



**gestalt**

# **COMPANY AND SERVICES BROCHURE**

**Shaping B-BBEE into your  
Competitive Advantage & Brand Edge**

**through**

**Customised, Outcome-Based  
BEE Transformation & Compliance**



## CONTENTS

<b>1</b>	<b>About Us .....</b>	<b>4</b>
<b>2</b>	<b>Our Focus .....</b>	<b>4</b>
<b>3</b>	<b>OUR SERVICES .....</b>	<b>5</b>
3.1	<b>BEE Consulting Solutions.....</b>	<b>5</b>
3.2	<b>BEE Ownership Services .....</b>	<b>5</b>
3.3	<b>Skills Development Services.....</b>	<b>5</b>
3.4	<b>Supply and Value Chain Transformation .....</b>	<b>5</b>
3.5	<b>Verification Support Services .....</b>	<b>6</b>
3.6	<b>Independent Assessments.....</b>	<b>6</b>
3.7	<b>Mergers and Acquisitions .....</b>	<b>6</b>
3.8	<b>International Clients and Multinationals .....</b>	<b>6</b>
3.9	<b>Gestalt Development Management.....</b>	<b>7</b>
3.10	<b>Workshops and Training .....</b>	<b>7</b>
3.11	<b>Economic Development in Africa .....</b>	<b>7</b>
<b>4</b>	<b>Detailed Services Description .....</b>	<b>8</b>
4.1	<b>BEE Consulting Solutions.....</b>	<b>8</b>
4.1.1	Customised, Outcome-Based BEE Transformation & Compliance Services .....	8
4.1.2	Planning and Strategy.....	8
4.1.3	Compliance Packages from basic planning to fully outsourced BEE services .....	8
4.2	<b>BEE Ownership Services .....</b>	<b>9</b>
4.2.1	Ownership Principles .....	9
4.2.2	Ownership Feasibility Studies .....	10
4.2.3	Ownership Assessments .....	10
4.2.4	Sale of Assets, Equity Instruments, and Other Businesses .....	11
4.2.5	Our Process in brief (The Gestalt Methodology) .....	11
4.3	<b>Skills Development Services.....</b>	<b>12</b>
4.3.1	Overview of our approach.....	12
4.3.2	Skills Development in an Organisation.....	12
4.3.3	Critical Design Factors.....	13
4.3.4	Skills Development Services.....	13

<b>4.4</b>	<b>Supply and Value Chain Transformation</b> .....	<b>14</b>
<b>4.5</b>	<b>Verification Support Services</b> .....	<b>15</b>
<b>4.6</b>	<b>Independent Assessments</b> .....	<b>16</b>
4.6.1	Impact Assessments of Amended Codes and Sector Codes .....	16
4.6.2	Pre-Assessments.....	16
4.6.3	Ownership Assessments .....	16
4.6.4	Independent ESD & SED Reports and Document Packs .....	16
<b>4.7</b>	<b>Mergers and Acquisitions</b> .....	<b>17</b>
4.7.1	Scope of Work .....	17
4.7.2	Process in brief.....	17
<b>4.8</b>	<b>International Clients and multinationals</b> .....	<b>18</b>
4.8.1	Overview.....	18
<b>4.9</b>	<b>Gestalt Development Management</b> .....	<b>19</b>
4.9.1	Enterprise & Supplier Development .....	19
4.9.2	Socio-Economic Development .....	19
4.9.3	Specialist or Industry Funds.....	19
<b>4.10</b>	<b>Workshops and training</b> .....	<b>20</b>
4.10.1	General BEE Strategy workshops.....	20
4.10.2	Custom Strategy Review .....	20
4.10.3	Onsite custom BEE workshops.....	20
4.10.4	On-site custom training and document preparation workshops. ....	20
<b>4.11</b>	<b>Economic Development in Africa</b> .....	<b>21</b>
<b>5</b>	<b>Contact Information</b> .....	<b>22</b>

## 1 ABOUT US

Gestalt is a business strategy consultancy launched in 1998. Our mission is to successfully address the needs of South Africa's rapidly changing business environment by anticipating and identifying areas critical for sustained profit growth.

Gestalt alerts clients to these opportunities and assist them in realising optimal business benefits.

The cornerstone of Gestalt's strength in the market is broad-based black economic empowerment (B-BBEE) transformation and the resultant re-positioning of organisations that conduct business in South Africa.

Gestalt's structured models have a proven track record: They have shown themselves to be an effective contributor to successful partnership formation for both multinational and local businesses. Our models not only identify compatible partners, but help to bed down relationships that unlock maximum potential from South Africa's dynamic domestic market.

Our business tools are designed to help businesses unravel the complexities of B-BBEE charters and government regulations.

Successful deployment of these tools transforms the 'challenge' of compliance into a platform for measurable competitive advantage in sectors across the South African economy.

Gestalt's offering is far more than consultancy services. The vital aspects of implementation is another of our specialist areas, using effective business transformation models to improve business competitiveness and compliance while growing shareholder value.

These models take a logical and comprehensive approach to the task of designing, developing, supporting and implementing best practice transformation policies.

As a result, our clients are able to shape B-BBEE into their competitive advantage and brand edge, as a business imperative.

## 2 OUR FOCUS

Our core focus is shaping BEE into your Competitive Advantage and Brand Edge

We achieve this with:

- ✓ Compliant and Meaningful Transformation
- ✓ Highest Scorecard for Lowest Investment
- ✓ Integrated Strategies to ensure Cost Optimisation
- ✓ Business Beneficial BEE

### **3 OUR SERVICES**

Gestalt offers a wide range of strategy and consulting services. Feel free to discuss any aspect of your requirements and our solutions with one of our specialists.

#### **3.1 BEE Consulting Solutions**

Gestalt has developed strategies that can turn your scorecard compliance into a brand-edge over your competitors. Our services include a range of simple, effective business tools specifically developed to help business unravel the complexities of B-BBEE and to turn compliance into a measurable growth strategy.

B-BBEE is not a "once-off" exercise - it changes as your business evolves along with legislation. Every company faces unique challenges, opportunities and requirements – and each works within the parameters of specific budgets, so Gestalt's bespoke services and solutions suit your specific circumstances.

The start of a sustainable transformation programme is sound strategy and planning. Sometimes a plan and a workshop is all you need to develop one. Sometimes you need all the help you can get. In both instances, we're on your team.

#### **3.2 BEE Ownership Services**

Gestalt plays a meaningful role in assisting you to structure the best possible B-BBEE transaction for your business, advising you on the most effective options to restructure your business for the benefit of your shareholders. We facilitate the negotiations and implementation of the investment or sale of shares to a suitable B-BBEE-compliant investor/partner to maximise the benefit to your scorecard and build your best competitive advantage.

It's our job to ensure you have a good understanding of the risks, opportunity and restrictions related to such a transaction, for the highest probability of sustainable success.

#### **3.3 Skills Development Services**

Specialising in Skills Development Facilitation, Gestalt follows a different approach to skills development than most. Our scorecard strategy means that instead of trying to spend your full B-BBEE budget, you spend only the portion that will get you the maximum number of points. Depending on the option best suited for your needs, you may spend 15-25% of your skills target to get 80% of the points in the first year. The earlier we start with this in your financial year, the better the results.

#### **3.4 Supply and Value Chain Transformation**

The elevated requirement for procurement from black-owned and black women-owned suppliers is a major challenge for most organisations. Gestalt's Supply and Value Chain Transformation service investigates the entire value chain of your business to identify feasible and sustainable solutions for you.

### **3.5 Verification Support Services**

Gestalt is not a verification agency and as such we do not issue BEE Certificates. Through our experience of running Veri-Com since 2007. Veri-Com was the Verification Agency in our group until it withdrew from its SANAS Accreditation in June 2017 to allow the group to focus on its consulting business for all its clients.

The purpose of our Verification Support Services is to assist with the management of the verification readiness process, before entering the demanding procedure. Services include a preliminary assessment to review the current status of your company and identify critical gaps. This enables you to take corrective action and ensure optimum compliance before the end of a financial year.

Our specialists will discuss the documentation requirement with the task team responsible for collating the documentary evidence required for verification. Once the documentation is completed by you, Gestalt will review it against the requirements set by the selected verification agency; then guide the project team to obtain the correct documentation. A client can include verification support as an optional service if they have insufficient internal resources to manage this.

### **3.6 Independent Assessments**

Gestalt is not a Verification Agency, but the Codes allow for certain reports to be completed by independent and competent persons. Sometimes clients need an independent opinion, a competent person's report or an assessment of aspects of their compliance. That's when you call Gestalt.

### **3.7 Mergers and Acquisitions**

Finding the right local business/businesses to acquire or merge with is often a daunting task, especially if you represent an international business on a scouting trip. We're here to assist you with the fine details required by South African law.

### **3.8 International Clients and Multinationals**

Foreign multinationals wanting to invest or engage in the South African Economy may find the task intimidating without a trusted team to unearth some of the many opportunities to achieve your requirements.

South Africa is a unique and attractive country with a well-developed economy; good infrastructure regarding manufacturing, business and logistics; and it has a financial and banking sector that can compete with many so-called "more advanced" countries across the globe, and particularly in Africa. Our country is known in the business world as the gateway to doing business on the continent.

However, the South African Government has adopted extensive and unique legislation and policies to change the way that money flows through the economy and has embarked on an aggressive path to raise the standards of fundamental drivers. Gestalt's experience in this area can be crucial to your success.

### **3.9 Gestalt Development Management**

Gestalt facilitates and manages Enterprise and Supplier Development contributions on behalf of our clients. This can be set up to achieve specific transformation and development objectives in the client's supply chain, or simply to optimise B-BBEE scorecard recognition.

### **3.10 Workshops and Training**

Gestalt offers a range of Strategy and Training Workshops. Our two-hour strategy session with a company's C-suite facilitated by the CEO of Gestalt is highly regarded. In this session, we review the strategic imperatives for transformation and compliance, and a review of the challenges and opportunities that may be present is popular with executives.

### **3.11 Economic Development in Africa**

Gestalt works with governments and stakeholders across Africa, as well as the European Union and the South African Government, among others, to implement its bespoke sustainable local economic development models in a number of locations.

This includes enterprise development; unlocking procurement transformation to create new SMMEs; aquaculture; high-value agricultural crops; mining, road and housing construction; and brick-making plants. All these opportunities are built on the framework of the Gestalt Rural Economic Development model.

## 4 DETAILED SERVICES DESCRIPTION

### 4.1 BEE Consulting Solutions

Gestalt has developed strategies that can turn your scorecard compliance into brand edge profit growth.

The South African Government is placing more emphasis on compliance with B-BBEE, making a top score on your B-BBEE scorecard vital. Gestalt's secondary core business is to assist companies in leveraging opportunities for B-BBEE scorecard compliance to enhance sustainability and profit growth.

Our services include a range of simple, effective business tools specifically developed to help business unravel the complexities of B-BBEE and to turn compliance into a measurable growth strategy.

#### 4.1.1 Customised, Outcome-Based BEE Transformation & Compliance Services

Every client has unique challenges, opportunities and requirements – and budgets. Gestalt designs a service package to suit your specific circumstances.

#### 4.1.2 Planning and Strategy

The start of any sustainable Transformation Programme is proper strategy and planning. Sometimes a plan is all you need and a workshop is all you need to develop one.

#### 4.1.3 Compliance Packages from basic planning to fully outsourced BEE services

B-BBEE is not a "once-off" requirement: It changes as your business and legislation evolves.

## 4.2 BEE Ownership Services

Gestalt specialists will partner with you to play a meaningful role in assisting you in structuring the best possible B-BBEE transaction for your business.

We advise you on your most effective options to restructure the business as well as the transaction. Our specialists facilitate negotiations and the implementation of the investment or sale of shares to a suitable B-BBEE compliant investor/partner to maximise the benefit to your scorecard and competitive advantage.

The Gestalt process enables you to better understand the risks, opportunities and restrictions related to such a transaction to ensure sustainable success.

Here's the highlight of our service: A success fee is only payable if and when a transaction is concluded; and is determined by the value of the final transaction.

Among the clients Gestalt facilitated B-BBEE transactions for are Aon SA, Sandown Motors, Armcoil Africa and Norconsult AG.

### 4.2.1 Ownership Principles

A number of vital considerations must be undertaken to improve the probability of success. For this, we highly recommended scheduling an Ownership Workshop to explore the many benefits of introducing a B-BBEE Partner to your business.

#### 4.2.1.1 Shareholding

The quantum of equity available to a B-BBEE partner is important, as different levels of shareholding may mean different levels of benefit. The minimum participation for some recognition and to avoid the penalty of dropping a Level on the scorecard is 10%. The minimum for access to the mining industry!!! Under review up to 30% and most government and parastatal tenders is 25.1%. A 30.1% black women ownership provides significant strategic benefit, as the business is recognised as a Black Women Owned Entity.

This would place the business in a highly competitive position to deal with most large companies and the state. The next level of recognition is 51%, which would be even more beneficial, but requires existing shareholders to give up outright control of the business.

#### 4.2.1.2 Structure

The Codes provide scorecard points based on the structure of the B-BBEE shareholding, so it's important for the structure to maximise the score. This requires consideration of black women as well as a broad-based or employee-based participation. The bonus points available should also be taken into account.

#### 4.2.1.3 Business Valuation

It is often extremely challenging to obtain a realistic value of a business, especially small to medium sized owner-managed businesses (SMEs). Entrepreneurs often measure the value of their business based on the effort and sacrifice that they had to make or the lifestyle benefits accumulated. It must also be noted that a transaction valuation has to allow the BEE investor to settle their acquisition debt in a period of between five and eight years, to be realistic.

#### 4.2.1.4 Funding

Once the structure and business valuation is determined, the matter of funding must be dealt with. It is realistic to expect the BEE investor to provide external funding for an investment, but

the cost and risk of such funding should be carefully evaluated - a transaction that simply enriches a bank is not ideal for the parties concerned.

#### 4.2.1.5 Expectations of Contribution and Performance

This is a key consideration in any BEE transaction: What is expected from the BEE partner and is it realistic? Deals are often concluded with unrealistic expectations and lofty promises, only to crash and burn. It is equally important that the expectations are realistic, managed, monitored and incentivised. A well-structured transaction will have a solid performance agreement that could lead to the proper unwinding of the transaction if the BEE partner fail to deliver against it.

#### 4.2.1.6 Selection

The BEE partner that knocks on the door is seldom the best possible partner. Partner selection is a thorough and comprehensive process of finding excellent candidates, evaluating them against well-developed criteria and selecting the best possible partner for your enterprise or business.

#### 4.2.1.7 Strategic Objectives

To evaluate the suitability of the candidate, it is paramount that the owners and managers of the business have a vision and strategy of where the business is going. The evaluation of the BEE partner should cover their ability to contribute to this business growth strategy.

#### 4.2.1.8 Market and Client Considerations

Selecting a partner that has the ability to contribute in the market sector in which the business is active is acutely important. This could include a consideration of their business and personal networks, their current investment portfolio and several other indicators that may contribute to answering the key question: Is this the best partner for the business now?

#### 4.2.1.9 Current Shareholder Exit strategies

It is not uncommon that current shareholders wish to plan an exit from their business or at least to unlock some wealth in the short- to medium-term. It is, unfortunately also not uncommon that this is approached incorrectly and that the structuring of a transaction becomes difficult. A properly planned and executed exit strategy can be managed to the benefit of all parties.

#### 4.2.1.10 Management/Employee Participation

The empowerment of staff may sound altruistic and morally sound, but many businesses have unfortunately realised that a well performing staff member does not necessarily translate into a value adding shareholder. Our view is that employee participation is an exceptional idea in certain circumstances and for a limited percentage of 3% to 10% - but it can be counterproductive if not structured correctly. Government is also very wary of some of the broad-based and employee ownership schemes.

### 4.2.2 Ownership Feasibility Studies

Finding the right partner can really help grow your business - and being stuck with the wrong one can destroy it. It is immensely valuable to understand the options, alternatives and pitfalls before you embark on this critical path.

### 4.2.3 Ownership Assessments

Sometimes the rules change and a transaction is no longer optimised. Gestalt assists by conducting an assessment of an existing or proposed ownership structure to review its compliance with the regulations and its effectiveness for the business.

#### 4.2.4 Sale of Assets, Equity Instruments, and Other Businesses

Statement 102 of the Amended Codes allow for ownership recognition from the sale of an asset, division or property to black buyers. Not only can this provide long term ownership recognition, it could also bolster procurement - for example, by selling a subsidiary or property.

#### 4.2.5 Our Process in brief (The Gestalt Methodology)

1. We propose the most suitable structure in which to introduce Government-compliant, broad-based black partners.
2. We assist you to complete a Business Plan and develop a basic valuation model for the business.
3. We establish and benchmark the required value-add of the new partners to your business.
4. We prepare invitations to participate and perform a partner search in our and your networks and the industry your business operates in.
5. We list potential partners, rate them against the benchmarks and introduce their profiles to for approval or otherwise.
6. Our specialists interview each potential partner and prepare a shortlist and report for your consideration
7. We facilitate introductions to the shortlisted partners and assist in selection and negotiations.
8. We advise on financing mechanisms and any requirements which may come from potential funding institutions.
9. We facilitate or assist with the necessary purchase and shareholders agreements

## 4.3 Skills Development Services

Specialising in Skills Development Facilitation, Gestalt follows a different approach to skills development than most. Our scorecard strategy means that instead of trying to spend your full B-BBEE budget, you spend only the portion that will get you the maximum number of points. Depending on the option best suited for your needs, you may spend 15-25% of your skills target to get 80% of the points in the first year. The earlier we start with this in your financial year, the better the results.

### 4.3.1 Overview of our approach

Organisations need to search for the best possible training solutions to invest in their staff members' career paths when implementing their annual skills development plans. Keeping up to speed with industry trends and staying relevant is therefore vital when bridging gaps between an organisation's present realities, their skills development needs and employee career aspirations. Skills development is very important in South Africa, especially from a longer-term perspective.

More often than not, a company finds itself focusing on the immediate needs for skills development with little consideration for change, organisational development or anticipated future skills needs. The significance and value of skills planning and development are not always fully understood which may result in processes that can neither fully enjoy support from management and/or employees, nor can they be representative or engaging.

Developing a training schedule or workplace skills plan (WSP) annually to coordinate and direct the implementation of skills development interventions is imperative in meeting strategic goals and identifying the required skills needs, while considering employees' professional development.

### 4.3.2 Skills Development in an Organisation

When determining a Skills Planning Strategy, the business should answer these four questions:

1. Where is the business going?
2. Do I have the people to take me there?
3. How can planned skills development initiatives help achieve business goals?
4. What are the skills development options (training) for implementing skills development?

### 4.3.3 Critical Design Factors

The Skills Development target of 6% for Generic companies is high, and may be prohibitively expensive for companies struggling financially. To alleviate this, Gestalt believes that skills planning should be based on achieving high gain factors and leverage.

Our approach to Skills Development incorporates as many gain factors as possible, to obtain the highest possible score with the smallest net investment. Key strategy drivers here are:

a) Success:

The Skills Development Scorecard is well-designed and prioritises skills development according to the primary needs of the economy. Just as with sport, it is not the effort that counts - it's the scoreboard! The plan must ensure that the scorecard is maximised and that all points required are secured.

b) Cost:

A well-structured skills programme does not have to be unaffordable to ensure that the cost of the programmes are optimised.

c) Bottom line:

A skills programme is not sustainable if does not provide clear business benefit. Make sure programmes and learners are selected in the best interest of the company and the learners.

d) Culture fit:

Ensure that the programmes are aligned with your business culture. Companies expecting high quality output from their staff should not expect support for poorly managed or less-than-ideal training programmes, just for the sake of scorecard points. Importantly for company culture, note that while B-BBEE Codes only recognise the development of black staff members, a company that cares for its people and general work ethic will ensure development and growth is available for all staff.

### 4.3.4 Skills Development Services

Our services include:

- Integrated Skills planning,
- Learnership, Internships and leveraged skills development,
- Recruitment and training of People with Disabilities (PwDs)
- Work Place Skills Plans (WSP) and Skills Development Facilitation (SDF) Services
- HR Planning and Compliance

#### **4.4 Supply and Value Chain Transformation**

The elevated requirement for procurement from black-owned and black women-owned suppliers presents a major challenge to many organisations. Gestalt's service takes a deeper look at the entire value chain of the business in order to identify feasible and sustainable alternatives.

To change your procurement, you really have only three options: You can get your current suppliers to be more compliant; you can find new suppliers; or you can develop emerging suppliers. It requires thinking outside the box and possibly reassessing your entire value chain, including strategic acquisitions and sale of assets.

The Supplier Project assesses the comprehensive scope of the value chain of the business in order to set up an effective supply chain strategy and transformation plan. The project typically starts with a supply chain review workshop, followed by a data-gathering and assessment phase; and concluding with the approval of the Supply Chain Transformation Plan.

We review the current status of compliance of the supplier base of the client, and explore options to advance transformation in the vertical supply chain.

Gestalt will conduct a supplier assessment to identify opportunities for a supplier transformation project and to map out a proposed strategy for Procurement and Supplier Development. Several opportunities will be tested against the current procurement practices, including procurement clustering, revision of insourcing and outsourcing strategies, core and non-core activities, and a review of both supply and distribution channels.

From Plan to policy, the proposed strategy will be presented and discussed, then transformed into a project plan that could include a review of your procurement policies and objectives.

## **4.5 Verification Support Services**

The purpose of Gestalt's Verification Support Services is to assist our client with the management of the verification readiness process prior to undertaking a verification.

A preliminary assessment of the planned compliance of the client is conducted first. The purpose of this meeting is to set out the information required to review the current status of company compliance and to identify any critical gaps. This allows the client to take corrective action to ensure optimum compliance prior to the end of the financial year.

The client will be provided with our data spreadsheets for Employment Equity, Skills Development and Procurement. Our consultants will discuss the documentation requirement with the task team responsible for collating the documentary evidence required for verification.

Our compliance documentation templates on the Supplier and Enterprise Development and Socio Economic Development are included in the price.

After the end of the financial year and once the file is completed, the client sends the file to the Gestalt offices and our consultant reviews this information against the documentary requirements set by the selected verification agency; and guide the project team to obtain the correct documentation. The client can include verification support as an optional service if there are insufficient internal resources to manage this.

## 4.6 Independent Assessments

Gestalt is not a Verification Agency, but the Codes allow for certain reports to be completed by independent competent persons. Sometimes clients need an independent opinion, a competent persons report or an assessment of aspects of their compliance.

### 4.6.1 Impact Assessments of Amended Codes and Sector Codes

If you want to understand the impact that the Amended Codes or Sector Codes will have on your business, an Impact Assessment will give you a great start

### 4.6.2 Pre-Assessments

A preliminary assessment of the current or planned compliance of a client will identify any critical gaps. This will allow you to take corrective action to ensure optimum compliance prior to the end of their financial year.

### 4.6.3 Ownership Assessments

Sometimes the rules change and a transaction is no longer optimised. Gestalt can assist by conducting an assessment of an existing or proposed ownership structure to review its compliance with the regulations, and its effectiveness for the business.

### 4.6.4 Independent ESD & SED Reports and Document Packs

This is an independent assessment of the compliance of a development programme to make sure that it meets the expanded requirements of the Amended Codes. It could also be an independent confirmation that a beneficiary meets the stated requirements.

## 4.7 Mergers and Acquisitions

Finding the right local business/businesses to acquire or merge with can be a daunting task, especially if you are on a scouting trip, representing an international business. Gestalt's specialists can assist you make sense of the laws and tasks that lie ahead.

### 4.7.1 Scope of Work

The scope of work entails defining the ideal target business and the specific parameters of benchmarks to which a deal will be measured. The process will conclude with the signature of agreements and conclusion of a deal.

### 4.7.2 Process in brief

Gestalt can take care of the process from the development of a business strategy right through to the implementation. Here are some of the steps:

1. Development of a core expansion strategy
2. Development of a business brief
3. Development of a set of benchmark criteria for the potential target business
4. Market or business search
5. Evaluation of potential business against the benchmark criteria to extract a brief summary of information
6. Anonymous initiation contact with the shortlisted businesses to determine its suitability and availability
7. Facilitation of introductions between the client and the shortlisted businesses and assistance with selection and negotiations
8. Drafting of the necessary acquisition and shareholders agreements

## 4.8 International Clients and multinationals

### 4.8.1 Overview

For a foreign multinational to engage and enter the South African economy can be a daunting task, yet there are many opportunities and some great benefits if this is done correctly.

As the “business gateway to Africa”, what makes South Africa unique and attractive compared to the rest of Africa is its well-developed economy and a globally well-regarded financial and banking sector.

What can make South Africa challenging is that the government has adopted extensive and unique legislation and policies to facilitate changes in the racial construct of our economy. Government is determined to change the way money flows in the economy and has set on an aggressive path to do an extreme makeover of its fundamental drivers.

The Codes of Good Practice for Broad-Based Black Economic Empowerment were more than a decade in the making, and were extensively revised in 2013. It is not a new idea and it most certainly is not going to disappear in the foreseeable future – at least not before core objectives have been achieved.

There are many dimensions that may influence the business feasibility of setting up operations in South Africa and it is important to be familiar with the challenges and opportunities so that companies interested in entering the local economy can understand and manage the risks more effectively.

If the best option is to acquire a local company that already has an established client base, management team and organisational structure, Gestalt can assist its multinational clients to find the right local business to acquire; and the strategically-correct black-owned partner or business partner to facilitate the process of BEE compliance in the new local business.

## **4.9 Gestalt Development Management**

### **4.9.1 Enterprise & Supplier Development**

Gestalt facilitates and manages Enterprise and Supplier Development contributions for our clients. This can be set up to achieve specific transformation and development objectives in the supply chain of the client, or simply to optimise B-BBEE scorecard recognition.

### **4.9.2 Socio-Economic Development**

Our Socio-Economic Development services operate in conjunction with and in support of the other funds. It is primarily targeted at the development of new black owners, management and staff of the investment companies; and the recruitment of skilled staff for contributing companies.

### **4.9.3 Specialist or Industry Funds**

A Common Interest or Industry Fund, as the name suggests, is dedicated to a specific identified common interest or industry. The Fund is open to any business wishing to promote development in this industry or sector. It will typically be set up by an industry body or membership organisation.

## **4.10 Workshops and training**

### **4.10.1 General BEE Strategy workshops.**

Gestalt runs regular one-day seminars on the B-BBEE Codes and the verification process, and clients get a number of delegate invitations to these workshops. The workshops are run by the CEO of the Gestalt Group

### **4.10.2 Custom Strategy Review**

A two-hour Strategy Session with the Top Executives of a Company is held to review the strategic imperatives towards transformation and compliance; and a review of the challenges and opportunities that may be present. This is facilitated by the CEO of Gestalt Group

### **4.10.3 Onsite custom BEE workshops.**

Gestalt will structure custom on-site workshops for our client's staff, ranging from strategy workshops to hands-on practical training of those involved with the verification process. This workshop can also form the first part of a two-day training seminar that includes the training and document preparation workshop set out below. This seminar facilitated by the CEO of Gestalt

### **4.10.4 On-site custom training and document preparation workshops.**

This full day session follows on from the BEE workshop and comprises a detailed document review. This workshop is currently only available as a customer-specific onsite session, due to the interactive nature of the process. This is facilitated by one of our Verification managers or Senior Analysts

#### **4.11 Economic Development in Africa**

Gestalt is currently working with governments and stakeholders across Africa, as well as the European Union and the South African Government, among others, to implement its bespoke sustainable local economic development models in a number of different locations.

Models include enterprise development, unlocking procurement transformation to build new SMMEs, aquaculture, high-value agricultural crops, mining, road and housing construction and brick making plants. All these opportunities are built on the framework of the Gestalt Rural Economic Development model.

The Capacity Building model applied by Gestalt to its investment projects in Africa aims to identify what infrastructure or services are needed; conduct a skills audit; secure funding; implement the required infrastructure development along with management support; train people in the skills they need to work within that project; and facilitate a phased-in process of community ownership and management.

Thou shalt not import! Above all, Gestalt promotes the local manufacture of materials, given that we regard local manufacturing and production capacity key to economic development and sustainability. Government's role is to procure the services provided by its people, and the people of a country should be empowered to generate their own economic growth.

## 5 CONTACT INFORMATION

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