

New partnership provides R20m credit facility for BEE contractors

A pilot partnership between Standard Bank and Massbuild will see Massbuild supply building materials through a R20-million credit facility to 10 pre-selected BEE contractors providing building services to government for community upliftment projects ranging from low-cost housing to libraries and hospitals.



Simone Cooper, head of franchising and enterprise development at Standard Bank.

Massbuild operates Builders Warehouse, Builders Express and Builders Trade Depot. Standard Bank's portion of the funding will go toward meeting the working capital requirements of the contractors, who generally are not able to obtain funding for these types of projects.

"Our partnership aims to promote sustainability among small business owners in the construction industry," says Simone Cooper, head of franchising and enterprise development at Standard Bank. "We want to create an environment that supports emerging building contractors and their continued ability to supply critical services to government."

The partners are adopting this new approach to enterprise development, which absorbs billions of Rands in corporate budgets every year, to drive the long-run sustainability of more small businesses in South Africa. A comprehensive enterprise development solution that encompasses funding, supply chains and business support is also a key component of promoting black economic empowerment.

They are likely to expand the total size of the credit facility and the number of participating contractors, once they have evaluated the success of the initial pilot. Apart from the primary goal of ensuring the viability of emerging building contractors, who typically purchase 65% of their building supplies on credit, they also hope to make a positive contribution to job creation and entrepreneurship.

"As a major retailer, the group recognises the need to implement an enterprise development solution that links financing with preferential procurement and support programmes to promote the long term commercial well-being of small businesses," says Andrew Latimer, head of financial services at Massbuild. "The ultimate success of this initiative will be in the number of small businesses we are able to graduate to sustainable, profitable entities in the long-run."

Technical, operational assistance

An important component of the initiative will be the technical and operational assistance provided to the contractors by Tusk Construction Support Services. The contractors will get practical support on delivering their contracts with government, encompassing basic cash flow management, project costing, supply chain management and the provision of on-site project managers.

"What is commendable about this partnership is that the companies have recognised the need to appoint a professional support service provider to help equip emerging building contractors with the fundamental business acumen they will need to operate their businesses on a sustainable basis," says Pieter de Villiers, director of corporate services at Tusk Construction Support Services.

"You can't just throw money at small enterprise development. You also have to nurture businesses and more importantly, you have to teach emerging entrepreneurs how to help themselves so that they are able to continue operating independently."

For more, visit: <https://www.bizcommunity.com>