

B-BBEE Scorecard “last minute fixes” before year-end - What are your options?

Clever planning towards year-end can make the world of difference...

With December and February year-ends approaching fast, many of us are doing that final check on the BEE scorecard position and realising that the targeted compliance level is suddenly out of reach. Large contracts are often negotiated based on a minimum BEE level and not achieving this requirement, is certainly a big stress factor towards year-end. So, should you resort to "last minute fixes"? The answer lies in the way that this is done.

Last-minute actions close to year-end are not ideal, but if they are well-thought -through, and if they align with your overall transformation objectives, then they can make a world of difference to both your company’s compliance status as well as to the beneficiaries involved.

At SolveSA we believe in a purpose-driven longer-term approach aimed at creating transformational impact. But Management should also be clever about optimising their BBBEE scorecard points while still making real impact. The progression to a new B-BBEE status level and the new business that follows can often make the difference between an average year and a very good year, in the year which follows.

Improvements to elements such as Ownership, Management and Preferential Procurement can usually only be done over the medium term as these involve changes to shareholders, managers and key suppliers. But for elements such as Skills Development, Enterprise & Supplier Development and Socio-economic Development, it is possible to take some-last minute actions to achieve big scorecard improvements whilst creating meaningful impact.

Always consider the following questions when implementing actions towards year-end:

What are your objectives?

Do these actions fall within your transformation objectives? If you do not have over-arching objectives, then you should first pause and pen down some basic objectives with your management team. Transformation objectives should be to-the-point and must focus on defining the beneficiary groups, aligning with the business’s strategic objectives whilst also creating the desired social impact.

Are you making a real impact?

Are you taking these actions purely for the sake of getting a better scorecard, or have you also considered the impact that it will have on the targeted beneficiaries?

Do these actions fit into the longer-term transformation plan?

The best impact is made when the focus remains on the same initiatives over a longer period of time.

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These actions can make a difference.

There are a number of actions that companies can look at to achieve this towards year-end:



Unemployed Learnerships:

If implemented with the right planning, this can be a very effective way to both improve your scorecard and make a real difference in the lives of unemployed youth. With significant tax incentives such as ETI and section 12H available, companies could recover 75% to 90% of these expenses while scoring critical Skills Development points.

Training for People with Disabilities:

The generic scorecard awards 4 points for training people with disabilities, but this is often a challenge where companies do not employ many people in this category. An option would be to look at enrolling people with disabilities on unemployed learnerships which will also allow the company to get a good idea of whether the candidates can be employed permanently after the initial 12-month period.



Student Bursaries:

4 Points are available on the generic scorecard for a spend of 2.5% of the Leviable amount. Bursary sponsorships have the potential for great impact when student-beneficiaries are carefully selected with the aim of employing them as interns once they complete their studies. Bursary sponsorships can also be less expensive than meets the eye if properly structured through our bridging programs.

Enterprise and Supplier Development:

Companies can either make direct contributions to beneficiaries or they can make use of our established ESD funds which will not only ensure their contributions reach the right beneficiaries, but will diversify the risk to the funder. This helps to ensure a sustainable impact and that our client's capital is returned over time.



Socio-economic Development and consumer Financial education:

Contributions can be made in many different categories such as health, basic education, higher education, financial literacy, investor education, sport, and rural development amongst others. It is also important that these contributions are part of a longerterm plan to contribute towards our economic development in a meaningful way. We have a number of well-established SED funds available which can ensure the targeted beneficiary groups are reached, and the funds are properly managed.

Please contact me



If you need more advice on implementing actions before year-end, please give us a call!

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