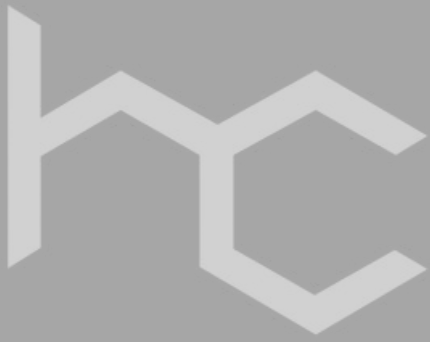




THE TECHNOLOGY ISSUE
2023.01.

HEAVY CHEF REPORT

future entrepreneurs

The Heavy Chef Foundation's mission is to make entrepreneur education equitable. This would be an impossible task without the continued support from our sister organisation, Heavy Chef and the partners who work day in and day out to serve entrepreneurs.



HEAVY CHEF

Heavy Chef donates 10% of its revenue to the Heavy Chef Foundation to promote equitable entrepreneur education.
www.heavychef.com



XERO

Xero is a long-standing partner of the Heavy Chef Foundation with the view to amplify the voice of small businesses in South Africa.
www.xero.com



PAYFAST

Payfast supports the roll out of research-based learning programmes for entrepreneurs in the Heavy Chef community.
www.payfast.co.za



XNEELO

xneelo enables e-commerce entrepreneurs through creative partnerships with the Heavy Chef Foundation.
www.xneelo.co.za



IN ON AFRICA

In On Africa is the market research partner of the Heavy Chef Foundation ensuring research rigour is maintained at all times.
www.inonafrica.com

SPECIAL CONTRIBUTORS

A special word of thanks to contributions from Black Umbrellas, Youth Capital and YouthVentures Africa in this report.



It is a tricky thing making predictions of the future. The further we look out, the hazier the picture.

The thing about trends though is that the ones we can bank on have been in plain sight for a number of years already.

We only need to look closer.

For the past 5 years, the Heavy Chef Foundation has been researching the learning habits of entrepreneurs in South Africa.

Recently we started to notice that these habits are mapping onto long-expected shifts in technologies that have been under the radar for some time but now becoming mainstream at an accelerated pace.

The Heavy Chef Report on Future Entrepreneurs tries to connect these dots in a way that is simple for all of us to understand and clear in terms of the actions we can take in the face of these shifts.

By combining our deep dataset of statistics with an intelligent analysis of the "Chefs" we interview every week, this report takes a significant step forward to bring the future to the here-and-now.

CEO: Louis Janse van Rensburg. Editor. Charmain Lines. Design: Bronwyn Green. Research: In On Africa. Project Management: Yolandi Janse van Rensburg. Platform: Maurice van der Merwe. Contributions: Thina Hlope and Clotilde Angelucci.

Published: 2023.01.31.

Methodology

Heavy Chef reports employ a mix of quantitative (data) and qualitative (themes) methodologies.

For electronic surveys, a convenience sampling methodology was used from existing databases of vetted business owners from Heavy Chef, Yoco, Black Umbrellas, Workshop17, THUD and others. The sample was therefore not nationally representative but rather represented a sub-population of South African entrepreneurs e.g. those who are members of the Heavy Chef platform.

Due to the convenience sampling methodology, certain limitations must be acknowledged regarding the quantitative component of the study. These include geographical (skewed to Gauteng and Western Cape) and business size distribution (skewed to micro- to small businesses), where more entrepreneurs from these groups chose to participate in the survey.

Furthermore semi-structured ethnographic research (interviews via the Heavy Chef platform) allowed us to analyse in-person conversations, as well as deep analyses of learning 'bites' (content) from those interviews, all conducted to identify deeper contextual themes on particular topics.

The benefits of this mode of research allowed us to describe variations, explain relationships, hear from individual experiences and outline group norms which the statistical data highlighted.

Our sample for data analyses is growing every day.

- 9 150 entrepreneurs surveyed.
- 18 demographic segments.
- 340 in-depth interviews.
- 1 020 hours of transcripts.
- 5 100 bites analysed.

INSIGHTS

1 - THE SHIFT	5
A significant step-change in how entrepreneurs learn is revealing itself.	
2 - THE SKILLS	13
Automation is fast closing long existing skill gaps and opening up new ones.	
3 - THE INDUSTRIES	21
A mass movement of a unique category of startups is on the rise.	
4 - THE CULTURE	29
How fringe communities are influencing where and how entrepreneurs of the future will learn.	
5 - THE SELF	37
All the ways future entrepreneurs will define themselves.	
6 - THE BARRIERS	45
How long-term trends are shining a light on critical challenges entrepreneurs will face.	
7- THE INSTITUTIONS	54
Community organisations are quickly becoming more organised and sophisticated.	
8 - THE MENTORS	62
How shifts in technology put a fresh new emphasis on the role of mentors.	
9 - THE IDEAS	69
New businesses, the likes you've never seen or experienced before.	
10 - THE YOUTH	77
Why startups are the definitive learning school for future entrepreneurs.	



Insight 01

The Shift.

take aways

- Changes in the internet and web technologies influence how society functions including how we learn.
- The first two versions of the web took us from being largely passive consumers of content to being active publishers of data.
- With Web3, we are getting access to distributed solutions that allow us to own and control our data.
- This mirrors and taps into the long-held attitudes and behaviours of entrepreneurs.
- Future entrepreneurs will design and direct their development destinies.

01 – The Shift

The evolution of entrepreneur education follows in the footsteps of a significant step-change happening in web technologies.

It is indisputable that the internet continues to shape every sphere of human interaction. Every technological leap stirring seismic shifts in society and culture including the landscape of entrepreneurship.

It's generally agreed that the evolution of web technologies has gone through three major phases.

Phase 1 (casually known as Web1) was all about content. Information was published and all we as consumers could really do was consume it. Back then, our relationship with the internet was a static and simple one in which we could choose from and interact with a handful of authoritative publishers.

The next phase (Web2) made it possible for us as consumers to become publishers ourselves, create content and connect with others around us. That was the start of the era of big platforms and networks. It opened up a world of opportunities and was positioned as the democratisation of the flow of content. However, it was not all it was advertised to be and soon we realised there were many unintended consequences, notably centralised control of the data we as consumer-publishers created.

In response, phase 3 (you guessed it, Web3) is now focusing its efforts on solving the centralisation problem. Increasingly, technologies in blockchain, crypto and tokens are coming online, all offering a distributed solution that allows us to create, own and control our data.

Now, let's consider how entrepreneur education has evolved over the years.

The shift from a handful of formal education institutions as the only option to the landscape opening up to include a proliferation of non-formal learning networks such as social media, YouTube and Zoom, has mirrored the dynamics of the internet.

It wasn't too long ago that apart from a handful of books if you wanted to learn about starting a business you either had to start one yourself and learn as you go or you had to enrol for an MBA. Gradually almost every formal education programme started to offer a qualification in business. During this era, the creators and keepers of entrepreneur knowledge were predominantly institutions of learning.

Web3 taps into powerful learning attitudes and behaviours of entrepreneurs.

As content platforms and social networks came online each of us was for the first time in a position to share our ideas and methods about starting a business. The barriers to creating and distributing entrepreneur knowledge were removed.

This tsunami of entrepreneur learning on offer offered many creative ways of upskilling oneself. But it also became increasingly difficult to navigate the volume and discern the quality of content, relying on algorithms and snappy headlines to point us in some kind of direction.

Entrepreneur Education 3.0 points to entrepreneurs shifting their expectations and behaviours in favour of a different kind of educational environment, away from centralised institutions and platforms. One where entrepreneurs can design and direct their development destiny.

Heavy Chef research has revealed entrepreneurs' appetite to have a single cohesive view of their learning data. To engage with that data in a way that is portable regardless of where and when they access it. That their learning journey is designed by themselves and rewarded for their progress.

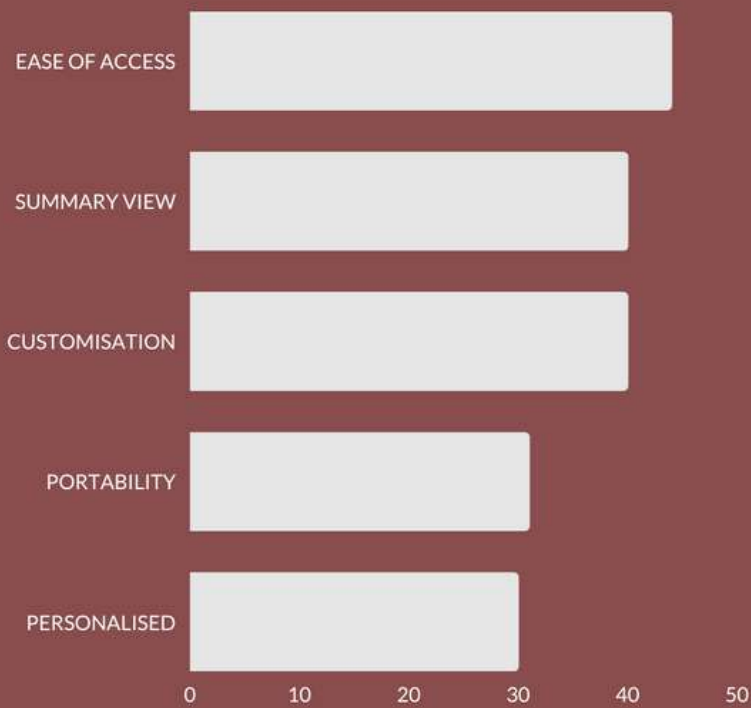
“What Web3 does for us is it adds a new layer of ownership – owning your data. It really is the first evolution in ownership that we have had as humanity since the 1880s. I don't think we even fully grasp the opportunities it holds.

Ross Drakes On Blockchain And Brands
Founder & Creative Director, Nicework



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top 5 learning data needs

SMALL BUSINESS OWNERS



When asked how entrepreneur education content can improve to fit their busy lifestyle better, small business owners highlight needs that align with the virtues promised by Web3 technologies.

For example, 44% say their top requirement is to access their content and other educational data such as records of qualifications as easily and simply as possible.

This indicates a shift away from engaging with each institution of learning individually in order to access the things they learned and validation thereof.



#1

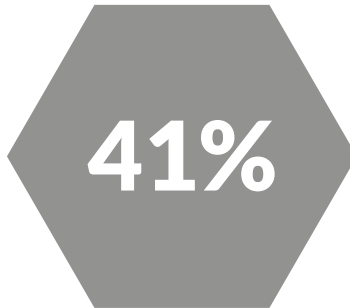
39% of entrepreneurs rate "learning by myself" as priceless in its contribution to their development, making it the best-rated form of learning for entrepreneurs.

This points to a clear need for entrepreneurs to trust themselves most to direct their development.



68%

Most entrepreneurs (68%) say they want to be rewarded as they grow. The top types of reward include financial, access to opportunities and reputation.



41%

Almost half of entrepreneurs (41%) are investing in their data skills – to understand, critically analyse and use it – in order to best prepare them for the future.



“We've introduced a way of transacting peer-to-peer without the need for trusted third parties. This is a massive idea. It forces things to be more inclusive and fairer.”

Simon Dingle On Creating NFTs
Co-founder, Inves Capital

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learn.
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share.

- Entrepreneurs: How are you upskilling yourself to understand Web3 technologies?
- Educators: What incentives are in place for you to adopt a Web3 mindset and practice when engaging with entrepreneurs?
- Brands: How can you help entrepreneurs play with and test Web3 within their businesses?



Insight 02

The Skills.

Photo Credit: OpenAI.
Proudly local bot, concept art style.

take aways

- Financial management, IT and sales are skills that largely elude entrepreneurs, particularly in developing nations.
- Attracting customers and managing money are consistently self-rated as inadequate.
- South African entrepreneurs rate their leadership skills as top-class, followed by critical thinking and creative problem-solving.
- Advances in cloud services are poised to make many hard skills obsolete, redefine the skills entrepreneurs will need in future and make entrepreneur education equitable.
- SaaS brands will introduce educational expertise into their product development mix.

02 – The Skills

The intelligence of cloud-based services is sharply increasing. This is good news for entrepreneurs as these services will solve significant skill gaps in the future.

For decades most entrepreneurs have been struggling with hard skills, specifically finance, sales and technology literacy.

This is particularly true in developing nations, and is one of the reasons why education is a priority in global development indicators, such as the United Nations Sustainable Development Goals (SDGs): “To ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”.

The UN aims to achieve this target by 2030. By all indications a deadline that will be missed.

Here in South Africa, Xero a cloud accounting leader, in partnership with the Heavy Chef Foundation has been tracking how entrepreneurs rate their knowledge and skills in running a business.

This subjective rating is an important piece of data that reveals the perceptions entrepreneurs have of themselves, specifically their ability to lean into (or avoid) particular skill sets.

Year after year entrepreneurs report an ongoing battle in getting to grips with arguably the two most important aspects of any business: attracting customers and managing money.

Marketing and sales skills, like crafting a strong value proposition and converting interested browsers into loyal customers, as well as financial skills, such as cash flow management, budgeting and finding investment, are the lowest-rated skill sets among entrepreneurs.

The hard-skills problem – money, sales – continues to persist.

But there is a much-needed hope on the horizon.

Advances in cloud services, especially in fields such as accounting, sales and coding, focus heavily on automation, integration and service.

In one sense, these are tools that offer algorithmic solutions to businesses' needs.

But they are also increasingly making hard skills obsolete.

 ***SaaS brands are by proxy becoming education brands.***

More accurately – they are redefining the skills needed by entrepreneurs: from doing to editing and decision-making.

Our research shows that not only do they rate leadership the highest among all their skill sets, but they also continue to use their much-needed critical thinking and creative problem-solving abilities for the advancement of their communities.

Furthermore, they are investing in new skill sets in data analysis and systems thinking to pre-empt future skill gaps.

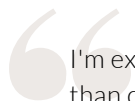
By proxy, the most significant role these tools have to play is making entrepreneur education equitable by removing obstacles to learning.

In the future, the role of technology-based service brands won't be limited to just being a tool for business or maintaining the optics of change and fighting for social causes. But through innovation, they are already closing the skills gaps by serving the entrepreneur in real terms.

We foresee that the development teams at these companies will increasingly include people with education skills. If their apps or platforms are no longer only seen as tools and/or catalysts of social change but also as spaces for learning, then an education mindset needs to be introduced early in the product development mix.

CASE STUDY

Xero: Accountants To Advisors



I'm excited to see more advisors than data capturers in future.

Instead of spending two hours on a client's books and charging them for two hours, accountants in future will focus on service skills.

An entrepreneur can use a service like Xero to do their books and then call the accountant if they need assistance.

That leaves the accountant free to be an advisor.

I'm excited to see in future a community of accountants that are focused on giving value to SMEs, which would ultimately mean our SMEs would grow.

Zipho Ntlakaza
Account Manager, Xero



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Looking at the trends, the skills that entrepreneurs rate themselves highly on almost all relate to soft skills that are in fact very difficult to measure objectively.

However, when it comes to the hard skills where the truth can always be seen in the outcomes those skills produce, entrepreneurs do not expect those to improve in future.



top rated skills of entrepreneurs.

HOW SMME OWNERS RANK THEIR OWN ABILITIES.





69%

69% of entrepreneurs indicate that they are currently learning about data science. They anticipate that this will become a fundamental skill that all entrepreneurs of the future will need to master.



54%

Most entrepreneurs believe that in future their ability to design an operational system that connects many digital services in a cohesive experience will be critical to their success.



76%

Just over three-quarters of entrepreneurs say they are not aware of events or programmes in their community that can help them learn more about data science.



“Everyone claims to know their customers. Now, technology helps you get that information better than ever before. The research and data analysis is done for you. Of course, then it is on you to act on that information.

Don Packett On Digital Customer Experience
Chief Operating Officer, YOUKNOW

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learn.
do.
share.

- Entrepreneurs: Are you engaging actively with the resource centres of the cloud-based services you use?
- Educators: How are you helping online service providers build their internal education capacity?
- Brands: To what degree are you investing in and upgrading your support services to educate your community?



Insight 03

The Industries.

take aways

- The constantly changing world presents entrepreneurs with business opportunities.
- Entrepreneurs with the right skills can leverage emerging technologies.
- Entrepreneurs for whom it will become increasingly difficult to upskill or compete against those in tech can focus on teaching.
- Low barriers to entry and people's growing preference for non-traditional learning create limitless business opportunities.
- The new education economy fits the natural drive and skill set of entrepreneurs to teach and share.

03 – The Industries

The world is changing.

There can hardly be a more obvious statement than this, but sometimes stating the obvious is necessary to highlight opportunities.

For entrepreneurs, the opportunities inherent in a dynamic world lie in starting businesses that are aligned with emerging industries.

For instance, as investment into STEM (science, technology, engineering and mathematics) careers grow, businesses that need those skills will naturally multiply, as will businesses that can build innovations around emerging technologies.

The shape the future is taking suggests that technology will have a profound impact on existing skills and jobs. Game-changing innovations are being developed in medicine, coding and robotics, while automation and AI already threaten many industries.

Some people will have the opportunities, ability and inclination to upskill themselves to be competitive in a tech-driven world, but many are in danger of being left behind. Both categories include entrepreneurs.

In response to this, careers and startups focused on human-to-human interactions are expected to rise in relevance in future – and entrepreneurs are starting to take notice of that.

It is a reality that there will be many new “big” industries to emerge in future such as virtual and augmented reality, machine learning, biotech, sustainability, and blockchain.

Although most future entrepreneurs will not have the knowledge, skills or resources to compete in these sectors, it is also a reality that entrepreneurs are natural educators.

They love to share their stories, lessons, insights, and challenges with their peers as much as with their customers – and therein lies the not-so-obvious but significant opportunity.

Future entrepreneurs will increasingly look at starting education businesses.

We are already living in an era where a new education offering is launched almost every day. Whether an online course, a livestream or an in-person learning experience – micro startups that teach are on the rise.

In this wild-west learning environment, the barrier to entry for starting a business that offers teaching is very low.

Entrepreneurs are natural born educators.

A new education economy will emerge that will see an acceleration in learning-focused businesses starting up. This economy will see various supply chain opportunities jump around learning including access to spaces of learning, material development and distribution, community communication and rewards.

The fact that people increasingly prefer non-formal and non-traditional avenues of learning, decentralised and autonomous, further paves the way for entrepreneurs with creative approaches to design creative learning experiences.

The need to foster human-to-human connections, which will increase as technology continues solving some of the world’s most significant challenges, leaves space for entrepreneurs whose superpower is tapping into the most human of all traits: sharing.



I just noticed that most teachers did not have any computer skills. So, I decided to resign from my job to sell computers to teachers, then teach them how to use them.

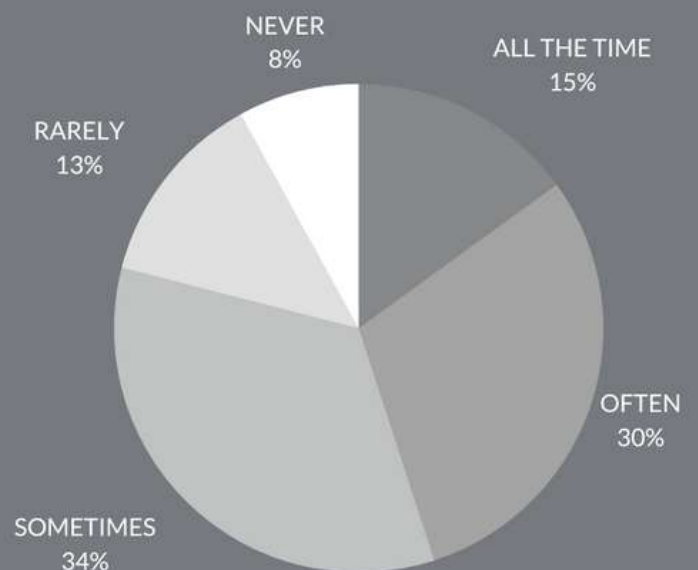
Luvuyo Rani On
Connecting Disconnected Communities
Co-Founder and CEO, Silulo Ulutho Technologies

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Entrepreneurs love to share their learnings with others. It is coded into their DNA as leaders. But it is also their way of testing their own ideas. By thinking out loud, entrepreneurs internally regulate what they hear and observe how it is received by others. Thereby sharpening their propositions.

how often do you share your learnings with others? ENTREPRENEURS



THE NEW EDUCATION ECONOMY

ENTREPRENEURS WHO TEACH.



Townships around SA are filled with informal education programmes organised by local entrepreneurs.



Winner of SA's Top 5 Most Exciting startups, Zoie is a groundbreaking healthcare app built around the idea of "circles" – communities of women, learning, sharing and finding common ground.



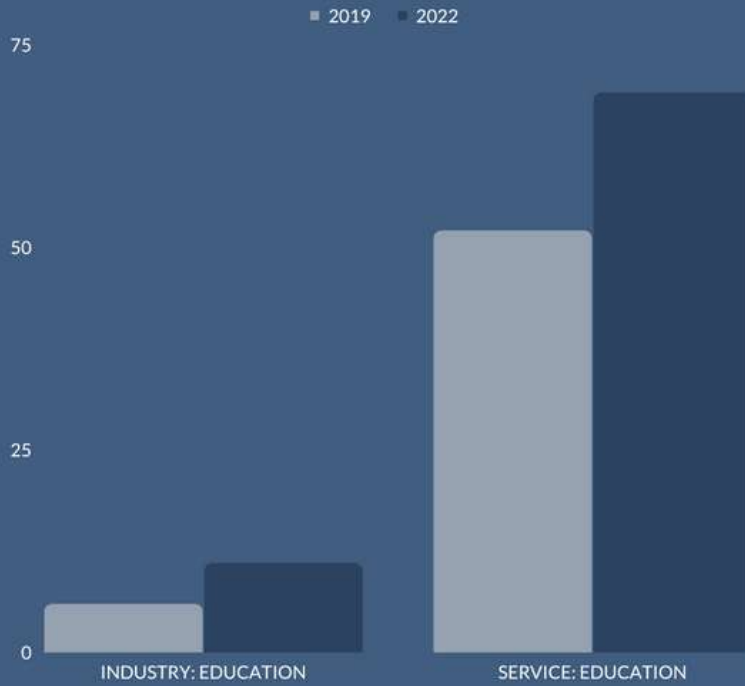
Rated the #1 coffee shop in Heidelberg, Sisa's The Test Hub has become famous for hosting small community events for local entrepreneurs to teach, learn and share with each other.



Dan Mace is a Youtube superstar having built his brand and business around the idea of marketing by sharing, showing his trade at every opportunity he gets.

Type of industry vs. services offered

"EDUCATION" MENTIONS



From the sample of businesses we've surveyed and interviewed over the years, few indicate that they are in the education industry.

However, the majority of them do offer educational services to their customers – a trend that is sharply on the increase.

We expect that 'education' will increasingly become a primary offering of many small businesses in future.

learn.
do.
share.

- Entrepreneurs: When last did you host a small group gathering around a topic of your interest?
- Educators: How can you help entrepreneurs to design creative learning pedagogies?
- Brands: What opportunities are there for you to invite entrepreneurs to teach you about their area of expertise?



Insight 04

The Culture.

take aways

- Millions of tiny online communities populate the internet.
- Built around hyper-specific interests, they are hotbeds of connection and learning.
- Learning habits are formed based on incentives, immediate community feedback and relentless interaction.
- Future entrepreneurs will seek out intense learning opportunities within communities with a well-defined culture of engagement.

04 – The Culture

The internet is a far more interesting place than the results the mega search engines serve up.

When you know where to find them, there are millions of online communities on the fringes, outside of mainstream channels, that are environments full of strong connections, idiosyncrasies and intense learning.

These communities are hyper-specific about the experiences and interests their members share, and are a powerful indicator of the culture that will define entrepreneur learning in the future.

For example, for those not involved in communities such as e-sports and online gaming, gleaning insights about learning might seem a bit confusing and even intimidating. However, if one takes a few minutes to lean in closer, you will be met with a fascinating peek into a multitude of sub-cultures that promote real-time and responsive learning at a level not seen in any other educational space.

These two categories in particular are growing up fast, and they're growing up along with their core participants.

A case in point is the fact that the median age of the hundreds of millions of gamers tuning into livestreams and engaging in forums every day is 32 years. Taking our cue from this well-established online community, we can deduce that the majority of people active in hyper-specific communities have grown up with and on the internet.

Consequently, over time they have formed effective learning habits incentivised by immediate (often brutally honest) community validation and feedback.

In addition to their own gaming activities, gamers tune into livestreams of others playing where they participate in conversations unfolding from strategies and tools, and around life in general. In the gaming arena, participants have also increasingly been financially rewarded in the form of prize earnings and sponsorships.

Similar patterns can be found in a multitude of other fringe communities online.

The point is that each subculture offers wholly unique learning opportunities.

Community members or participants learn while navigating, collaborating and competing in the unique worlds they choose to be part of. They spend thousands of hours micro-dosing on learning without the need for accredited lecturers or externally validated curriculums.

The more niche a community, the more intense the learning. The priority is not to build a thin layer of knowledge about many things but rather a deep immersion into defined topics.

“Entrepreneurs will spend thousands of hours micro-dosing on learning.”

It is expected that the future will consist of a handful of super apps and mega-corporates which is a not-too-unexpected outcome of the winner-takes-all race of unfettered innovation.

But on the other side of the coin, the future will consist of hundreds of millions of hyper-niche businesses coming online and cultivating small and intensely loyal communities, filled to the brim with learning, around each.

Our research has shown that entrepreneurs in the future will increasingly seek their learning within communities that have a niche focus, value high-intensity engagements and prioritise play-based learning.

“All these little communities exist and they're growing and they're flourishing.

So yeah, I think there are a lot of things happening behind the scenes that people don't even know about.

Gaming is such a colourful escape, such an awesome atmosphere where anything is possible already.

Julia Robson On Games And Gamification
Founder, DNMK

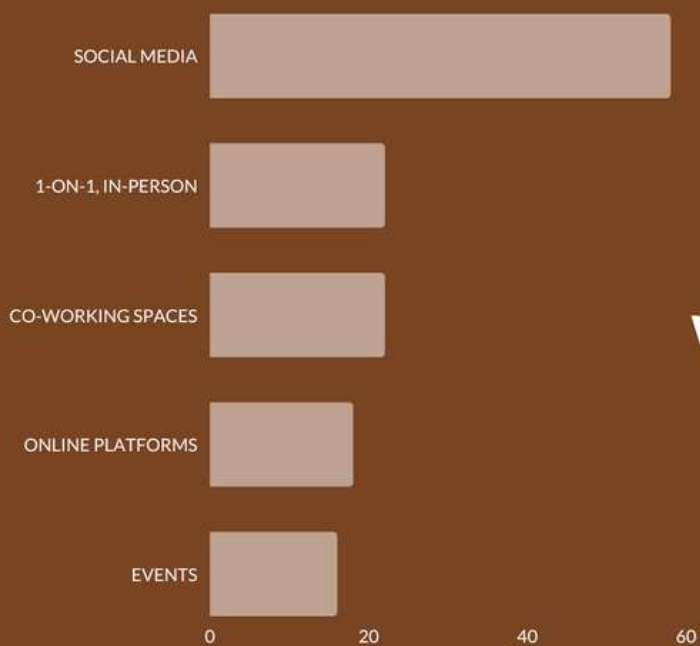


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58% of entrepreneurs indicate that they engage mostly on social media and 18% on other online platforms to interact with entrepreneurs.

According to PEW research, people spend approximately 6 hours online every day, 8 hours for those who are part of niche communities.



Where Do You Go
To, To Meet And
Learn From Other
Entrepreneurs?

SMME OWNERS





“The more specific you are, the more likely someone who comes along is going to say, 'Oh, there are other people like me, this is exactly for me.' From there, it's just relentless interaction.

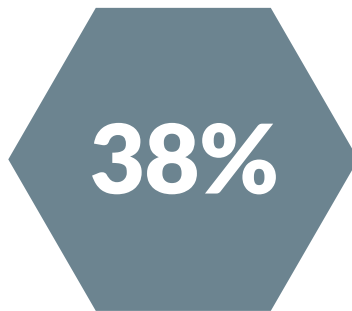
Lauren Dallas, On Building Niche Communities
Founder and CEO, Future Females

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More than half of entrepreneurs when asked how regularly they seek out new things to learn say "All the time". Only 5% say "Hardly ever".



38% of entrepreneurs say there is a strong to very strong culture of learning emerging in the communities they are part of.



Although most entrepreneurs want to meet with other entrepreneurs on a monthly basis (41%), the second most requested frequency of meeting other entrepreneurs is daily or even a few times a day (17%).

learn.
do.
share.

- Entrepreneurs: Are the learning environments that you are currently in meeting your needs to grow?
- Educators: What lessons can you learn from online communities vibrant with community interactions?
- Brands: How can you support and be part of online communities that have a strong sense of identity?



Insight 05

The Self.

take aways

- We live in an era of almost limitless career and identity options.
- However, the freedom of infinite options can give rise to a perpetual state of anxiety as we agonise over the implications of our choices.
- Encouragingly, research is showing a trend towards entrepreneurs identifying with their role in society rather than the business they chose to start.
- The evergreen meaning of “optimist” instead of “restaurant owner”, for instance, will ground entrepreneurs as they negotiate the future.

05 – The Self

“You can be anything you want to be.”

We take this sentence for granted.

Not too long ago “anything” wasn’t an option.

For most of human history, you had one of two paths: hunter or gatherer.

With time, mostly dictated by the roll of the dice, more options were given to you, like being a farmer, soldier, builder or caretaker (except if you were a woman, of course).

It was only towards the end of WWII that we could start to unleash our desires. A boom in babies, families and choice of careers all worked together to inform our identities.

Parents of that generation, for the first time ever, could sincerely say to their kids: “Now, you can be anything you want to be”. Plus they had a decent chance of helping them get there.

Fast forward a few more decades and today we have taken this ideal to a whole new level (even for women).

In addition to a multitude of new career paths, nothing stops millions of us from identifying as anything or anyone, whenever we want, be it on our LinkedIn or TikTok profiles or the avatars that represent us on Minecraft, Fortnite or Metaverse. A profound step-change.

Growing up and/or spending time in such an option-rich environment inevitably leads to unconstrained identity selection spilling over into the real world, unleashing a beautiful creative force and a level of freedom of expression never seen before.

However, we’re starting to see it also comes at a price.

When there are infinite identities to choose from, a perpetual state of anxiety arises: “Did I make the right choice?” “Am I living up to what I’m presenting to the world?”.

Then there are politics and popular culture. When the politics of identity becomes the norm, leveraging (read: manipulating) our tribal instincts, we quickly head into a zero-sum race to the bottom.

Even at its most extreme, challenges to identity norms – race, gender, ideology, neurology – really are just a dress rehearsal for a future when the real and surreal merge.

As a friend of Heavy Chef and futurist, Bronwyn Williams recently said, “At some point, we’re going to need to choose our reality.”

In future, entrepreneurs will identify less with the work they do and more with the function they fulfil in society.

As entrepreneurs how do we make sense of our own identities, both as a group and as individuals? Are we disruptors or creators? Logical or creative? Open-minded or narrowly focused?

In a world where we can start almost any business, are our identities fused into it being a success or not? For that matter, am I even an “entrepreneur”?

Research shows that in the future, entrepreneurs will identify less with the work they do and more with the function they fulfil in society: pro-active learner, leader, optimist, teacher and creator.

Not only will such identities transcend the real and virtual world but, importantly, their evergreen meaning will ground entrepreneurs as they navigate the future.

“Everything has become genericised now because of the globalisation that digital has given us.

And now people just want to be people - they want to belong, they want to be seen.

You are your own internal guide and the reason why you started this business, nobody else will ever get that besides you and you always need to use that as your Northstar. Always.

Katlego Mashishi On Ideas And Identity
Managing Director, Idea Engineers

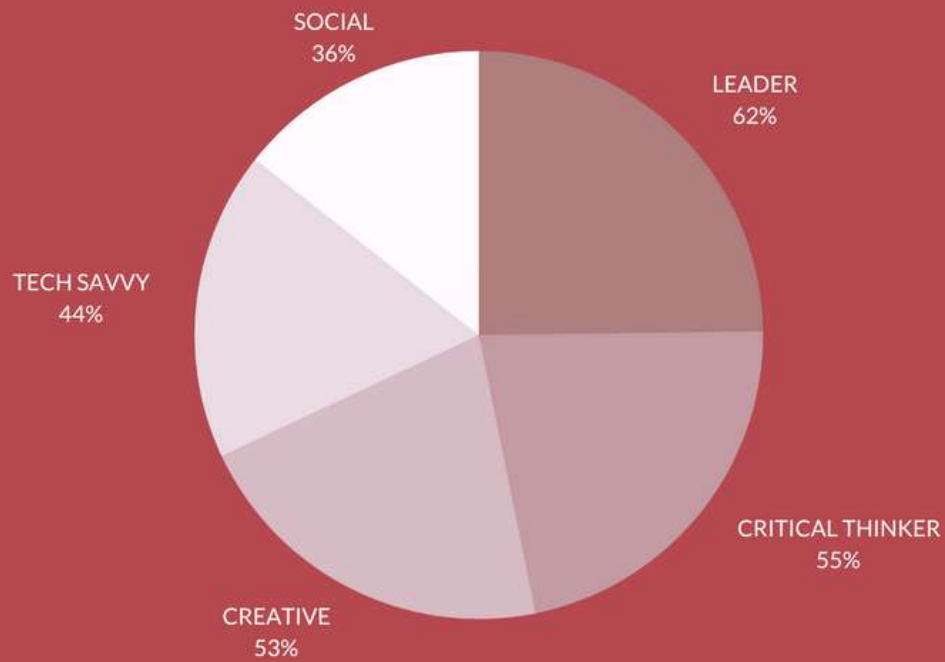


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which skills set do you identify with most?

TOP 5 SKILL IDENTITIES
ENTREPRENEURS



Entrepreneurs are starting to embrace their roles as leaders in society, offering critical, creative and innovative perspectives on challenges.



Accessing your genius and naturally collaborating is what the entrepreneur of the future is all about.

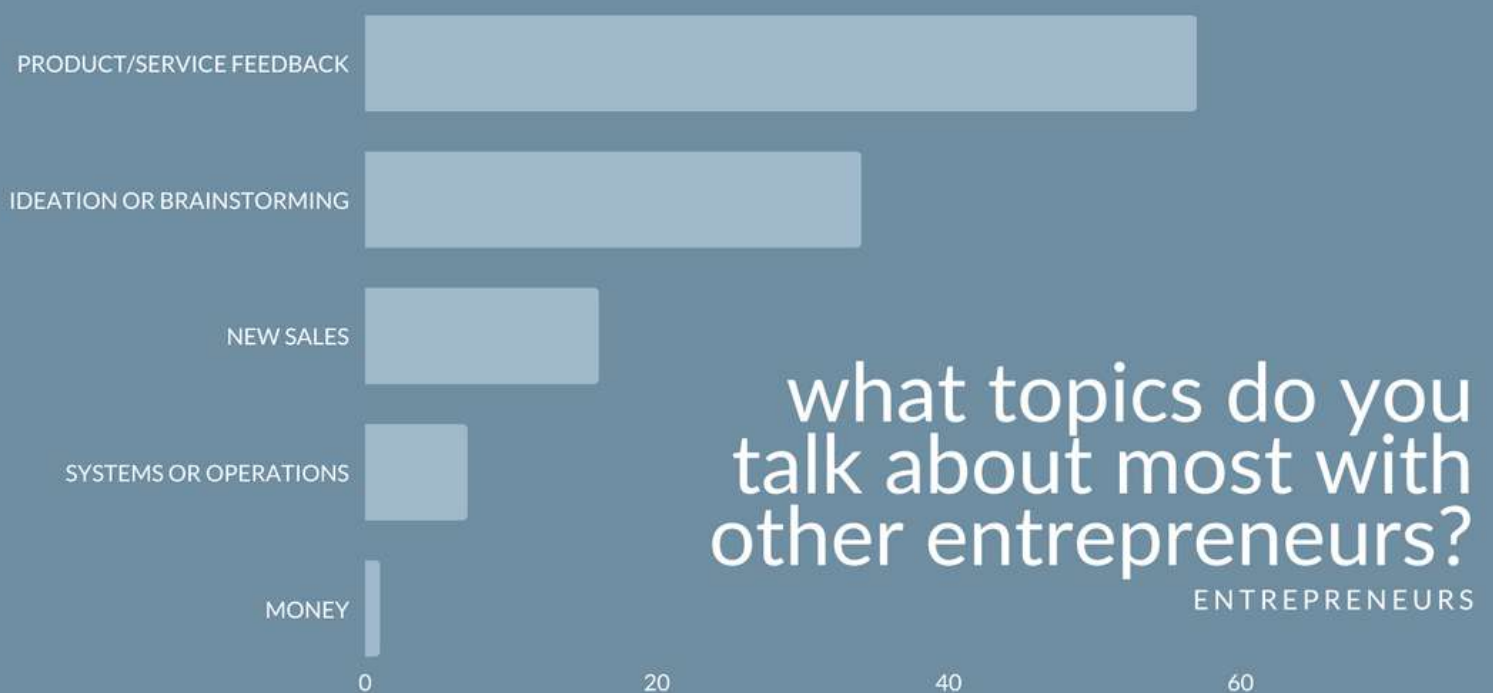
John Sanei On Leading With Confidence
Futures Strategist

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Entrepreneurs identify as creators, obsessing over the quality of the product or service experience they designed and constantly looking for new ideas and systems to improve on it.



learn.
do.
share.

- Entrepreneurs: What words best describe the essence of your contribution to society or your community, without referring to your business?
- Educators: How can you guide entrepreneurs to get clarity around an identity that does not hinge on qualifications, skills or type of business?
- Brands: How do you show up differently in the marketplace in order to be identified as a contributor more than a supplier of goods or services?



Insight 06

The Barriers.

take aways

- Techno-optimists believe that ultimately any problem the future presents, technology will be able to solve.
- Entrepreneurs in general are short-term pessimists but long-term optimists.
- Future trends point to areas where entrepreneurs are expecting to face significant barriers including their relationship with institutions and economic turmoil.
- Their biggest battle is within: looking after their mental wellbeing.

06 – The Barriers

In the future entrepreneurs will face many barriers, in particular maintaining a balanced state of mind.

“It all started gradually, then happened suddenly.”

This is a butchered version of a line used by many historians when they reflect on revolutions of the past.

The truth is most long-term trends are right in front of us. It's rarely a big surprise, upon reflection.

Some long-term trends like declining fertility rates, increased polarisation, bureaucratic overreach, disconnected governance, state of healthcare, disruption of industries, misinformation, energy and infrastructure instability and climate change interventions are all pointing in a very concerning direction.

However, there is a group who we can call “techno-optimists” who believe that ultimately any problem the future presents, technology will be able to solve it.

Many entrepreneurs also fall into this category.

In fact, generally entrepreneurs often describe themselves as short-term pessimists but long-term optimists.

An inevitable belief that everything will work out.

Within the African context, long-term population trends with above-average population growth rates, young median age and an aspiring lower to middle class, all point to our continent playing an increasingly important role in global geopolitics.

Many of the long-term macro-indicators though are more pressing for entrepreneurs than before. The expectation for the future is more pessimistic, a concern considering the leadership role young African entrepreneurs are looking to fulfil.

Our research shows that entrepreneurs are very concerned, perhaps in direct conflict, with many public institutions.

There is a sense of control and risk management being forced from the top down onto entrepreneurs.

Where entrepreneurs want to reduce red tape and have the freedom to innovate, rather the signal coming back to them is that they have to fall in line or fall out of favour. Entrepreneurs (reluctantly to be honest) believe in the need for well-functioning institutions but are not confident that this will realise.

Then there's been for most, a lifetime fight for economic freedom. A struggle that continues and based on the trends will continue for many years to come. The impact of energy and economic instability weighs heavily on entrepreneurs' minds.

“In future, entrepreneurs will identify less with the work they do and more with the function they fulfil in society.”

However, even with all of the above, by far the biggest battle faced by entrepreneurs is the battle within: looking after their mental wellbeing.

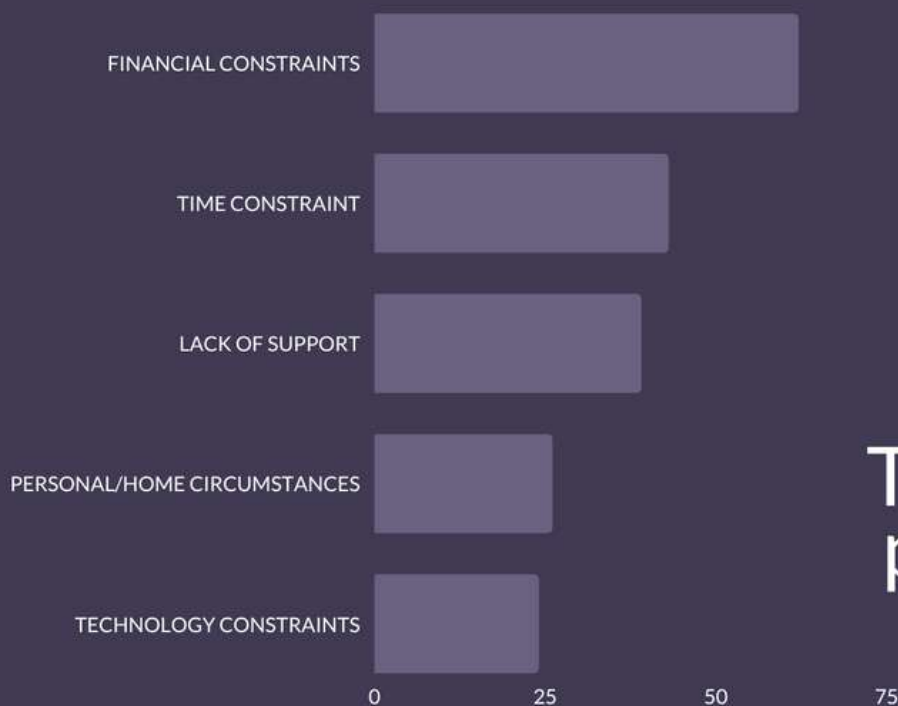
As the future landscape continues to shift the mental demands placed on starting a business are increasing by an order of magnitude. Levels of anxiety, burnout and other stress-related issues are sharply on the rise.

For a long time being stressed was a badge of honour but research with South African entrepreneurs clearly shows they are becoming more aware of the pressure they put on themselves to give everything to their businesses: all their time and energy, functioning at 100% of their capacity and being available 24/7, every day of the year.

Future entrepreneurs will more than anything else invest in developing tools to manage the barriers stopping them from having a balanced state of mind.

The impact of a multitude of macro-environment factors continues to put significant demands on entrepreneur development in particular the state of their finances.

However, 3 of the top 5 barriers to entrepreneur development relate to the load on their mental wellbeing – time pressures to perform, loneliness and personal or home circumstances being prominently mentioned.



Top 5 barriers to personal growth

STARTUP ENTREPRENEURS



“I think me asking the questions I was asking myself was taking away from my own loneliness at the time.

Because I'm there by myself and not wanting to think too much about what happened in the past.

Maybe that was a form of therapy for myself.

I realised that a lot of people needed some form of therapy because they are alone.

Khaya Dlanga On Authentic Communities
Chief Marketing Officer, Rain



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62%

A large proportion of entrepreneurs admit that their mental wellbeing is currently a significant barrier to their development. This is particularly true for entrepreneurs with mature businesses (36%) as the excitement of the startup has made way for keeping up with growth demands.



67%

The majority of startup entrepreneurs say they find it hard to access mental wellbeing support.



54%

54% of entrepreneurs with businesses older than 5 years indicate that they have learned most about their social and emotional skills since starting out.



“Burnout is not just being tired and needing a holiday. It’s about having your entire psychological and emotional states disrupted and unhealthy, influencing everything you do, think and say.

Marc Rogatschnig On Finding Meaning
Co-Founder, Tidal

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Stress causes: Always-on work ethic

PRESSURE	AVAILABILITY	JUDGEMENT	PRODUCTIVITY
Expectation to function at 100% capacity all the time.	Expectation to be available 24/7, every day of the year.	Expectation that "one more" task will make a difference.	Expectation that overwork equals productivity.



Our research shows that entrepreneurs are aware of the pressure they put on themselves to give everything to their businesses: all their time and energy, functioning at 100% of their capacity and being available 24/7, every day of the year.

It might feel like always-on is the only way to succeed, but is it sustainable? Surely not. We have to fill up our reserves of energy and health; if we let them run dry, we harm our ability to make solid decisions, and productivity takes a dive.

High-pressure situations will always be there, especially when tight deadlines, tricky logistics and limited budgets intersect. That's when you need a clear head so you can identify priorities, and make plans.

Entrepreneurs' expectation of themselves to always work, always be available and always be productive is the number one most prominent causes of stress.

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- Entrepreneurs: What are your strategies to preempt and manage the inevitable barriers that will come your way in future?
- Educators: How can you build a healthier relationship based on mutual trust with entrepreneurs?
- Brands: What can your services and tools help entrepreneurs to better manage their wellbeing?



Insight 07

The Institutions.

take aways

- Places of learning are proliferating and becoming more diverse.
- Informal, grassroots knowledge networks have always been crucial for entrepreneurs wanting to learn and grow.
- Technology is making community-based networks more viable, efficient and able to compete with formal institutions.
- The Youth Market initiative is an excellent example of the potential inherent in local knowledge networks to support local entrepreneurs.
- Informal knowledge networks empowered by decentralised technologies are poised to become the preferred source of learning for disconnected entrepreneurs.

07 – The Institutions

As places to learn proliferate, so will those organisations currently on the fringes become more recognised institutions of learning for entrepreneurs in the future.

Informal knowledge networks have always been crucial for entrepreneurs wanting to learn and grow. These networks are predominantly found in local communities and, as research has shown, are preferred sources of knowledge and networking.

The demands on legacy institutions are increasing due to advances in technology, more competition and the diverse learning expectations of the budding entrepreneurs they are looking to educate. As a result, we can expect grassroots organisations to not only become more viable and more efficient but also the preferred places of learning for future entrepreneurs.

At their best, these informal networks provide a platform for entrepreneurs to share information, experiences and advice with one another, which can help to mitigate the risks associated with starting a new business.

As community-based organisations become better at adopting new technologies to assist with onboarding, engaging and retaining those in search of knowledge, their ability to compete with formal institutions as a viable source of learning will improve.

One example of a successful youth entrepreneur undertaking that relies on informal knowledge networks, is the Youth Market in Diepsloot, an economically disconnected township in Gauteng, South Africa. YouthVentures Africa, a grassroots entrepreneurship programme, asked their programme participants to organise an entrepreneur market in their community. The result was a market that was planned, organised and run by a small group of young women, aged 15 to 29, all with different experiences and skills, where entrepreneurs could trade goods with people in their community.

This action-learning initiative allowed the young entrepreneurs to learn about the various aspects of running a business, such as generating a small-business idea, writing a mini-business plan, creating

and then selling a product, attracting customers, communicating with customers, and drawing up a financial balance sheet.

Youth Market participants also learned the importance of collaboration and connection in moving their business forward, as well as how to find a product or service that they are passionate about and that brings value to the community.

Additionally, they learned how to keep track of sales, be creative with materials and keep costs low.

“Grassroots organisations as high-function institutions of learning.”

Supported by various community organisations in the area and current technologies in communication, productivity and social networking, this informal knowledge network was brimming with real-time feedback – a powerful way to gain direct, practical and immediate experience in running a business.

In the future, blockchain and automation technologies will increase the efficiency of community initiatives.

Due to their accessibility and relevance, the informal knowledge networks that grow from such initiatives will become an institutional source of learning for disconnected entrepreneurs.

YOUTH VENTURES AFRICA

COMMUNITY YOUTH MARKET





“It was a wonderful experience seeing so many community organisations coming together to support the initiative.

The Heavy Chef Foundation, the Diepsloot library where the market was held, the Diepsloot Youth Programme (who introduced us to some community leaders) and Made in SA Boet (another prize sponsor) with a special mention to Diepsloot counsellor Julius Maake – all collaborating to support young entrepreneurs in their community.

– Marlen Bohm, Community Organiser

Web 3 technologies, such as blockchain, decentralised networks, and smart contracts, can potentially help local community organisations run more efficiently in a number of ways.

1

Digital Identity

Blockchain-based digital identity solutions can be used to create secure, decentralised systems for storing and sharing personal information, which can be used for a variety of purposes such as voting, tracking membership, or managing access to community resources.

2

Transparent Record Keeping

Blockchain-based systems can be used to create secure and transparent records of transactions and other important data, which can be used to track donations, memberships, and other important information for community organisations.

3

Community Tokens

Community organisations could also use tokenisation, which allows them to create their own digital assets, incentivise engagement, reward participation and have new ways of funding through token sales.

“Collaborations between entrepreneurs and larger institutions, as troublesome as it often is, can unlock tremendous possibilities - allowing both to be more agile, shift or even pivot.

The opportunity is fundamentally that a healthy partnership supports growth and accelerates finding new solutions for community's needs.

João Barreto On Partnering With Startups
Business Strategist, Nestlé



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- Entrepreneurs: What knowledge networks exist in your community that you can tap into to receive – and give – support and knowledge?
- Educators: How can you set up and grow mutually beneficial partnerships between your formal institutions and community-based knowledge networks?
- Brands: How can you use your institutional knowledge to support community-based knowledge networks to better serve the entrepreneurs who rely on them for learning and growth?



● Insight 08

The Mentors.

take aways

- Entrepreneurs frequently testify to the immense value the right mentor has on their personal growth and business.
- The velocity of future change requires entrepreneurs to have a helping hand, a finding validated by the experience of programmes offered by organisations like Black Umbrellas.
- It isn't only about helping individuals.
- The future will see local community organisations benefit from mentors in understanding and integrating Web3 technologies in order to better enable the entrepreneurs within their community.

08 – The Mentors

Entrepreneurship is often touted as a solution to youth unemployment in South Africa. But starting and then getting it to a point to employ people is easier said than done.

The environment in which entrepreneurs find themselves has a decisive hand in their success. Underlying complexities, such as lack of education, skills, funding, infrastructure, and other mechanisms of support should be addressed to enable entrepreneurship to flourish.

Hitting the streets day in and day out requires a special kind of support. A supportive hand. A guide. A confidant.

Those of us lucky enough to have a mentor can testify to the immense value he/she provides.

While they cannot bring about policy interventions, innovative organisations such as Black Umbrellas are achieving tremendous results by focusing on coaching and mentorship for young entrepreneurs as part of its incubation programmes.

When guided and supported by industry experts, young business owners in particular can move mountains.

One such success story is the relationship between entrepreneur Liat Madinane and her mentor Nishi Singh.

Liat always knew that she wanted to be an entrepreneur and joined the Black Umbrellas Business Foundation Programme a year after establishing her own communications agency with the express intention to structure her business, build confidence and learn as much as she could.

Her mentorship relationship with Nishi has been a key part of achieving these goals.

In addition to helping Liat negotiate obstacles, the mentoring journey has given her access to meaningful connections.

Through one of her own ICT clients, Nishi facilitated a grant sponsorship for enterprise development for Liat's agency – a development that boosted the small business and left Nisha feeling proud of her ability to be of service.

The dynamic relationship between Liat and Nishi shows that a well-matched mentor, empowered with powerful digital tools offered by Black Umbrellas, is essential for emerging entrepreneurs.

It is less about handholding than having someone to walk the journey with you.

 ***Lean-in mentorships will require a renewed focus on business data.***

But it isn't only about helping individuals.

As local community initiatives become more mature in their operations due to advances in decentralised technologies, these organisations will benefit tremendously from the support of mentors to help them become more sophisticated in their use of data.

Future mentor relationships will lean into businesses by helping them sensibly integrate Web3 into their operations. This will help mentors and entrepreneurs alike by breaking down access to networks, knowledge and ultimately funding.

Research shows that entrepreneur mentor engagements are currently limited in the number of entrepreneurs they can support but expect technologies to smooth over that process, including how regularly they interact with them - particularly through the community organisations that enable and grow with the entrepreneur.

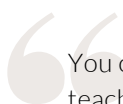
The top topics of conversation between mentors and entrepreneurs are focused on product and service feedback, ideation and taking it all to market.

Future entrepreneurs will not only ask their mentors how to best use their customer data to make better decisions but also encourage mentors to be part of local community initiatives to improve their ability to make a sustainable impact.



what are the skills
that would benefit
entrepreneurs most?
ENTREPRENEUR MENTORS





You can't have a blanket way of teaching because you're dealing with individuals who respond to information in different ways.

We must use data to create a very tailored approach to each individual to get them to be inspired and absorb information.

Nkanyezi Masango On Teaching Creativity
Founder, Blackboard



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76%

The majority of entrepreneur mentors (76%), mentor and interact with less than 5 entrepreneurs on a regular basis. New technologies will enable mentorship programmes to scale more intelligently.



40%

Entrepreneur mentors aim to meet with entrepreneurs once a month (40%) but they are also signalling that they would want to meet as specific needs arise (18%). A decision that can be made easier with more of a focus on data.



43%

43% of mentors indicate their engagements focus on streamlining operations. Future mentor relationships will most likely zero-in on this more as organisations adopt new best practices for using technologies.

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- Entrepreneurs: Are you in the habit of sharing your data with your mentors to try and have data-driven conversations?
- Educators: When training mentors (they should never be too old to learn themselves :)), how can you support them with ways to lean into entrepreneurs' businesses more intentionally using data?
- Brands: To what degree are you adding healthy stakes to the mentorship you are offering to suppliers, partners and customers?



Insight 09

The Ideas.

take aways

- The future promises to be a mix of science fiction and science fact.
- As the metaverse becomes reality, it redefines business opportunities for entrepreneurs.
- Increasingly, niche online communities require niche products and services, creating areas of trade that did not exist before.
- The mainstream mass market is becoming an outdated concept.
- Fringe offerings aimed at fiercely loyal customers present entrepreneurs with untold options to offer weird and wonderful things.

Spearheaded by new digital worlds being created every day, the future will see entrepreneurs creating weird and wonderful businesses that will first serve online communities before, inevitably, spilling over into the real world.

The future holds a slightly morbid fascination for us. When learning more about it, we witness some of the things we fear coming to life. However, we also get to learn about the many different opportunities for business and humanity enabled by these very developments.

It's like you want to look away but can't because, well, it's all so shiny, new and exciting – despite being frightening at the same time.

If anything, it's becoming more and more like an episode of Black Mirror around here. And depending on who you are, this will either excite you or keep you up at night.

Significant shifts in the current environment are already starting to redefine what we understand to be viable business opportunities for entrepreneurs.

For one, all levels of discussion are opening up around what it will mean for humanity to live double lives and engage in economic activity enabled by the virtual reality the metaverse promises.

It isn't only about the metaverse, though. Whether on the traditional web (yep, there is a mainstream traditional web now!) or in a virtual reality created by someone else, we can expect ideas that speak to the values of those communities to quickly translate into products and services that represent them.

Suddenly, some people have the option to opt out of reality as we know it and opt into a whole other world of their choosing and design and make a living from it. As you can imagine, the implications of this for business, people and society are significant.

As previously reported by the Heavy Chef Foundation, this will result in novel niche communities online, each seemingly, at least from

the outside, weirder than the other. All the weird, wonderful characters out there are connecting with other weird, wonderful people online and spending most of their time engaging with each other in these metaspaces that, in turn, will create areas of trade that fuel a new digital economy.

The weirdness will inevitably spill over into the real world.

Mainstream is outdated. The future will see new businesses being started and products being designed that are on the extreme fringe but enjoy the support of highly loyal customers.



We are seeing physical separation and isolation amongst people grow.

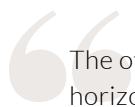
Ironically, this is translating into more niche communities growing online – all the weird, wonderful characters out there are connecting with other weird, wonderful people online and spending most of their time engaging with each other in metaspaces all over.

Dion Chang On Analyzing Trends
Founder, Flux Trends

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The other way is to look over the horizon at the next generation, over the rest of the century, to see what the next batch of ideas that are currently still buried but will be sprouting some time.

Bronwyn Williams On Threats And Opportunities
Trend Analyst



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71%

Many entrepreneurs are investing in their storytelling skills (71%) to craft brand identities that are unique and authentic.



42%

42% of entrepreneurs say their creative thinking skill is crucial for them to maintain a competitive advantage in future.



54%

Just over half of startups are looking to online spaces to spot opportunities to start "the next big thing". Many of them though do not believe they have the skill currently (31%) to successfully do that.



It's nothing about fitting in. It's all about fitting out. So actually the currency of the future is fitting out and then monetising it and adding value.

John Sanei On Leading With Confidence
Futures Strategist

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- Entrepreneurs: What are some of the quirks of some of the unique communities you are part of, anything you can commercialise?
- Educators: How are you planning to "get in the mix" in the environments young entrepreneurs are traversing?
- Brands: What are your strategies to meet entrepreneurs in the realities – virtual or real – they choose to operate in?



Insight 10

The Team.

take aways

- The overwhelming majority of SMMEs are really only one-person businesses.
- One-person businesses, especially at startup stage, are very hesitant to employ someone due to perceived risks.
- This operates in the context of extreme levels of unemployed youth who are looking for work and skills to start a business of their own.
- With the help of Web3 technologies such as smart contracts and decentralised payment systems, these risks will reduce dramatically.
- The opportunity is for small businesses to offer formal internship programmes, supported by new technologies, to disconnected youth.

10 – The Youth

With a combination of the right ingredients startups of the future can become the preferred place of learning for many unemployed youths – but it all starts with one person.

As things stand, in the year 2023, 2 out of 3 registered small businesses in South Africa have no employees except for the owner.

That is about 650 000 single-owner-operated businesses.

This doesn't include the approx. 2.5mil informal entrepreneurs.

Neither does it consider the approx. 3.5mil gig economy entrepreneurs.

In short, the SMME story really is that of the “one-man shop”.

This gives us many things to ponder over thinking about the future.

On the one hand, with the help of digital technologies and exciting trends in automation, there is the almost mythical ideal of starting a business so simple and elegant that it gives you total freedom, requires no staff and generates millions in revenue.

Ideal scenarios aside, the reality is that for the 99.9% that can't achieve this, everything is on the shoulders of a single entrepreneur.

Many trends point to the expectation that one-person businesses will continue to form the majority of SMMEs.

But what is needed to turn 1 into 2?

Currently, SMMEs (the majority of which are operated by one, remember) contribute almost 40% to our GDP.

If we could get even 10% of them to employ only one more person, that will have a dramatic impact on employment in South Africa.

This presents entrepreneur communities of the future with a unique opportunity to align the needs of one-person businesses with solving the unemployment challenge.

According to research done by Youth Capital, a campaign that advocates for solutions to youth unemployment, currently 2 in 10 young people (between the ages of 15 and 35) live in households without an employed adult.

This means that thousands of young people have no exposure to the world of work. Yet we expect them to start their own thing, without any resources and become reluctant entrepreneurs. This is, of course, unrealistic and highly likely to set them up for failure.

At the same time, one-person businesses are looking for talent but face significant challenges when recruiting and hiring young talent.

 **The future can make employing staff much less riskier.**

In the future, many of the perceived risks of employment for small businesses will be smoothed over with the help of web3 technologies such as smart contracts and decentralised payments.

Youth Capital's work suggests the answer lies in connecting these two worlds and exposing disconnected youth to the world of entrepreneurship through intentional internship programmes at businesses that need staff.

This school of action learning will offer a social cushion for economic hardship, focused preparation, confidence and critical skills transfer for unemployed youth.

At the same time, it will have an immense impact on the sustainability and job-creation potential of South Africa's small-business sector, helping entrepreneurs to go from 1 to 2.

“What gives hope is that we're a bunch of young millennials who are taking on this massive assignment to end extreme poverty.

The goal has to be to get young people to advocate for what is appropriate in their markets or in their countries.

Didi Morake On Global Poverty
Global Citizen Senior Programmes Manager



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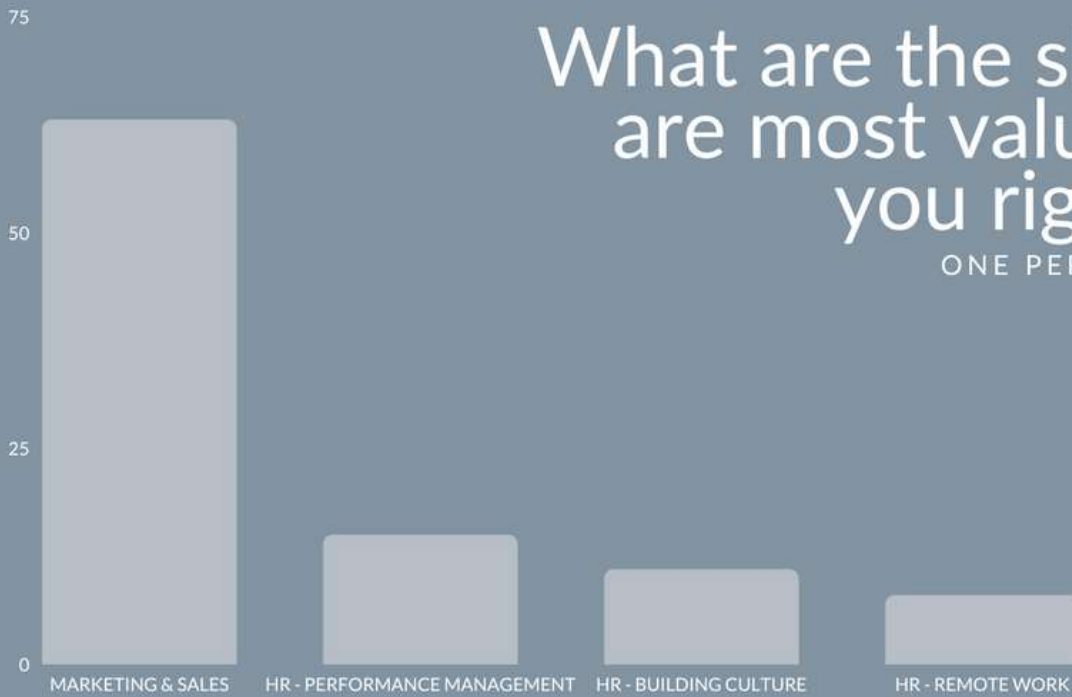
Despite the risks associated with employing your first staff as a startup, there is nevertheless an appetite and intent to do so in the medium-term.

Given the right policies and technologies to incentives entrepreneurs to employ, this promise can be realised.



What are the skills that are most valuable for you right now?

ONE PERSON BUSINESSES



It is clear that startup entrepreneurs do not have staff on their mind when they are a business of one. Their priority is to drive new business.

With an expectation to employ at least one more person in future, this skill gap will be critical to fill to ensure new staff are up-skilled sufficiently.

Web 3 technologies, such as blockchain, decentralised networks, and smart contracts, can potentially help micro- to small businesses attract, retain and manage talent more efficiently.

1

Employee Management

Smart contracts can automate many HR processes, such as onboarding, benefits administration, and performance evaluations, reducing the administrative burden on small business owners.

2

Identity Management

Web3 technologies like blockchain can enable small businesses to store and manage employee identities in a secure and decentralised manner, reducing the risk of identity theft and fraud.

3

Payment & Benefits Administration

Web3 technologies can enable small businesses to securely and transparently manage payroll and benefits administration, reducing the costs and risks associated with traditional payment systems.



Why is there this expectation that we have to succeed, now? We have to be the biggest, now. We have to be the richest, now. We have to be the most successful, now.

In the face of serious challenges, this causes a tremendous amount of social pressure and anxiety.

We need space to actually figure ourselves out, while paying the bills.

Marko Stavrou On Gen Z Entrepreneurs
Co-Founder, HustlersGlobal

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