

# 4 ways SMEs can deal with the energy crisis while they await relief

South Africa's escalating energy crisis shows no signs of abating with the implementation of Stage 6 load shedding plummeting many parts of the country into darkness last week.



Source: [Unsplash](#)

As the backbone of the country's economy, small and medium enterprises (SMEs) have been worst affected by load shedding. Many are just recovering from the pandemic and are now being faced with the devastating effects of having no power for between eight and twelve hours a day.

The government has just announced it is stepping in to take the pressure off SMEs and has instructed the Small Enterprise Development Agency (Seda) and the Small Enterprise Finance Agency (Sefa) to collaborate with various stakeholders and find a solution via an energy relief package. While these talks are ongoing, Eskom announced the devastating news that South Africa will be placed on permanent Stage 2 or 3 load shedding for the next two years.

In response to Eskom's latest announcement, small businesses have appealed to the government to consider implementing subsidies on diesel, diesel-powered generators or other alternative energy solutions to help them cope with load-shedding, as many will not be able to survive another two years of constant power cuts.



Government working on energy relief package for small businesses

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"The details of the Seda and Sefa-driven packages and how SMEs can claim are not yet available, but relief efforts like this are vital if our SMEs are going to survive the indefinite energy crisis," says Miguel Da Silva, managing director at Retail Capital.

"We applaud the government for stepping in and hope that the relief package will go some way towards creating alternative sources of energy, recovering some losses, and subsidising existing energy solutions. In the meantime, we encourage SMEs to act now and invest in alternatives if they have the finances available," he adds.

There are a number of things that small business owners can do to help mitigate the effects of these power outages - the key is to act fast.

Da Silva suggests four ways every SME can and should be dealing with the energy crisis today:

## **1. Find affordable alternatives**

Not all alternative energy solutions are expensive, so do your research and find out which solutions will best suit your business. A small generator or an uninterruptible power supply (UPS) for example can cost as little as R900 and can be purchased from high street hardware stores or online.

"They're not a 24-hour solution but, at the very least, these will provide you with an interim source of power until the lights come back on," says Da Silva.

Battery packs and power banks are also cost-effective options that will help keep your electrical items, Wi-Fi and Pos devices running. "Using battery and power banks can be a juggling act though and you need to remember to keep these charged when the power is back on," says Da Silva.

Investigating gas cooking solutions is another effective way of maintaining business as usual - or as close to it - for restaurants and other hospitality businesses. "Gas alternatives do require professional installation so make sure you factor in the cost of having it installed by a gas safety engineer who can provide you with the right safety certificates," advises Da Silva.

## **2. Get funding to go off-grid**

For most SMEs and individuals, ordinary savings won't even cover the costs of getting off the Eskom grid. If your business premises are mortgaged with certain banks, then you may be able to take further financing from the bank to pay for these alternative energy solutions.

Several banks have partnered with renewable/backup energy providers to provide discounts to their customers. Some may also offer improvement loans for business premises, and this could go some way towards financing an alternative source of energy, like solar.

## **3. Change the way you work**

If an off-grid solution is not financially viable for your SME, then consider investing in a hot desk at a shared office space

that's equipped with a generator.

"The costs can be quite high depending on your location and amount of people working for you, but this could be a worthwhile cost to bear if it means your business won't be interrupted by outages and ensuring you are still profitable. Smaller teams are also more flexible so consider working schedules that can adapt around load shedding hours," says Da Silva.f

#### **4. Manage any price fluctuations**

"If you are considering the expensive off-grid option, you may need to make realistic price hikes on your goods and services so that you keep yourself in business. However, it is wise to manage any price fluctuations carefully and to be completely transparent with your clients from the get-go. Building in added value for your clients can go a long way towards offsetting any resistance to this," he advises.

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