

ENTERPRISE- AND SUPPLIER DEVELOPMENT: CREATIVE VALUE-ADDING INITIATIVES

It is common knowledge by now that the 2013 General Amended Codes, effective from 01 May 2015, have brought about significant changes in how companies, irrespective of size, approach and regard B-BBEE.

Though B-BBEE is generally deemed to be a highly expensive, onerous, administrative exercise, demanding a lot of input with very little actual benefit and virtually no return on investment, it is important to note that despite all the negative press and controversy, “keeping it simple” still works.

The scorecard items **Enterprise- and Supplier Development** best explain how “keeping it simple” can be beneficial for your B-BBEE status and/or strategy going forward.

When considering the type of contribution to be made, it is important to note that a once-off cash grant alone, is not the only contribution type that qualifies for B-BBEE points. Feasible, lucrative value-adding initiatives do exist and these too qualify for B-BBEE points.

The key in identifying these types of initiatives is firstly looking at your current position, i.e.

1. The location of your offices,
2. The nature of your business,
3. The welfare of your employees and
4. Your relationship(s) with suppliers and/or clients.

For instance, if your offices are located in an industrial area or if there are no suitable, kosher food outlets within your vicinity, creating an onsite canteen may be an option as any overhead costs (i.e. free rent, water and electricity, phone lines etc.) and/or direct costs (i.e. cutlery, crockery, food stuffs etc.) can be claimed for current and future B-BBEE points.

If your business makes use of fleet vehicles or if company cars are made available for use by management members, creating an onsite car wash may be an option as any overhead costs (i.e. the use of demarcated parking bays, water and electricity etc.) and/or direct costs (i.e. cleaning materials etc.) can be claimed for both current and future B-BBEE points.

Furthermore, if you have an open relationship with some of your clients and/or suppliers, suggesting a “quid pro quo” initiative may be best, i.e.:

1. Offering “discounts in addition to your normal business discount”, will qualify as the difference in the discount will count for B-BBEE points,
2. Offering “extended credit terms” also qualify as this type of initiative is verified on the same principle applicable to loans, in that the outstanding balance at the end of your financial period will be taken into account for your B-BBEE Points, etc.

For more information on cost-effective value-adding initiatives, contact Strata-g Labour Solutions.

Falling within your measured financial period, any company or entity (even a current supplier) with 51% or more Black and/or Black Women Ownership who is either:

- A QSE (Qualifying Small Enterprise, i.e. entities with a turnover between R10 – R 50 million p/a) or
- An EME (Exempt Micro Enterprise, i.e. an entity with an annual turnover between R 0 – R 10 million p/a).
- The beneficiary is a supplier to your company for the measured financial period and
- That the two (2) contributions made to this supplier beneficiary are clearly demarcated, one to be used specifically for Supplier Development and the other specifically to be used for Enterprise Development.

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