

Making what's good for your country, good for your business

Love it or hate it, the BEE Code it is here to stay. As business leaders, we need strategies that make the Code work for our organisations, and just as importantly, work to make a real difference to the country.



By Catherine Wijnberg 3 Oct 2013

For some, just securing the points they need is enough, but increasingly in South Africa there is a recognition that no one can afford to sit back and say 'its not my problem' - inequality, poverty, unemployment, discontent and a wallowing economy have a deep long-term impact on us all. More than ever we need to work together to create a future that meets the collective needs of society as a whole - rich and poor, urban and rural, educated, and uneducated, black and white.

Working toward a national solution is not some 'do-gooder' concept but a business and social reality, because - as leaders worldwide are recognizing with growing concern - the challenges of poverty and unemployment ultimately create dire consequences for us all.

I was wrong

My personal moment of epiphany came when travelling along the dusty road to Whittlesea in the Eastern Cape, past broken down schools where children were wandering aimlessly in the streets when they should be in class, and teachers were absent. Until that moment I had been satisfied (self-satisfied?) that my children were at last all educated, so education was not my problem anymore. How wrong I was.

Every child that is uneducated or poorly educated becomes an adult that is not employable, and thus is seldom employed. As a business owner this is my burden. As a tax-payer this is my burden. As a citizen this is my burden.

So back to the BEE Code. For all its flaws and imperfections, the intention of the Code is to encourage (and regulate) the development of a more equitable, shared economic future. There are those who believe it is too onerous and drives an unfair redistribution of wealth and opportunity from white business owners to black individuals and businesses, and there are those who believe it is doing too little by far. Whatever your standpoint, it is a strategy that is in place, and one that can work if we all work with it.

Making the Code work

As a QSE business owner myself (under R35m turnover) I am delighted at the flexibility of the Code and the opportunity to make it work for me. My specific interest is the Enterprise Development section of the Code, because as a small business specialist I am particularly passionate about the potential of the BEE Code to stimulate a thriving small business sector.

Applied effectively, these Enterprise Development (ED) grants can make a lasting difference to SMEs nationally, and help build one's own supply chain in the bargain. When promising SMEs are selected and effective support is provided, I have seen first-hand how Enterprise Development initiatives can really make a sustainable positive impact to the economy.

Sceptics out there may disagree, and many are simply happy to toss some cash into a pot in exchange for their BEE points - especially into the growing pool of 'Enterprise Development Investments' that promise points in perpetuity. However, other more conscious individuals with the vision to see the future as one in which all of our children and grandchildren can thrive want their ED grants to offer a greater return than just ticking the boxes of the BEE Code.

Creating lasting benefits

Real Enterprise Development creates lasting positive benefit - and our own experience with black-owned SMEs nationally has shown the incredible potential for long-term success. Statistics from our Legends ED programme, which has stringent

application criteria and a comprehensive, integrated programme of training, mentoring and other support, show that stellar performance is possible in emerging, largely rural, black, and women-owned businesses - the results speak for themselves:

- 94% business survival over 5 years (300% higher than the national average)
- 65% business growth year on year over 5 years (national average is 2%)
- 5,000 jobs created and/or sustained
- Business sustainability across all sectors
- Linkages to corporate supply chain
- Positive cross-marketing benefits for grant-making business

Sadly, an increasing number of ED programmes have simply become a means to spend money in return for points, with little if any tangible success or impact in the economy that can be directly attributed to the money invested. Some funds simply collect vast sums of Scorecard money from corporates and then loan this money out to Black-owned businesses at commercial rates, in exchange for Points in perpetuity. That is not what the spirit of the BEE code intends, surely.

Some questions for you

If you are a business leader determined to make the most of the BEE code - both in terms of ROI to your organisation, and long-term tangible, positive effect to the economy of South Africa - be sure to interrogate your ED programme or BEE compliance provider by asking the following questions:

- Firstly, is the ED programme making a visible, measurable impact on the SMEs it supports?
- Secondly, is the ED programme creating sustainable enterprises that can survive in the long-term?
- Thirdly, is the ED programme delivering ROI to your own organisation - through cross-marketing, market intelligence, new market development, supply chain development etc?
- And lastly, is your ED programme building trust and reputation for your brand in the market, because it genuinely impacts positively on those who need it?

As an active citizen of South Africa, anything less should be unacceptable.

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