

## 10 steps to becoming a BEE compliant business

The BEE scorecard encourages businesses to push for economic growth, specifically focusing on people of colour in South Africa. It is based on the concept of offering incentives through additional business. Economic growth begins with skills development involving training and hands-on development through employment equity and the development of new business.



LFP Group's CEO, Louis Pulzone

BEE should promote an inclusive economy and inspire positive conversations. According to the LFP Group's CEO, Louis Pulzone, the following steps will assist you in developing an internal scorecard to gauge your efforts and requirements:

**Step 1: Understand the scorecard and industry** - It is highly important to understand what is required within your business in order to earn points. At the same time, Pulzone says that BEE should by no means be a 'grudge purchase', it should rather be incorporated into the company's bigger picture thinking. "You need to know what can be done to earn additional points to improve your overall score. While there's many processes which can be undertaken, a free BEE Management Tool has now been created to help you input and assess all aspects of your scorecard in an informed and efficient way."

**Step 2: Identify where you are affected** - The elements on a BEE scorecard can affect different businesses in a range of different ways. Compare yourself to your competitors and then determine what your customers require. "Yes, your clients earn extra ESD points when partnering with a compliant company but more than this, it shows that your business is responsible, forward-thinking and inclusive. The incentive BEE is more than that of 'beating of a competitor'," Pulzone explains.

**Step 3: How can you earn points?** There are various ways to earn points and the scorecard is designed to cover various elements which form part of a thriving economy. "As the leaders in this field, we go beyond skills development initiatives to offer a broader range of compliance and related services. We realise that the needs of our clients' change with legalisation and we adapt accordingly. We know that skills development initiatives remain one of the most cost-effective and beneficial ways of earning maximum BEE points. The

are earned by training employees on the job or through formal, SETA training.” In addition, preferential procurement points are earned by purchasing goods and services from businesses with a good BEE scorecard. Enterprise development points are earned by partnering with compliant businesses. “This is a great incentive – it goes back to following the rules and being rewarded for doing so.” Socioeconomic development points are earned by supporting black social causes.

**Step 4: Collect documents and start earning points** - Taking the time to compile and gather evidence substantiate your BEE status will only play in your favour as you save time during your final audit and in the process of acquiring or improving your BEE status.

**Step 5: Calculate an initial BEE scorecard** – “It is highly important that you use an excellent BEE scorecard calculator such as the one brought to you by LFP. We have developed free products to benefit the broader industry and we pride ourselves on the ground-breaking innovation that we bring to the table.” The LFP Group BEE Management Tool is a free analysis tool and provides a bird's eye view of your compliance for informed decision making.

**Step 6: Create a strategy report** - Strategy helps you to plan ahead and be successful. Consider the availability of the points, the cost of each point and the tangible benefits in line with your broader strategy. “This strategy should include your year-end points as well as your future scorecard points.”

**Step 7: Earn points based on strategy** - Follow your strategy and implement the items you diligently strategised. Ensure that all of the final decisions make business sense and BEE sense.

**Step 8: Get a BEE consultant or company on board** – “Select a credible supplier on-board who can walk the journey with you. We have seen so many businesses fail their entire compliance exercise because their supplier lacks the infrastructure and know-how.” The LFP Group is a leading provider of BEE aligned skills development training and BEE compliance initiatives.

**Step 9: Find additional points through rechecking** - If you require additional points, take the time to fill other avenues in which you can do so. In most cases, the easy points are simply not enough. Recheck your status before moving onto the next stage.

**Step 10: Scorecard audit** - BEE verification can be stressful, especially when one does not fully understand the impact of decisions. If you have prepared well then you will have less difficulties. An appeal is always an option and is done after the scorecard has been issued. “Again, LFP has just launched a new BEE verification facilitation service and here we work with our clients to see their compliance through - from start to finish.”