

Access to funding for SMEs Masterclass

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Getting Investment ready

**& selecting
the right
instrument**

Your business follows 3 key phases of growth



1

Internal Growth

Expansion driven by reinvesting profits, internal skills, and capabilities—not external capital

- Main activity: Problem-Solution Fit
- Investment: Bootstrapping

2

Expansion

The business begins to scale beyond internal resources by hiring, acquiring new customers, and entering larger markets

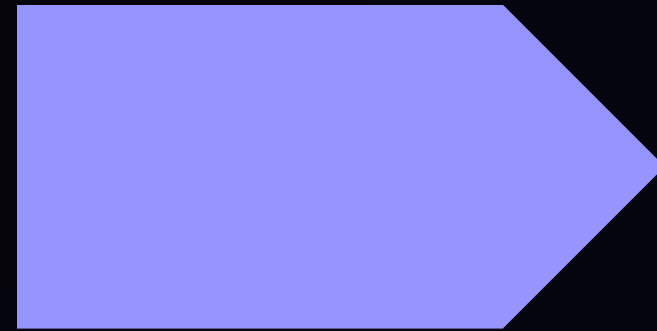
- Main activity: Product-Market Fit
- Investment: Expansion capital

3

Strategic growth

The company has a proven business model and now focuses on optimizing operations, expanding geographically or vertically, and increasing market share

- Main activity: Business Model Fit
- Investment: Growth Capital



01

Bootstrapping

To fund Phase 1: Internal growth

02

Expansion capital

To fund Phase 2: Expansion phase

03

Growth capital

To fund Phase 3: Strategic growth

Phase 1: Internal growth

1 Bootstrapping

This is primarily self-funding - using internal revenue or personal resources including time to grow operations gradually.

Problem-Solution Fit:

- You've identified a real problem & developed a solution that effectively addresses it
- It means your target customers understand the problem and value your solution

FOLLOW LEAN METHODOLOGY

To validate problem & MVP

ENTER COMPETITIONS IN YOUR FIELD

To raise awareness & get traction

ACCESS GRANTS & INCUBATORS

To augment own resources & gain initial support

Phase 1: Internal Growth

- Main activity: Problem–Solution Fit
- Investment type: Bootstrapping & Grant Support



Case study

LithaTech, a solo founder-led startup, developed a WhatsApp-based booking tool for township salons. Using personal savings, free digital tools (e.g. Canva, Google Forms), and community feedback, the founder built an MVP and gained 100 trial users without outside capital.



Ecosystem support in South Africa

Category	Ecosystem player	Notes
Grants	SAB Foundation, NYDA, IDC “pre-investment” support	Require social impact, black ownership, or youth focus
Incubators	mLab, Tshimologong, UVU Africa, SmartXchange	Early-stage idea validation & prototyping
Competitions	Hackathons (SAB Hacktober), Innovator Trust, Innovation Bridge	Access to networks, seed funding
Lean Coaching	SEDA (now SEDFA), Fetola, LifeCo UnLtd	Offer lean startup training and mentorship



01

Bootstrapping

To fund Phase 1: Internal growth

02

Expansion capital

To fund Phase 2: Expansion phase

03

Growth capital

To fund Phase 3: Strategic growth

Phase 2: Expansion

2

Expansion capital

- Expansion capital **funds business growth**—like scaling, hiring, or market entry
- It **includes equity** (Seed–Series B) or **debt**, with **debt carrying higher repayment risk**

Product-Market Fit:

- The product starts meeting a real need in a repeatable and scalable way.
- Clear market traction begins.

Market demand clarity

Prove strong, repeatable, & scalable demand

- **Show traction:** user growth, active customers, recurring revenue
- **Quantify customer pain point** & your solution's impact
- **Use metrics:** CAC vs LTV, churn, retention, and revenue growth

Operational & model scalability

Prove business model works & is ready to scale with capital

- **Achieving unit economics** & gross margins
- **Documented, repeatable sales** & marketing processes
- **Scalable** tech stack or **delivery systems**

Strategic expansion readiness

Show high-potential player ready for strategic growth

- **Clear differentiation** & defensibility (IP, network effects)
- **Expansion plan:** new markets, products, or verticals
- **Strong leadership & team** with execution credibility

Phase 2: Expansion

- Main activity: Product-Market Fit
- Investment type: Expansion Capital (Seed – Series B, Equity & Debt)



Case study

AgroSmart, a digital platform for smallholder farmers, validated its model through pilots with cooperatives. After gaining 5,000 active users and monthly revenues of R80,000, they secured seed investment from a local VC and matched funding from a DFI



Ecosystem support in South Africa

Category	Ecosystem player	Notes
Accelerators	Grindstone, Founders Factory Africa, Injini	Require traction and scalable model
Seed/VC Funds	4Di Capital, Enygma Ventures, Kalon VC, Launch Africa	High-growth tech-enabled businesses
ESD Funds	Telkom FutureMakers, Sasol ESD, Absa ESD	B-BBEE-compliant, supplier dev. alignment
Debt (Early growth)	Business Partners Ltd, FinFind, SEFA (now SEDFA)	Requires revenue, cash flow forecasts



01

Bootstrapping

To fund Phase 1: Internal growth

02

Expansion capital

To fund Phase 2: Expansion phase

03

Growth capital

To fund Phase 3: Strategic growth

Business Model Fit

- The company can scale profitably with a repeatable, efficient model
- The business model is proven by strong margins, consistent growth, and operational leverage.

Phase 3: Strategic growth

3

Growth capital

- Growth capital **supports large-scale expansion, market dominance, or acquisitions** in the strategic growth phase
- It targets **proven businesses** and is often **equity or structured debt**

Optimise unit economics

- Ensure each sale is profitable by refining cost structure, pricing, and customer lifetime value.

Systemise operations

- Build scalable, repeatable processes in sales, delivery, and customer support to reduce dependency on founders

Demonstrate market leadership

- Show traction, differentiation, and a clear path to dominate your niche or expand into new markets.

Phase 3: Strategic growth

- Main activity: Business Model Fit
- Investment type: Growth Capital (Equity or Structured Debt)



Case study

HealthX Africa, a telemedicine provider, scaled to 50,000 users and integrated with insurers. With strong unit economics and a plan to enter other SADC markets, it raised Series A funding and secured structured debt from the IDC to fund regional expansion



Ecosystem support in South Africa

Category	Ecosystem player	Notes
Growth VC	Knife Capital, Futuregrowth Development Fund, HAVAÍC	Back proven businesses with scaling potential
Development Finance Institutions (DFIs)	IDC, NEF, DBSA	Focused on strategic sectors and job creation
Structured debt providers	Edge Growth (Venture Debt), Business Partners Ltd, Old Mutual Masiszane Fund	Revenue-based repayment or milestone-linked debt
Export & expansion funds	TIA, DTI Export Marketing & Investment Assistance Scheme	Support for market expansion and export readiness

Thank you

Q&A



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