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The BEE Codes have been approved, what happens now?

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by Kim Marr

After the Cabinet approved the Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice in December, South African businesses have been keen to understand the implications of the empowerment compliance targets.

Though the finer details of the codes will only become known once they have been gazetted, the transformation benchmarks are clear and final. This means that businesses stalling on the transformation front will now begin to feel the pressure to comply.

However, the first step in B-BBEE compliance is certainly not rushing out to get a black equity partner on board - this was a mistake many businesses eager to be compliant made last year on release of the draft codes of good practice.

Firstly because B-BBEE is a holistic strategy, where ownership is but one of seven focus areas; and secondly because implementing B-BBEE strategies that don't make business sense is short-sighted. B-BBEE is intended to be an economic growth strategy.

Implementing non-strategic interventions for the sake of B-BBEE points, at the detriment of the health of your business will have a negative impact on this growth strategy, which is definitely not the point.

Take the time to understand what the final B-BBEE codes of good practice are about and what they require. Then, analyse your company and try to establish what your compliance level is. This estimate can be done internally or with the help of a BEE consultant.

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Begin with the outcome in mind!

Getting a formal verification at this early stage makes little sense as you are merely developing an understanding of your compliance level so that you have a starting point from which to develop short and long terms B-BBEE goals. Be sure to develop goals that are in line with your strategic business goals.

This stage, implementation, is often where you will need to bring in specialist expertise, for example in developing and implementing an enterprise development strategy, setting up employee learning programmes or structuring a partnership.

B-BBEE is here to stay - the choice to comply or not is yours. Sadly there is still much ignorance and scepticism around what B-BBEE is all about and how it should be implemented. It is a conscious growth strategy that will cost you time and money in the short term.

However the long term impacts on the economy, and therefore your business, are great. With this in mind, take the time to understand it properly and have a go at making it work.

Kim Marr, Director of Social Advantage

Social Advantage helps businesses to maximise the benefits and opportunities of B-BBEE through effectively implementing strategic B-BBEE objectives. Social Advantage has specialist knowledge and experience in the socio-economic development and enterprise development fields.

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