

# A B-BBEE STRATEGY

## MOVING ORGANISATIONS FROM HOMOGENEITY TO HETEROGENEITY



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A homogeneous team would include people who are as similar as possible, with similar points of view, learning abilities and life experiences. Heterogeneous teams include a mixture of races, genders, cultures and ages that provides a wider range of life experiences and opinions.

Building a solid business strategy is fundamental to the success of an organisation, as it provides direction for harnessing opportunities with foresight. Essentially, those developing a tactical plan for an organisation need to develop the ability to think strategically through analysing the competitive environment, then recommending a firm position and value proposition.

The next step is measuring the impact a Business Strategy has on a business. A mechanism used by many organisations is that of SMART+C that measures its implementation based on:

S   Specific	What will the strategy accomplish?
M   Measurable	What data will measure the milestones and shortfalls?
A   Achievable	Is the end-goal achievable? Are the right skills and resources available to meet the strategic objectives?
R   Relevant	How does the short-term strategic goal align with the longer-term broader one? Why is achieving the strategic goal necessary?
T   Timely	What is the time frame for accomplishing each milestone and ultimate goal?
+C   plus Challenges	What are the barriers to meeting the strategic objectives?

The SMART+C evaluation is revered as the epitome of the strategic direction to delivering results.

The Codes of Good Practice target every area of a business, beginning with the ownership structure, to how a business is managed, to the skills necessary to run a business, the diversification of the supply chain and how to deliver income-generating activities. Therefore, having a robust B-BBEE Strategy

that runs parallel to an organisation's Business Strategy is paramount to meeting its overall objectives. Essentially a Business Strategy and a B-BBEE Strategy should be read as one document.

A B-BBEE Strategy should be developed and measured using the same methodology as a Business one, focusing on growth. Unfortunately, more often than not, the importance of correlating the two strategies is overlooked, as is its intrinsic value. Historically organisations have developed their Business Strategy and B-BBEE Strategy as separate entities. Hence many fail to meet the objective of either.

**To BEE or not to BEE**  
It is not a legal requirement for an organisation to have a B-BBEE Certificate; however, in choosing to have one, it is a legal requirement that it be credible and accurately depicts the reality of an organisation's transformation strides. Let's unpack the DNA of a robust B-BBEE Strategy that can provide leverage over an organisation's competitors and areas for consideration to mitigate any risks.

A B-BBEE Strategy, by design, will drive good governance. It tests finances, spending patterns, employee roles, responsibilities, skills interventions and systems that drive development. It can be the tool for quantifying and testing accuracy through the systematic processing of data, which culminates in delivering shareholder value.

A B-BBEE Verification, an evidence-based process, measures strategic performance areas, supporting the financial objectives and convergence of business areas through scorecard indicators and weightings. Although not directly linked to shareholder value, the Management Control and Skills Development Scorecards measure how an organisation recruits,



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remunerates, trains, develops or performs. Evidence such as employment contracts, confirming an employee's occupational level and remuneration, all support an organisation's B-BBEE Verification claims. Employment equity annual submissions and plans support targets and performance milestones in these areas. In effect, Management Control and Skills Development provide Strategic Human Resource Planning.

A B-BBEE Strategy must make good business sense. Essentially, shareholders demand a return on their investment. A comprehensive B-BBEE Strategy measures an organisation's shortfalls and milestones in the overall business performance. How an organisation performs against its B-BBEE Strategy is crucial for the leverage in gaining and retaining business. It is a sense of market-based voluntarism with rules of the game guided by legislation. A robust B-BBEE Strategy is essentially a competitive commodity that demonstrates an organisation's commitment to the Government's priority of an inclusive society.

Preferential Procurement feeds into the National Development Plan that targets small businesses as the vehicle to drive future economic growth. The net effect of Preferential Procurement is the diversification of an organisation's supply chain. It encourages organisations to shift from standard procurement patterns by removing barriers to entry for smaller 'Black'-owned businesses.

Core to a well developed B-BBEE Strategy are the policies that guide it to ensure they do not inadvertently become a barrier to entry. For example, a Business Strategy for an organisation in the manufacturing space historically steers a procurement policy using the metrics quality, cost and delivery as Key Performance Indicators. Subsequently, the historic metric steers an organisation away from meeting the targets necessary to achieve its Preferential Procurement mandate. Consequently, it negates 'Black' Ownership, 'Black Woman'-ownership and support for Exempted Micro Enterprises and Qualifying Small Enterprises. Food for thought, there is always a sweet spot for adapting the two metrics to meet an organisation's strategic objectives without creating a tug of war, which is often the case when breaking down barriers to entry.

As a B-BBEE Strategy leads an organisation toward sustainability, it pursues financial benefit for shareholders reasonably without compromise. In setting the targets for a B-BBEE Strategy, then moving to the implementation phase, an organisation must have standard processes that include accountability systems and procedures that align with the desired outcome. Uniformity is crucial to ensure that everyone in the organisation steers towards the end goal, both in their strategic and behavioural approaches to drive the strategic objectives.

### Mitigate the Risk

There is one element that neither Business nor B-BBEE Strategies can predict, that being the human factor. There are many reasons strategies can be taken off course, from powerful coalitions to a surprise resignation. However, part and parcel of both strategies is +C, the challenges, whereby managing the leading risk factor, which is the human factor, is critical to meeting objectives. Organisations often opt for the two-pronged performance measured approach, which measures behaviour against critical goals; this essentially equates measuring an employee's key performance and development. Unfortunately, this approach, more often than not, yields confusion, thus putting the human factor more at risk than ever.

A common differentiator between a Business and a B-BBEE Strategy is the frugal budget allocated for the latter. Organisations expect to achieve a Status Level that provides leverage over their competitors, produces innovation, and harnesses diversity and inclusion without any investment, which amounts to incongruence.

Findings in the McKinsey and Company study, Delivering Through Diversity 2018, observed that: "many successful companies regard diversity and Inclusion as a source of competitive advantage, and specifically as a key enabler of growth". The report supports that Homogeneous workforces perform at 33% compared to Heterogeneous ones and where boards of Heterogeneous are 43% likely to realise more profits. It goes without saying that a robust B-BBEE Strategy, read with a Business Strategy as one document, will go a long way to organisations meeting their overall business strategy.

## Making Significant Changes Together



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