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***Construction codes can fix
BEE inertia, says Gestalt***



Envisaged construction sector BEE codes have the potential to re-energise transformation while creating a platform for strategic growth at wide-awake building firms and contractors.

The ‘thumbs-up’ comes from Gestalt, a leading BEE Consultancy.

Gestalt Group CEO Deon Oberholzer applauds new provisions in the sector council’s recently published draft codes that enable small- and medium-size industry players to improve their BEE status by committing resources to skills development and supply chain development.

The general principle is that Exempt Micro Enterprises (EMEs) that are not at least 51% Black owned are stuck at a Level 4 with no option but to comply with all elements of the Qualifying Small Enterprise (QSE) scorecard if they want to improve their BEE compliance.

This comes with a sting, warns Oberholzer. EMEs that do nothing about BEE might drop to a Level 5.



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Oberholzer notes: “An exempt micro-enterprise or black-owned QSE can improve up to two levels by making full use of their opportunities. Even one step up can massively improve the competitiveness of construction firms and sub-contractors.

“The sector council tackles transformation apathy and inertia head on. Other sectors should carefully scrutinize these provisions as they could be usefully applied in many industries.

“Policymakers seek ongoing change. In practice, many businesses stick at one level and assume there is no chance of improvement, perhaps because of ownership constraints. Transformation stalls because opportunities for another step up are lacking – but not in the planned construction sector dispensation.”

Typical examples, he says, are the black-white partnership in which a black entrepreneur has a 51% stake. This often results in Level 2 empowerment status. Level 1 is generally perceived as the monopoly of firms with 100% black ownership. Under the construction sector’s planned codes, the Level 2 firm might reach Level 1 by energetic action to develop suppliers and staff, without further changes in equity.

Similar possibilities apply further down the scale. For instance, a white-owned EME may be stuck at Level 4 and assume further progress is impossible without a majority black partner. Under the envisaged sector codes, a step up becomes feasible, giving new life to transformation in that business and across its suppliers.

Says Oberholzer: “The envisaged construction sector dispensation looks beyond point verification to a more dynamic environment where ongoing empowerment is rewarded.

“However, strategic business consultancy services may be necessary to enable a firm to fully realize these opportunities.

“Today, construction businesses need a BEE profile simply to get into the queue for contracts. Companies intent on growth have to get to the front of that queue. Well-informed, properly structured utilization of the new codes could provide the competitive edge they’re looking for.”

Gestalt has been active in the BEE industry since 1998 and owns Veri-Com, a leading SANAS Accredited Verification Agency.

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