

Management: BEE

Boost your BEE points

● Practical ways to implement CSI in your organisation

BY KIM MARR

For many decades throughout the world, individuals, companies, institutions and community organisations have been actively engaged in charitable giving.

In SA, charitable giving has predominantly been supported by large corporate companies and only a handful of well-heeled individuals.

With the recent release of the final broad based black economic empowerment (BBBEE) Codes of Good Practice there will no doubt be a marked increase in the number of small and medium sized businesses (SMEs) playing an active role in this arena.

This is because the codes provide business incentives to companies that contribute towards social welfare, job creation, skills development and enterprise development. In the new generic scorecard, corporate social investment (CSI) can count up to 5 points whereas it can count up to 25 points on the small enterprise scorecard.

With a mélange of terms such as social giving, CSI, charity, philanthropy, social responsibility and socio-economic development used inter-changeably to describe the support of social initiatives that aim to uplift poor and marginalised communities, I will, for ease of reference and in alignment with the department of trade and industry's BBBEE jargon, use the term socio-economic development

(SED).

Within SED, there are conflicting theories regarding the extent to which private companies should play a role in what is often considered the responsibility of government.

Thankfully however, it is globally understood that government cannot accomplish this task alone.

The inclusion of SED as part of the BBBEE transformation strategy is in line with international standards and charters that recognise and highlight social, economic and environmental equality and quality as vital in the quest for a healthy, sustainable future.

Unfortunately, there is a very real danger of BBBEE being viewed as another onerous obligation or another 'tax'. This is short sighted.

Approached holistically and implemented effectively, SED can improve the welfare of the communities as a business depends on both labour and custom, while at the same time improving its image among important stakeholders such as staff, government, shareholders and the public at large.

Consider a scenario where a profitable, medium-sized business has retail outlets in geographic areas increasingly plagued by crime, HIV/AIDS and a dearth of appropriately educated and skilled labour.

The sustainability of this business is not only reliant on continued and increased profit making, but also on the

implementation of measures to:

- Combat crime, making it safe for customers to continue to shop at these retail outlets;
- Create awareness around HIV/Aids prevention as a means of decreasing the growing number of community members, potential employees and customers negatively affected by HIV/AIDS, influencing their ability to actively participate in and contribute to the economy; and
- To ensure a sufficient, educated and skilled labour pool from which to meet current skills demands and skills required for future, projected business growth.

An important trend to come out of the social development sector over the last few years is the realisation that a relationship of one-way charity is not sustainable and that it is both important and appropriate to link SED goals to strategic business goals.

Dialogue and community engagement, partnerships with governments, local community based organisations, staff involvement, accountability, monitoring, assessing impact and reporting are all important components of a well run socio-economic development programme.

Research shows that the benefits of a well run SED programme include enhanced company reputation and brand image, building a company employees are proud to work for, increased sales as a result of reputation, contributing to

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stable and economically healthy communities, sustaining natural resources and improved access to new business opportunities.

Thus, contrary to age old opinion, there is certainly nothing wishy-washy about the social and economic impact and benefits of socio-economic development.

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Case study: Fitment centre increases points and sales

With several branches in Gauteng, Saul's Auto Fitment Centre specialises in wheel alignment, balancing and replacing tyres, brakes, shocks and batteries.

Two of the main strategic goals for the year are to increase sales and to differentiate their brand from the many others flooding the motor market. Saul's has a social economic development (SED) budget of R200 000. This is equal to the compliance target on their BBBEE scorecard and is worth a possible 25 points.

With the help of a specialist, Saul's Auto Fitment Centre formed a marketing related partnership with a local Gauteng-based not for profit organisation (NPO) that provides disabled children from disadvantaged communities with wheelchairs. Together, they ran the 'My Wheels for Life' campaign. Drawing on Saul's marketing budget, the campaign ran over four months, coinciding with the festive season. For every tyre change, wheel alignment or wheel balancing, Saul's Auto Fitment Centre

would donate between R10 and R20 to help the NPO buy motorised wheelchairs to the total value of R200 000 for disabled children within the communities closest to the fitment centres. Sales increased significantly, increasing profit and effectively differentiating the brand.

According to recent market research conducted by UCT's Unilever Institute, the majority of South Africans say they would prefer to buy products and services from companies that have a reputation for supporting good causes.

In fact, the study – which explores consumer attitudes towards socially responsible business practice – shows that if price and quality were equal, 75% of those polled said they would switch to a brand affiliated with a good cause.

Motorised wheelchairs were donated to disadvantaged children from the local communities. Saul's Auto Fitment Centre received full SED credit, resulting in a significant increase in their BBBEE score.



During their corporate social investment campaign, Saul's Auto Fitment Centre not only helped the people living around their centre, but also got the BEE scorecard points they needed while increasing revenue.