



ENTERPRISE DEVELOPMENT

It's been 24 years since the end of Apartheid, yet South Africa is still reeling from its negative effects – widespread poverty, huge unemployment and a lack of skills and quality education. There has been little opportunity for the majority of South Africans to join the mainstream economy and find jobs.

The Amended Broad-Based Black Economic Empowerment (BBBEE) Act 46 of 2013, which came into effect on 24 October 2015, and its associated Amended Codes of Good Practice, aims to address this inequality, giving small black-owned businesses and marginalised members of the population - black women, unemployed black youth, black people with disabilities and those from rural areas - an opportunity to participate in the formal economy, to access opportunities, gain skills, grow businesses and create employment.

Large corporates and Qualifying Small Enterprises (QSEs), with turnovers of between R10 million and R50-million must comply with the Amended Codes if they want to do business in South Africa. This includes developing small businesses through mentorship, and providing grants and loans.

The Act and Amended Codes are significant pieces of legislation that have the potential to see real transformation of our economy and to bring relief to millions of South Africans whose daily reality is social and economic hardship. But for it to have the desired impact, South African companies need to come to the party. If we are to transform South Africa, B-BBEE cannot just be a tick in a box on a scorecard. Big business must be willing to hold the hand of small black-owned enterprises and show them how to succeed by teaching them the business skills they need, giving

them access to funding and to markets by making them part of their supply chains.

The Amended Codes place significant focus on Enterprise and Supplier Development (ESD) and aims to facilitate that by offering businesses points on their B-BBEE scorecards for preferential procurement and ESD. By taking ESD seriously, businesses can improve their B-BBEE recognition levels while giving previously disadvantaged South Africans a real chance at success. Without this kind of commitment from the business community, South Africa will never be able to transform into the country we all want it to be – the one we all dreamed about in 1994.

AMENDED B-BBEE CODES ARE DRIVING TRANSFORMATION

The amended B-BBEE Generic Codes of Good Practice provides a real opportunity to change the empowerment landscape in South Africa, says Petra Rees, Managing Director at the Lean Enterprise Acceleration Programmes (LEAP).

“We’re already seeing an acceleration in the changes companies are making since the Amended Codes came into effect in May 2015.”

The Amended Codes have emphasised supply chain as a critical key component, introduced a new Supplier Development (SD) requirement and put Preferential Procurement, SD and Enterprise Development



(ED) under the Enterprise and Supplier Development (ESD) umbrella, making it the biggest of the five elements on the B-BBEE Generic scorecard with 40 points.”

This says Rees has moved companies from trying to do the right thing – like growing small businesses and offering them financial support – to actually having to do business with them. “Now companies actually need to find quality black entrepreneurs and small businesses, grow them, buy from them, help them to become sustainable and make sure their services are of a standard that will ensure the sustainability of the large corporate’s business and the quality of its own offering.”

The Amended Codes prioritise the ownership, skills development, and ESD elements. “The ownership element seems to be the greatest challenge for businesses as it impacts the procurement scorecard,” says Nomzamo Xaba, Group Executive, Empowdex Research and Advisory. “Not only does a company have to worry about its own ownership position, but also about whether its suppliers are black and black-women owned.” When it comes to ESD, a company is regarded as black-owned when black people have a 51% shareholding in that company.

Xaba sees the Amended Codes as a positive development for the transformation agenda. “It pushes for more black-owned and black women-owned businesses to come into the core economy and means big business has to make a concerted effort to buy from small and medium-sized black businesses.”

A big change in the Amended Codes, says Diana Cumberledge, Enterpriseroom’s BEE Specialist, is that Qualifying Small Enterprises (QSEs), with turnovers of between R10 million and R50 million, now have to do a black ownership deal or get a very low or non-compliant rating. On the old Codes they could quite easily achieve a Level 1, 2 and 3 B-BBEE rating without one by spending a percentage of their Net Profit After Tax (NPAT) on things like socio-economic development and achieving good preferential procurement scores. “Now there is more emphasis on black people having ownership of the economy and holding top positions in companies, even small ones,” she says.

This means that QSEs that want to do business with large businesses and government are going to have to transform at an ownership level.

Tracey Webster, CEO of Enterpriseroom, says the greater emphasis on SD and preferential procurement should see tangible growth in the small business sector. “We believe that it’s in the small business sector that jobs will be created and where the economy will be boosted if funds, access to supply chain opportunities and mentorship are made available to small businesses to help them grow.”

Xaba adds that most small businesses struggle to get access to markets and funding with most stuck with debt funding they don’t qualify for, as they can’t secure the required collateral. “The ESD element of the Amended Codes requires the support of black businesses that includes debt funding at relaxed terms and investment in small businesses.”

And that is where companies like Edge Growth come in. Besides being a small business incubator and helping corporates with their ESD strategies – like Enterpriseroom and LEAP, Edge Growth also provides finance for SMEs who can’t access funding from banks. It also channels funds of corporate clients who wish to fund their ESD programme beneficiaries.

Stuart Townshend, Edge Growth Director, says South Africa’s financial lending system is not geared to funding high-risk SMEs. “So we seek to fund those who can’t access formal funding but are still able to grow on the back of it. Our model tries to solve the three big challenges SMEs face – access to markets, finance, and the right kind of skills development to close any capability gaps and help prepare SMEs for the growth journey.”

Providing SMEs and EMEs with access to markets is critical and should be the main focus of companies’ ESD programmes, says Webster. The ESD Scorecard encourages the graduation of ED beneficiaries into SD beneficiaries by offering companies a bonus point on their ESD scorecard for doing this, with the end goal being for them to become part of the supply chain. The 3% of net profit after tax combined spend on



ESD, is there to assist these beneficiaries to develop their businesses sufficiently for them to become suppliers.

Dr Ivor Blumenthal, CEO of ArkKonsult, says companies who understand what is meant to be achieved by B-BBEE, who have a consolidated strategic plan and are investing in supplier development should also be investing some of those available funds in assisting newly created suppliers to effectively brand their business and themselves, market their products and services and consistently communicate the strategic advantages they offer in the marketplace.

“New enterprises and ultimately new suppliers have to be absorbed into the marketplace to remain sustainable and operational. They have to become part of the marketing and communication, the branding and the selling platforms that are part of the culture of communication. They have to be adopted and nurtured so as not to fail.”

THINGS TO CONSIDER WHEN SETTING UP AN ESD PROGRAMME

Setting up an Enterprise and Supplier Development (ESD) programme is not something companies should take lightly as the costs to companies, both big and small, can be significant. The behind-the-scenes costs of setting up and running an ESD programme are not insignificant and require the participation of various departments within a company.

“The more companies can align their ESD programme with business objectives, the better, as it then supports business sustainability. ESD then gets properly profiled and is allocated the necessary resources it requires,” says Stuart Townshend, Edge Growth Director.

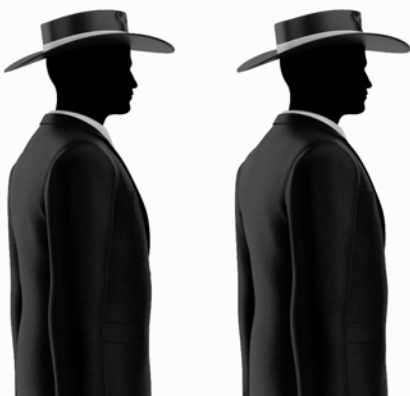
“Companies also need to establish what they can accomplish on their own and where they need to bring in a good partner to assist – for example, in the development and implementation of a sustainable ESD strategy and programme.” Townshend adds that a programme should be structured so that beneficiaries are provided with a combination of finance and incubation.

“Most SMEs don’t know how to access finance. If it’s done through an ESD programme, they have more

speedy access to it.” He says finance should be a balance between grants and loans. “Often grants go to enterprise development (ED) beneficiaries who are just starting out, as they would not be able to service a loan. Once an ED beneficiary starts making sales and needs a delivery vehicle to sustain growth, for example, that’s when a company can consider granting them a loan.”

Petra Rees, Managing Director of the Lean Acceleration Enterprise Programmes (LEAP), says executives need to think about the overall company’s objectives, analyse their preferential procurement spend, consider the Amended B-BBEE Codes’ requirements and then plan their ESD strategy. “Their ESD programme should meet their organisational objectives, leading to improvement in the company’s revenue and operational expenses. This requires commitment and change management processes, the magnitude of which is often underestimated,” says Rees.

Nomzamo Xaba, Group Executive, Empowerdex Research and Advisory, says there must also be clarity about what the beneficiary receives from the relationship with the company. “Currently the trend is for business to earn as many points with as little effort as possible. Beneficiaries become the



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The Amended Generic Scorecard

Element	Weighting	Compliance Target
Ownership	25 points	25% + 1 vote
Management Control	15 points	(50% to 88%)
Skills Development	20 points	6% of payroll
Enterprise and Supplier Development (ESD)	40 points	Preferential Procurement: 80% Supplier Development 2% (Net Profit After Tax) Enterprise Development 1% (Net Profit After Tax)
Socio-Economic Development	5 points	1% (NPAT)
TOTAL:	105 points	

The Amended generic B-BBEE Scorecard reduced the B-BBEE elements from five to seven. A new category – Supplier Development was created and was placed together with Preferential Procurement and Enterprise Development to form the Enterprise and Supplier Development element. Employment Equity and Management Control were combined under the Management Control element. All companies have to comply with the five elements of the Generic Scorecard except for Exempted Micro Enterprises (EMEs). The Generic Scorecard gives black-owned EMEs and Qualifying Small Enterprises (QSE) enhanced recognition status. EMEs have Level Four Contributor B-BBEE status, 100% black-owned EMEs qualify as Level One Contributors while 51% black-owned EMEs qualify as Level Two Contributors. The only requirement for EMEs and black-owned QSEs, is that they have to obtain sworn affidavits on an annual basis, confirming annual total revenue and level of black ownership.

losers as they receive little benefit from the support they receive. Where businesses are providing support, they must contract correctly with the

beneficiaries. A lot of support goes unaccounted for as the business does not clarify the end to which the ESD programme is designed for.”

Diana Cumberledge, Enterpriseroom’s B-BBEE specialist, says companies must look at ESD as part of a whole integrated scorecard strategy as all the elements have an impact on one another. “They also need to take a long-term view as creating a sustainable and successful ESD strategy does not happen overnight.”

UNDERSTAND B-BBEE

Broad-based Black Economic Empowerment (B-BBEE) is a South African Government initiative aimed at addressing the inequalities of the past by facilitating the participation of black South Africans in the mainstream economy. Through the policy of B-BBEE, the government aims to empower more black people to own and manage enterprises.

B-BBEE is governed by the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by the B-BBEE Amendment Act 46 of 2013, which came into effect on October 24, 2014. The first phase of the Amended B-BBEE Codes of Good Practice (Amended Codes) was gazetted on October 11, 2013, with the second phase, which deals with sector codes, gazetted on May 6, 2015. The Amended Codes came into effect on 1 May 2015.

Under B-BBEE ‘black people’ refers to African, Coloured and Indian members of the South African population. An enterprise is considered black-owned if it is at least 51% owned by black people, who also have substantial management control of the business.

UNDERSTANDING SCORECARDS

There is an overall Generic Scorecard. In addition, each of the five elements on the Generic Scorecard has its own scorecard. Different industry sectors also have their own B-BBEE Codes and scorecards. As a general rule, an entity falling under a specific sector code must be measured under that code and may not choose the generic codes. These industry codes may have different point allocations for different elements on their scorecards.



Entity Size Classifications	2007 Codes of Good Practice Turnover Threshold	2013 Codes of Good Practice Turnover threshold
Exempted Micro Enterprise	< R5 million	< R10 million
Qualifying Small Enterprise	R5 million ≤ R35 million	R10 million ≤ R50 million
Generic Enterprises	≥ R35 million	≥ R 50 million
Certain sector codes have varying thresholds such as estate agents under the Property Code.		

B-BBEE Recognition Levels

	Points on the Generic Scorecard		BEE Recognition level
	2007 codes	2013 codes	
Level One Contributor	≥ 100 points	≥100	135%
Level Two Contributor	≥ 85 but < 100	≥ 95 but < 100	125%
Level Three Contributor	≥ 75 but < 85	≥ 90 but < 95	110%
Level Four Contributor	≥ 65 but < 75	≥ 80 but < 90	100%
Level Five Contributor	≥ 55 but < 65	≥ 75 but < 80	80%
Level Six Contributor	≥ 45 but < 55	≥ 70 but < 75	60%
Level Seven Contributor	≥ 40 but < 45	≥ 55 but < 70	50%
Level Eight Contributor	≥ 30 but < 40	≥ 40 but < 55	10%
Non-Compliant Contributor	< than 30	< than 40	0%

UNDERSTANDING PREFERENTIAL PROCUREMENT

Procurement is now measured based on expenditure with 'empowering suppliers'. (The definition of 'empowering suppliers' as stipulated in the Amended Codes is currently under review and in the interim all suppliers are treated as empowering suppliers).

A measured entity receives a score for procurement in proportion to the extent it meets its compliance target. A business's Preferential Procurement score depends on the BEE scores of its suppliers. The higher the score of a BEE supplier, the more they will count towards a company's Preferential Procurement score. For example, if a business spends R100 with Level 1 supplier, then it can attribute R135 to its BEE procurement spend. Similarly, the recognition level of a Level 3 Contributor is 1.10. Therefore if a business spends R100,000 with a Level Three supplier, it can attribute R100,000 x 110% = R110,000 to its BEE procurement spend.

UNDERSTANDING ESD

The Enterprise and Supplier

Development (ESD) element measures the extent to which companies buy products and services from Empowering Suppliers who are B-BBEE compliant through the Preferential Procurement sub-element. It considers who the measured entity procures from – awarding points for procurement from businesses that are at least 51% black-owned, more than 30% black women-owned, as well as offering bonus points for procuring from unemployed black people, black people with disabilities, black people living in rural areas and unemployed black youth. There are separate procurement targets for the different categories of spend, with 25 points on offer if all targets are met. Only QSEs and EMEs that are 51% black-owned qualify as beneficiaries of Supplier Development and Enterprise Development initiatives.

The ESD Scorecard

Criteria	Weighting Points	Compliance Target
Preferential Procurement – all items in the Preferential Procurement section are based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend		
B-BBEE Procurement Spend from all Empowering Suppliers	5	80%
B-BBEE Procurement Spend from all Empowering Suppliers who are Qualifying Small Enterprises or Exempted Micro -Enterprises	3	15%
B-BBEE Procurement Spend from all Exempted Micro-Enterprises	4	15%
B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned	9	40%
B-BBEE Procurement Spend from Empowering suppliers that are at least 30% black women-owned	4	12%

Bonus points:		
B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% black-owned	2	2%
Enterprise and Supplier Development		
Annual value of all Supplier Development Contributions made by the Measured Entity as a percentage of the target.	10	2% of Net Profit after tax (NPAT)
Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT
Bonus Points:		
Bonus point for graduation of one or more Enterprise Development Beneficiaries to graduate to the Supplier Development level.	1	
Bonus point for creating one or more jobs directly as a result of supplier development and enterprise development initiatives by the Measured Entity	1	



DISCOVERY'S ENTERPRISE AND SUPPLIER DEVELOPMENT PROGRAMME ALIGNS WITH COMPANY OBJECTIVES

A symbiotic relationship with its Enterprise and Supplier Development (ESD) beneficiaries and aligning the programme with the company's strategic objectives were the main drivers when Discovery developed its ESD Programme, according to Shelley Roberts, a Senior Sustainability Specialist at Discovery. Among these objectives are providing access to healthcare, lowering healthcare costs and supporting sustainable SME businesses that create jobs. These objectives strongly guide the beneficiaries that Discovery selects as part of its ESD Programme.

Examples are new primary healthcare facilities in Cosmo City, north of Johannesburg, and at Park Station in Johannesburg. "Partnerships with these facilities ensure that members on Discovery Health Medical Scheme's KeyCare plans who live in Cosmo City for example no longer have to travel out of the area to access a doctor in the network, making healthcare more easily accessible to them," says Roberts.

Discovery has been operating a successful Enterprise Development (ED) Programme for the past six years, offering grants, loans and various forms of support to a variety of beneficiaries from start-ups to more established enterprises.

"When the amended BEE codes came into effect in May 2015 and introduced supplier development into the equation, we were already on track with requirements of the code as a large number of our ED beneficiaries were also suppliers within our value chain," Roberts explains.

Discovery's ESD Programme is fairly established now, following their initial partnership with Enterpriseroom to develop and implement their overall ESD strategy.

Tailor-made programmes, which identified gaps and how to gain the necessary expertise to close these gaps, were based on their specific development needs. "By following this process, our selected beneficiaries that are part of our ESD Programme are enabled to grow their businesses and to become an important part of our larger supply chain where required."

Discovery, in partnership with En-novate, also introduced entrepreneur experiential trips into its ESD Programme, exposing select South African entrepreneurs to global best practices and promoting global relationship building. Started in 2016, Discovery has hosted med-tech entrepreneurs on a trip to Silicon Valley, USA, and on a FinTech trip to Amsterdam. "On these trips, valuable advice was provided by industry leaders on the legal processes to be followed and pitfalls to be avoided by start-ups, as well as insight into the latest challenges faced in their particular industries. The trips created many opportunities for these entrepreneurs, with doors opening for some of them to develop their businesses further."

Discovery has had a long-standing volunteer partnership in Orange Farm and working with Rhiza Babuyile, they are also in the process of establishing a Business Hub. This Centre has so far supported 10 businesses and will be selecting more entrepreneurs in the Orange Farm community for this programme that will help them in further developing their small businesses.

"Discovery has assisted many ESD beneficiaries over the years and is currently focusing on promoting the symbiotic relationship that will ensure these enterprises grow, become more sustainable and create additional jobs, thereby enabling the South African economy to grow," adds Roberts.

The ESD Scorecard also measures the extent to which companies implement enterprise and supplier development initiatives that assist in the growth and sustainability of black-owned enterprises through the provision of loans, grants, mentorship and more favourable payment terms. ESD contributions are measured against a percentage of net profit after tax (NPAT), with companies needing to spend 1% of NPAT on enterprise development (ED) to achieve five points, 2% of NPAT on supplier development (SD) to achieve 10 points, and 80% on preferential procurement to achieve 25 points.

The ESD element, with 40 points, is the largest element on the Generic Scorecard. It is also one of the newly introduced priority elements together with ownership (25 points) and skills development (20 points).

When it comes to ESD, a measured entity must achieve a minimum of 40% of each of the targets set out in the Preferential Procurement, SD and ED categories on the ESD Scorecard. This means that of the 25 points for Preferential Procurement, measured entities must get a minimum of 10 points (or 40%) annually to stay at the same

B-BBEE status level. For SD, it's a minimum of four points of the available 10 points, and for ED, two points (40% of the five-point maximum).

Failure to comply with the minimum percentage requirements for each element and ESD sub-categories will result in the measured entity dropping one B-BBEE status level. Qualifying Small Enterprises (QSEs) have to comply with at least two priority elements. Ownership is compulsory, and then they can choose between skills development and ESD. Large enterprises must comply with all priority elements.



The Codes encourage measured entities to align their ED and SD initiatives to their supply chain requirement, thereby linking these to Preferential Procurement.

TAKE A GOOD IDEA - ADD THE RIGHT SUPPORT - GROW A FLOURISHING CONCERN

Zakhe Khuzwayo and DJ Kumbula are two young entrepreneurs who left the security of their chartered accountant careers in 2003 to start their own business, InnoVent.

Seeing a gap in the movable asset rental sector, they applied for start-up capital from Sasfin, took on a B-BBEE investment firm as a partner and approached Discovery Health with their business idea in 2004. "Discovery liked our idea and started us off with a small order, renting projectors from us," says Khuzwayo.

"From small beginnings, our business has grown significantly through their support and they are our biggest client today. We provide them with all their laptops, desktops, servers and networking and have also assisted them with setting up their data centre and office fit-out at their new Sandton head office."

How it works: Companies tell InnoVent what equipment they want to purchase. InnoVent then purchases that equipment and rents it to the company. After three years, when the

equipment has sufficiently depreciated, InnoVent takes it back and upgrades that company with the latest equipment.

What differentiates InnoVent from others movable asset rental and management businesses is that it takes back the old equipment, refurbishes it, and re-rents to the secondary market in South Africa and Africa.

"The secondary market is huge across the continent and we currently have offices in Zimbabwe, Zambia and Tanzania to service this market."

In 2011, Khuzwayo and Kumbula decided to buy out their B-BBEE investment partner and took out a loan. Wanting to expand into other markets, they found they did not have enough equipment coming out of their primary clients in South Africa to be able to satisfy the demand for secondary equipment in Africa. "We decided we needed to go to a first-world country where we could access larger quantities of equipment. So we launched a replica of our business model in the UK but on a much larger scale. After three years of renting to our UK clients, we ship the equipment back to South Africa to get it ready for the African rental market. And after renting to a second user, we sell it on to a third user."

Khuzwayo says there is a cashflow benefit to companies





using its services. "Rather than having to lay out large sums to buy equipment, renting from us allows them to use the money they've saved for more strategic purposes." Khuzwayo adds that the amended B-BBEE Codes of Good Practice are helping small businesses grow and do significant business with large corporates.

"Previously, small companies would only get the business for non-core spend. With the amended Codes, large corporates are effectively incentivised to think about how they spend a meaningful amount with an ESD beneficiary and thereby are enabled to improve their B-BBEE rating. Since 2004, InnoVent has grown its assets under management to R2 billion. Today it has 50 blue chip primary clients in South Africa and more than 500 secondary

clients in Africa. "We are a perfect example of how the government's B-BBEE strategies are working," he concludes.

THROUGH ESD INDEPENDENTS GIVEN A CREATIVE LEG-UP

When Molebogeng Angoma got the call from an associate to tell him there was an opportunity at advertising and media agency Ebony + Ivory (E+I) that he didn't want to miss, he hauled himself across town thirty minutes later to show them his showreel - a decision that has propelled his video business PixPlay on a welcome growth trajectory.

You see, Angoma - who studied film directing at AFDA and has always had dreams of becoming a film director in the image of those in Hollywood - was running his business from the back of his motorcycle. He would steal time in clients' offices and in his business

partner James Hedding's garage to edit client work on his laptop because internet at home was so slow that sending 1 MB was an ordeal.

"I arrived at E+I on my bike with dusty shoes and a crumpled jacket and met Managing Director Paul Middleton. After I had presented my showreel to him, he called in all his staff to come and see my presentation. I think that was the best presentation I had ever delivered at that point."

Angoma grabbed the opportunity E+I was offering through its Hlumani Trust - free office infrastructure, high-speed fibre, full access to Adobe's suite of software, administrative support and also, importantly, mentorship. "Coming to E+I completely changed the game for me. Having an office space where I could bring clients





and access to high-speed internet so that it didn't take me all night to upload a video for a Cape Town client was invaluable. And the most valuable aspect – having someone like Paul and his team, offering advice and guidance, creatively, business-wise and administratively.”

Being attached to E+I has also created new work opportunities for Angoma. “They hire me for creative projects and have introduced me to some of their clients. They always offer support so a project is never left completely up to us. This has really helped in understanding their clients' needs and improving the quality of the products we produce.

FAST-TRACKING GROWTH OF EMPOWER TALENT

Independent advertising and media agency Ebony+Ivory (E+I) has created a hybrid empowerment model that provides business-critical support to previously disadvantaged independents through The Hlumani ('Growth') Trust. The trust fast-tracks business growth for black independent creative professionals.

“Embedded in our agency structure and with a commitment of 25% of agency shares, office space and connectivity to the initiative, The Hlumani Trust funds the provision of administrative and mentorship resources to qualifying creative professionals across the agency spectrum,” says E+I Managing Director, Paul Middleton. “Our creative business campus in the heart of Parktown North also gives these creative, marketing and media business owners a safe, resourced space from which to seed new business growth.”

Middleton says the realities of life in South Africa demand that creative industries develop attention-grabbing and effective solutions, not only for sales and marketing but also for complex socio-economic problems. “To be able to do so powerfully and successfully, the industry needs to fast-track new talent into its ranks and redress the imbalances of our past.” Middleton believes this ‘bottom-up’ approach to agency transformation will widen and deepen the industry's skills base.

The Hlumani Trust is open to black professionals in the creative industries such as strategists, designers, filmmakers, PR professionals, social media specialists and the like.

“The industry needs to provide an environment that is conducive to enabling start-ups to grow into sustainable media and creative entities. The confines of a compliance mentality falls way short of this challenge,” says Middleton. “What's needed is for us to implement smarter, faster ways of growing independents who have the skills and experience, but who need commercial support for

Among the most valuable skills I've learned is the importance of client service, being receptive to their needs and managing their expectations. Managing employees and finance are close seconds.”

Through E+I's support, Angoma has grown the business. “I now hire a full-time video editor, which has freed me up to focus on other business aspects.”

Angoma still has his sights set on being a creative film director. “My dream is to create original content for something like a Netflix in South Africa, bringing original South African stories to the world.”

business expansion,” he says. To this end, E+I creates symbiotic, collaborative partnerships that provide advice and support to independent creatives, especially in non-core areas in which the start-up is not an expert.

“We not only provide mentorship and skills transfer but ensure the entrepreneur can focus on learning and growing their business in a highly competitive environment. As a result we have attracted new talent with new vision and outlook, who are almost part of us but without the overheads of a full-time employee. And because their running costs are low – we provide a fully-serviced office, unlimited fibre access to the internet, a full-colour printer/scanner, a full licence to Adobe Creative Cloud, Apple Mac access, and a meeting room – they can fight aggressively on price for contracts. They also have access to support if they need it in terms of tenders, networking sessions, backend accounting and admin, and marketing and advertising advice.

Middleton adds the benefits to the company are numerous. “We have access to fast-effective work, low aggressive pricing and a new youthful market outlook. On-site meetings and day-to-day project management are easy and better.”

E+I has to date invested more than R500,000 and shared expertise and resources to set up its ESD programme, and Middleton believes the running costs will be about the same each year depending on the support needed.

His advice to small businesses who want to start an ESD programme: “Your heart must be in it. You need commitment. The rewards are there but are long-term. It's not a quick fix to a low scorecard level but it's a great solution that ticks all the right boxes. Our Hlumani initiative has been very rewarding in terms of the growth unlocked for its people and their businesses.”



HOW ESD HAS HELPED A WOMAN-OWNED PLUMBING BUSINESS

For Nkuli Lambert, owner of Vereeniging-based Silverware Plumbing, the amended BBBEE codes couldn't have come at a better time. She had just resigned from AngloGold Ashanti in 2015, after joining the company in 2008 as a Clerk of Works, managing a team of 15 contractors in the Carltonville area. Lambert qualified as a plumber in 2003 and joined Rand Water, after working for five years as a plumbing instructor at St Anthony's Skills Training Centre in Boksburg.

After leaving AngloGold Ashanti, Lambert started toying with the idea of starting her own plumbing business. She sent out her company profile to many large corporates, but aside from acknowledgments that she had been placed on their vendor lists, she never got a callback.

Then she came across an advert from Enterpriseroom, who were looking for plumbing companies with turnovers of less than R10 million and with Level 1 BBBEE certification. She applied and was invited for an interview.

On the panel were representatives from Hollard, Discovery Insure and Telesure. "Enterpriseroom then sent a mentor to my company to assess my business - see what I had in place and what I needed. The gaps they found were mostly business skills-related with the big one being a lack of access to markets. Access to markets is so important because you can have all the skills in the world but if you don't get to the proper channels, people don't give you access."

Lambert then attended training

TELESURE'S ESD PROGRAMME - ALIGNING TRANSFORMATION OBJECTIVES WITH BUSINESS STRATEGY

For Telesure and its Enterprise Development Manager Nomvula Nxumalo transformation is a business imperative, not just a tick on its B-BBEE scorecard. Nxumalo is not fixated on Telesure's Level 6 B-BBEE rating because the company is already so passionate, invested and committed to transformation. Its Enterprise and Supplier Development (ESD) programme is resulting in significant expansion of its product offering and growth of its bottom line by being integrally linked to business strategy while at the same time supporting the development of small business in South Africa.

Telesure - the holding company for Auto & General Insurance, Budget Insurance, Dial Direct, 1st for Women and 1Life Direct, among many other brands - was already involved in ESD before the Amended codes came into effect. It was partnering with Hollard, Discovery Insure and Enterpriseroom to create enterprise development (ED) programmes for auto body repairers.

Telesure employed the services of Enterpriseroom to analyse these auto body businesses to see where they needed help to develop and grow so that they could graduate onto the company's supplier development programme. When the Amended B-BBEE Codes of Good Practice came into effect in 2015, the company began to look seriously

at developing a comprehensive ESD strategy and how it could link its transformation objectives to business strategy. An in-depth analysis revealed that, like the insurance industry, less than 1% of its brokers were black.

Telesure immediately set about creating an ESD programme for black brokers. It sought out brokers who could facilitate growth of the company's national footprint by tapping into the uninsured black market in areas where it sought to gain entry.

"We took 10 black brokers onto the programme. We understood that these brokers know their markets far better than we do and can recommend products for these markets that our product design team can develop. The ESD department is, therefore, driving our evolving product suite. It has expanded our thinking about insurance and we are now considering products designed specifically for previously uninsured business markets."

The second pillar of Telesure's ESD programme focuses on suppliers like auto body repairers, builders and contractors - also strategically chosen. The ESD department then communicates with the procurement division to request that these beneficiaries are considered for the preferential procurement supplier list.

"We've started to see how ESD influences all other aspects of our business and has resulted in greater communication between Telesure's different business units. For example, our ED beneficiary broker in Thabazimbi may want insurance for his/her business and clients and medical aid for his/her staff members, who may also be looking for funeral cover. So, in this instance, we would get our business insurance division as well as Hippo Heath and 1Life Direct involved to meet these different insurance needs. It is in this way that we are using ESD to improve our bottom line and grow our business while at the same time contributing to the growth of small business and job creation in South Africa."

The third pillar of Telesure's ESD programme is supporting Telesure's employees to start their own brokerage houses. "We want to harness the talent of our ex-employees to help them grow, which in turn grows our business. And by supporting their employees by developing their skills, we're adding points on our Skills Development Scorecard." Nxumalo says absolutely essential to a successful ESD programme is buy-in from a company's top leadership. "It's a costly exercise for companies and needs to show a return on investment, which is why it's imperative that it makes business sense."



courses at Enterpriseroom, and was offered the opportunity to join Hollard’s Enterprise and Supplier Development (ESD) programme. They introduced her to incident management company Digicall and she has been providing plumbing services for them ever since. Her first year in business has seen her grow her client base and turnover to R1.3-million.”

She sings the praises of Enterpriseroom. “They went above and beyond. Whenever I was a good fit for funders they would call me in. They also invited me to the Smart Procurement World Indaba at Gallagher Estate last year where I had my own stand, and through that opportunity I was put on to ABSA’s ESD programme and joined their supply chain.

Lambert loves being a plumber. “I became a plumber at the advice of my parents, who said choose a career you can do with your hands so that you can always support yourself.” Her advice to other women wanting to get into the plumbing industry: “Have a thick skin. Don’t accept other people telling you that you can’t do certain things. If you have determination, know what you want and want to succeed, anything is possible. Just go for it. And don’t let the first ‘no’ bring you down because failure is a lesson to success.” ■

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