

Debunking the B-BBEE Myth

A Story of Partnership and
Economic Growth



A proposal for strong partnerships

There is a beautiful married couple whom I admire deeply. Let's call them Mr. and Mrs. Carlton. They have been together for many years, raised children who are now forging their own paths, and built a successful business that significantly contributes to the economy. What's remarkable about the Carltons is not just their success, but how they've used their differences to enhance their marriage and their business.

Mr. Carlton comes from an affluent background. He inherited not only wealth but also generational knowledge and business acumen, which has been honed through formal education and powerful networks.

On the other hand, Mrs. Carlton grew up in a modest, middle-class family that could not afford to send her to school. Her strength lies in her street smarts and exceptional people skills. Together, these complementary traits make them a formidable team.

Their relationship wasn't always smooth sailing, much like any partnership. But they made the decision to stay together and work through life's challenges – raising children, overcoming illness, and navigating business ups and downs.

B-BBEE is about us. Not me or you.
Much like a successful marriage,
B-BBEE is built on mutual effort, trust,
and a focus on collective growth for all.

Today, after 30 years of marriage and business success, they credit their achievements to three key principles:

- It's not easy, but nothing worth it ever is.
- It's about us, not just you or me.
- It's a choice we make daily.

Their story highlights the importance of mutual commitment, compromise, and shared growth. This partnership is not just about surviving but thriving. In this way, the Carlton's relationship serves as an ideal metaphor for how B-BBEE, when implemented correctly, can lead to economic success for all communities in South Africa.



Rectifying the ownership misconception

A common misconception about B-BBEE is that a 100% white-owned company cannot succeed in South Africa. In fact, many such companies operate successfully because they provide niche services, follow best practices, and invest in creating strong relationships with clients. Furthermore, it is misinformation to say that B-BBEE is only about ownership. While Ownership is one component, it is not the only path to improve B-BBEE compliance.

The B-BBEE scorecard measures companies on five elements:

1. Ownership (25 points)
2. Management Control (19 points)
3. Skills Development (20 points)
4. Enterprise and Supplier Development (40 points)
5. Socio-Economic Development (5 points)

These points may vary depending on a company's size, industry, and additional elements such as employment equity and preferential procurement. However, as the breakdown shows, Ownership does not carry the most weight on the B-BBEE scorecard. Despite this, changes in ownership are often the most celebrated and expected form of transformation. Why is this?

Perhaps this stems from a lack of understanding, which fuels the failure to implement B-BBEE effectively. Of course, corruption is no help, but this is a story for another day.

The points above imply that companies can significantly improve their B-BBEE participation by focusing on Management Control, Skills Development, and Enterprise and Supplier Development (ESD). These elements require strategy, deliberate intent, and effort - qualities akin to building a successful marriage.

Ownership may be the easiest to implement, but the other elements, while more challenging, are more essential to the long-term success of businesses and the broader economy.



Partnerships for success

Companies can participate in B-BBEE without impacting their ownership structure.

Just as Mr. Carlton chose to marry Mrs. Carlton, despite their different backgrounds, businesses in South Africa can choose to enter strategic partnerships to enhance their B-BBEE participation without relinquishing ownership. These partnerships allow companies to maintain their original structures while collaborating to meet B-BBEE objectives.

There are several types of partnerships that can help businesses improve their B-BBEE participation:

1. **Joint Ventures:** These allow companies to pool resources and expertise for specific projects while maintaining separate ownership. By forming a joint venture with a black-owned business, companies can achieve a higher B-BBEE score and tap into new market opportunities.
2. **Special-Purpose Vehicles (SPVs):** An SPV is a separate legal entity created for a specific venture. By structuring the SPV with a majority black ownership, companies can boost their B-BBEE score while keeping ownership of their core business intact.
3. **Contractual Partnerships:** These flexible arrangements allow companies to work together on specific projects without creating a new legal entity. Through these partnerships, companies can collaborate with black-owned businesses and contribute to skills development and supplier diversity, improving their overall B-BBEE score.

Each of these partnership structures mirrors the commitment, collaboration, and mutual benefit seen in successful marriages like that of Mr. and Mrs. Carlton. The key is to focus on growth through shared resources and combined strengths.

Partnerships over ownership.
Businesses can enhance their B-BBEE participation through partnerships like joint ventures, SPVs, and contractual agreements without changing ownership structures.



A shared economic future

The success of Mr. and Mrs. Carlton's marriage demonstrates what can be achieved when individuals work together toward a common goal. Their commitment to each other, despite their differences, reflects the potential of B-BBEE as a tool for economic transformation. Of course choosing the right fit is key.

For many businesses, B-BBEE compliance may seem like a burden – something to be checked off a list. But, as the Carlton's story shows, the right mindset can turn B-BBEE into an opportunity for growth. It is about creating partnerships, developing talent, and contributing to an economy that benefits everyone.

B-BBEE is not about charity or handouts. It is about creating real pathways to economic participation – empowering lasting livelihoods, and growing businesses that can stand on their own, create jobs, and contribute to the broader economy.

By embracing B-BBEE as a tool for collaboration, we can create businesses, communities, and a nation that thrives for all its people. Just as the Carlton's built a lasting marriage based on trust, commitment, and shared goals, South Africa can grow stronger by focusing on unity and shared economic growth.

A deliberate choice for success

Whether a marriage is successful depends on the commitment of both partners. In the same way, the success of our economy hinges on our collective commitment to working together. Just as Mr. Carlton chose to build a life with Mrs. Carlton, South Africa's businesses must choose to grow together regardless of our diversity. Or we will fail together.

B-BBEE, when done right, is not a burden but an opportunity to create a fairer, more inclusive economy. By choosing to collaborate and share in the wealth of this country, we will transform not only businesses but entire communities. It is not about "you" or "me" – it is about "us."

Just as Mr. and Mrs. Carlton chose each other, we must choose to work together for the prosperity of all South Africans.



Bid and Proposal Specialists

nFold helps clients submit consistent, compelling, and compliant responses.

B-BBEE is often required as evidence in tenders to prove compliance. While it is rarely used as reason for disqualification, it does significantly influence the success of a bid and vendor registration. In a competitive environment, those points lost, can be the deciding factor between winning or losing a contract.

If you need any assistance in submitting compliant and compelling bids, please contact us on info@nfold.com.

B-BBEE is not a burden, it's an opportunity! When implemented correctly, B-BBEE is a powerful tool for creating inclusive economic growth for all communities in South Africa.

This article was written by Witness Radebe, Success Catalyst, at nFold, and reviewed by Glen Morgan, CEO, at Learning Worx, who can be contacted for any practical implementation of B-BBEE strategies.

References

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