I didn’t have any nice toys so we were always out in the streets. We used to stop everything we were doing when an aircraft flew by so we could wave,” she says. “I knew one day I would be flying too.”

In 1986 when Sibongile’s father died, things became even more difficult for her mother, who worked as a nurse. Together her mother and her aunt supported the eight children the two widows had between them. Their efforts further pushed Sibongile to work hard, dream big and

WOMEN IN SOUTH AFRICA

- Female literacy rate 80.9%
- Percent women in formal labor force 38%
- Seats in parliament 32.8%
- Gender Equity Index Ranking 42/154



excel in school. “I felt I owed the entire family because the sacrifices made for me were so big,” Sibongile says. “I could see my mom and my aunt really wanted me to succeed.”

After finishing high school, Sibongile worked her way through night study at university to graduate with a bachelor of administration degree in industrial psychology and political science from the University of Zululand. Too petite for flight attendant jobs with South Africa Airways, Sibongile pursued human resources roles, and worked for Teledcom SA and the diamond firm DeBeers.

Sibongile realized how lucky she was to have a formal sector job. While black women have a higher rate of participation in economic activity than white women (73% vs 59%) in South Africa, they are only 14% of the formally employed in South Africa. Unemployment rates for black women are over 40%, compared to 21% for black men and 5% for white women.

While working at DeBeers, Sibongile’s passion for aviation was sparked again. “Being at DeBeers and having access to their private jets actually gave me the boost to go ahead,” Sibongile says. She spent her spare time attending airshows and researching aviation-related business plans.

Finally, in 2003 Sibongile left the security of a corporate job to pursue her entrepreneurial dream. She recalls “People thought I was crazy. They said, ‘How could you think about aviation where there are not a lot of women, let alone people of color?’”

Yet Sibongile spotted opportunity where others saw obstacles. Before resigning her post, she had already submitted a tender for her first government contract, spurred on by the enactment of the Black Economic Empowerment Act. The

legislation is designed to promote economic transformation by enabling “meaningful participation of black people in the economy,” including “increasing the extent to which black women own and manage existing and new enterprises.”

The measure made the difference in convincing Sibongile to take the risk of going out on her own. “The empowerment act played a vital role for me because it is a policy that is enabling people of previously disadvantaged backgrounds to participate in South Africa’s economic activity,” she says. Under the new act, a firm owned by previously disadvantaged groups such as women receives preferential points when tendering for contracts.

“That gave me an edge,” she says of the legislation. “I said, ‘Let me take advantage of this policy and let me be the entrepreneur I have always wanted to be.’”

Going for growth: obstacles and opportunities

Sibongile approached a number of existing aviation companies for support and partnership. “Those doors never opened until one day I took a government tender with me to one of the companies and asked to form a joint venture with

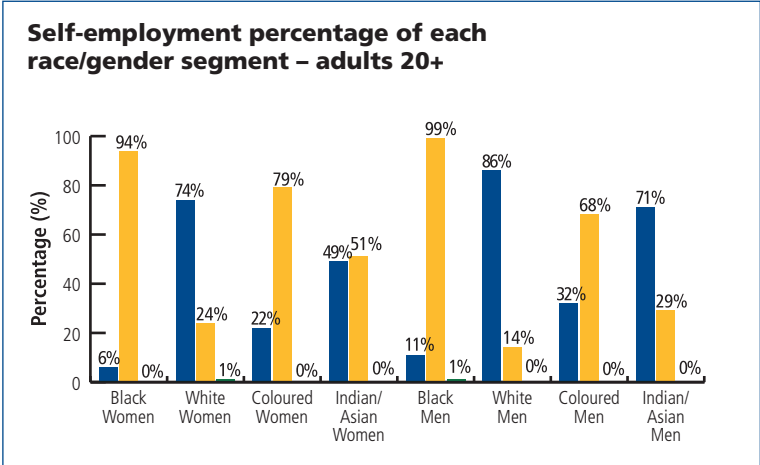
Only 6% of the more than one million black women in South Africa who are self-employed operate in the formal sector.

them for the aircraft charter business. They agreed!” The plan incorporated skills transfer over a 2 year period while my company’s responsibilities were administration and client management.

Sibongile was able to benefit from government training programs, too, like Umsobomvu, which assigned a consultant to help her with her business plan.

Sibongile notes “Historically, women in South Africa, particularly black women, have not been afforded the opportunities of starting and running their own enterprises and making a full contribution to our economy. At SRS Aviation we are taking advantage of the new political freedom to create economic freedom. It is an opportunity that my mother and aunt did not have. But I do, and intend to grab it.”

Sibongile sums up her main obstacles to business growth as “being young and female in the aviation industry, accessing business opportunities,



Source: Labor Force Survey 2005.

accessing aircraft, attracting and retaining key talent, and most of all access to finance.

Though government contracts came quickly, the start of SRS was anything but easy. Only days before her first scheduled flight, her joint venture partner pulled out, leaving Sibongile scrambling for the funds needed to secure a plane and purchase fuel. “We had to lease the aircraft from Russia and we needed 800,000R and to bring the plane, 300,000R to fuel it, as well as funds to pay for landing permits and so on. We learnt how to run the operation the hard way, very fast. In track and field this is called a running start. I call it a flying start.”

We took the government tender to the bankers and showed them our order,” says Sibongile. “We were told to forget it” she says, “because the amount of money requested was too large and the collateral posted was too small.”

After being turned down by banks, Sibongile ended up using her family and friends’ savings, along with her mother and her aunt’s retirement funds, to finance that first deal. “I remember waiting for days at the airport for the plane to arrive, panicking that after paying so much money and risking people’s lifelong savings the plane may not arrive.” All went well in the end,

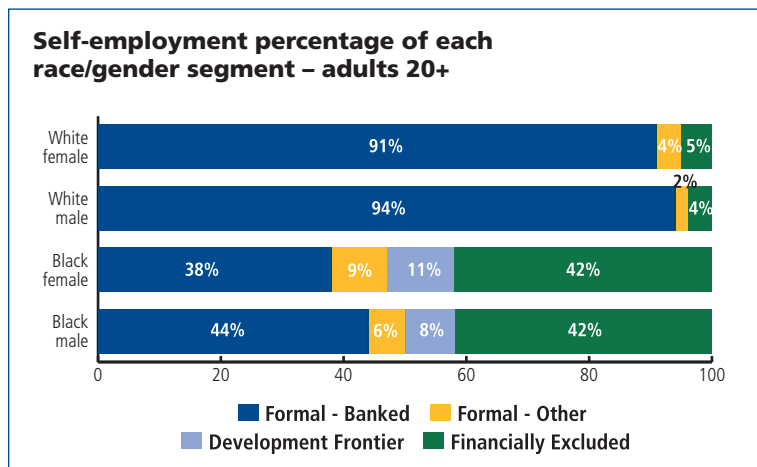
and that first flight was the start of many more contracts as the business gained momentum funded entirely by reinvested profits.

Other women entrepreneurs in South Africa are less fortunate. A comprehensive household survey undertaken by South African company FinScope in 2005 revealed that overall 55% of South African adults have access to financial products, while 37% have none at all. The remaining 8% lie in what is termed the “development frontier,” serviced by informal products such as savings clubs, burial societies and other informal sources of credit. Black women are both the least likely to be formally banked and, along with black men, the most likely to be financially excluded.

In 2005, SRS Aviation Ltd.’s first full year of business, the firm generated revenues of \$5 million, with three-quarters of the business coming from the government. “We make sure we keep revenues coming in as much as we can in the company and keep our overhead low,” says Sibongile, but with competition growing and margins already hovering around 10 percent or even lower, she sees little room for improvement. Sibongile employs 9 fulltime staff and 10 part time pilots.

“If we get a \$1 million order and need to commission flights within 2-to-3 days, we can’t find someone to help us with that money,” Sibongile says. “Some flights we have to forfeit to our competitors. We can get the work — the work is not the problem — but getting the work without the financing is a challenge.”

Yet even as her business endures growing pains, Sibongile remains excited about its prospects. “I see this baby is going to grow so much and it is just in the teething stage,” she says of her fledgling business.



Source: FinScope™ 2005.
(Note: In this chart, Black denotes black African only)

From being purely a broker, SRS Aviation now holds government licenses in helicopter operations and air transport for both small and large aircraft.

In 2006, Sibongile's efforts were recognized internationally when she was a winner at the Black Women in Business Awards held annually in the United Kingdom. In 2007, Sibongile was among a small group of businesswomen selected for the prestigious FORTUNE mentoring program for women in the United States. This experience not only provided valuable business training, but also helped her to develop a relationship with the Women of Color in Aviation and Aerospace group in the United States. "Sharing our experiences and helping push each other on makes such a big difference in those difficult days," she says. Now she is part of a team establishing the South African chapter of Women in Aviation International to encourage other women to enter the industry.

Beyond her own industry, Sibongile is a keen advocate for other women in business, bringing this perspective to her role as a member of the National Small Business Council that advises the Minister of Trade and Industry. Among her recommendations: make the process of exporting easier and with fewer administrative burdens, so more shipments are sent out of South Africa. This benefits the producers, but also the logistics companies, the port operators and air cargo operators like SRS aviation. "Few economies have grown without robust exports. A lot more can be done in my country so it becomes an exporting giant." Indeed, South Africa ranks 134 of 178 economies in Doing Business 2008 on the ease of trading across borders.

Next steps

Sibongile is studying for a Masters degree in aviation management and her goal is to take her

BUSINESS CHALLENGE: GETTING CREDIT

OPPORTUNITIES FOR REFORM

Access to credit remains a particular challenge for black women in South Africa. They are the least likely group to have access to financial products and services at only 38 percent.

- South Africa's Financial Sector Charter should be reformed to include targets in outreach to clients on the basis of both race and gender. At present such targets are included only for employment in financial institutions
- Financial institutions could pay more attention to understanding the opportunities in emerging markets and train loan staff to understand the challenges of women in business.

company Africa wide. South Africa is the transport hub for many goods coming into Africa or being exported to Asia or the Americas. SRS Aviation can also take part in international contracts for supplying food and other products to emergency areas across southern Africa.

Each week Sibongile receives calls from aspiring entrepreneurs who have seen her story and found inspiration in the accomplishments of someone who is like them. Men as well as women. "More than anything, our key success is indirect, because it has given so many people hope that it is possible," she says. "The opportunities the empowerment act provides, determination, education and sheer hard work have taken us to where we are – flying high!"

Footnotes and sources

1. Naidoo, Sharda, and Hilton, Anne. 2006. "Access to finance for women entrepreneurs in South Africa." World Bank, Washington, DC.
 2. *ibid*
 3. Labor Force Survey 2005
 4. FinScope Survey of Financial Services Usage in South Africa 2005
- Population: World Development Indicators, 2007
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Female literacy rate: World Development Indicators, 2004
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