



B-BBEE NEWSFLASH - EDITION 10/2016

B-BBEE BEST PRACTICE

The amended codes are challenging with far reaching, critical implications for companies who fail to achieve at least a level 7 discounted to level 8. The real question organisations must face is whether they have made the significant shift in focus which the new codes require to achieve even the minimum standards.

At the launch of the amended codes many companies took a negative view about the stretch required to achieve a reasonable score when compared to the old codes. However, it is becoming evident a year after implementation, that the more proactive companies have not just sat back and taken a bridge to far approach, but have implemented strategies and structures, and have realised a level of competitive advantage. The old South African proverb about not having to run faster than the lion, but to run faster than the slowest springbok applies.

The new codes require a significant shift in thinking and strategic approach. In order to be compliant under the old codes, it was common for companies to appoint someone in the HR department to drive the codes and once a year the company would contract a consultant to help them prepare for their audit.

HR leading the process under the old codes made sense as 3 of the old categories (Management Control, Employment Equity and Skills Development) were directly in HR's hands, and 2 of the remaining 4 had links to HR (Socio-Economic Development and Enterprise Development). B-BBEE now needs a focussed team based approach; HR may be the team captain, but not the only player on the team.

The new codes are heavily commercially weighted even when aiming to meet minimum standards. The B-BBEE points to cost ratio needs to be carefully assessed and evaluated. In fact, every commercial act now has a potential B-BBEE implication. With respect to my HR peers, many do not have the correct skill set to do this. Where HR managers have adequate commercial skills, they are unlikely to have the clout in their organization to assess the B-BBEE impact of financial and commercial decisions and make changes to the way things are done.

The "once a year" approach to B-BBEE is equally inadequate. As said above, every commercial decision has a potential impact on the B-BBEE score card. Achieving reasonable (acceptable) scores requires the company's B-BBEE score card not to be a surprise once a year, but the product of daily management by the entire organisation. Every staff appointment, sale, new deal, expense, supplier appointment, material or

EAST LONDON
JOHANNESBURG
CAPE TOWN
PORT ELIZABETH
DURBAN

T- 043 721 1030
T- 011 483 3722
T- 043 721 1030
T- 041 364 0472
T- 041 364 0472

F- 043 721 1027
F- 011 483 1650
F- 043 721 1027
F- 041 363 0043
F- 041 363 0043

elmarketing@globalbusiness.co.za
jhbmarketing@globalbusiness.co.za
ctmarketing@globalbusiness.co.za
pemarketing@globalbusiness.co.za
dbnmarketing@globalbusiness.co.za



GLOBAL BUSINESS SOLUTIONS
future thinking. now



B-BBEE NEWSFLASH - EDITION 10/2016

service order, training initiative, employee benefit, or supplier event has either a positive or negative impact on the score card. The B-BBEE impact needs to part of the assessment process when the decision is made. If the company is falling behind their target score, waiting until the annual B-BBEE verification is too late.

As examples, you can't fix ownership or supplier development over night or by chance. This is only achieved when the management team as a collective are driving the actions needed to achieve the target. If the company is tracking above their target score card, then it is possible that somewhere they are spending too much and this is also a commercial issue and must be corrected.

It is also too risky to have one function or one employee managing the scorecard, because this is a key company skill, and a resignation could cause chaos. It is also grossly unfair to hold a single person accountable. Management teams exercising best practice are measuring their score card on a monthly basis. Best practice views B-BBEE as a KPI along with the company sales figures, production efficiencies and cash and expense management.

In South Africa the triple bottom line now has a fourth leg; one which we may not like but ignore at our peril.

This article was written by Dr Charles Du Toit, an independent consultant with whom Global Business Solutions has partnered. Charles used to work out of our Port Elizabeth office and recently stepped down from his position as Group Human Resources Director at a large supplier in the motor industry. His passion is consulting and teaching. He has a wealth of knowledge and experience in soft skills and specifically in leadership development and training. Charles can be contacted through your local Global Office.

If you need assistance with questions on any B-BBEE related matter, including training courses and strategic or planning sessions on the amended codes, please feel free to contact me on 083 440 2130 or by email on richard@globalbusiness.co.za. Charlene Skipp is also available for B-BBEE consulting in our Johannesburg office and can be contacted on charlene@globalbusiness.co.za or 083 780 7209.

Kind Regards

Richard Ryding
Global Business Solutions

30 September 2016

EAST LONDON
JOHANNESBURG
CAPE TOWN
PORT ELIZABETH
DURBAN

T- 043 721 1030
T- 011 483 3722
T- 043 721 1030
T- 041 364 0472
T- 041 364 0472

F- 043 721 1027
F- 011 483 1650
F- 043 721 1027
F- 041 363 0043
F- 041 363 0043

elmarketing@globalbusiness.co.za
jhbmarketing@globalbusiness.co.za
ctmarketing@globalbusiness.co.za
pemmarketing@globalbusiness.co.za
dbnmarketing@globalbusiness.co.za



GLOBAL BUSINESS SOLUTIONS
future thinking. now