

# TRANSFORMATION THROUGH INCLUSION

More than 20 years into our democracy, participation of black-owned companies in SA's corporate supply chains remains low. Gary Joseph, CEO of the South African Supplier Diversity Council (SASDC), is committed to addressing the problem

**"T**he purpose of the SASDC is to assist its members in growing business linkages, relationships and transactions between members and certified suppliers, in a way that contributes measurably to their competitiveness and image and to inclusive economic growth," says Joseph. "Our vision is to be the leading corporate-driven council in SA dedicated to promoting sustainable supplier diversity through targeted procurement and black supplier development."

As CEO, his aim is to realise the long-held transformational ambitions of the organisation.

"The SASDC has been a product in the making from as far back as 2008, even though our organisation was only formally established in 2011," he says. "Already then, I'd bought into the vision of there being an organisation like the SASDC. I was working at De Beers at the time and got involved in the economic linkages initiative that the National Business Initiative [NBI] was implementing under the USAID-funded South African International Business Linkages [SAIBL] partnership."

Having spent most of his time at De Beers driving preferential procurement and small business development initiatives, Joseph's strong support of sustainable economic transformation and inclusive business strategies provided him with the drive to join the NBI and support its goal of establishing the SASDC. As CEO, he is convinced that the SASDC is the ideal platform for supporting

corporate SA with sustainable solutions for integrating black-owned enterprises into their procurement environments.

"The unique business linkages ecosystem that we have created is based upon creating optimal circumstances for our corporate members and certified suppliers to engage with each other and establish relationships that will translate into the flow of procurement transactions between the two parties," he says.

"Gaining access to procurement opportunities within any corporate can be a lengthy and tedious process. We are pleased with the endurance and persistence of many of our suppliers, who are on the brink of securing substantial contract opportunities with several corporates."

Joseph believes that SA has major domestic economic potential that is still trapped by former apartheid policies. He is a strong supporter of and advocate for the envisaged impact of BEE. He views it as an enabler and catalyst for unleashing this potential, as long as the spirit of addressing BEE through substance – not form – is entrenched in both public and private sector policy responses.

"The removal of systemic and cultural barriers that continue to keep the majority of our population out of the mainstream economy will result in a more competitive, innovative and prosperous South African economy," he says. "It is in the interests of all South Africans to contribute towards unlocking this potential because the long-

term benefits far outweigh the short-term discomfort and perceived costs that are fuelling the resistance to inevitable change."

Still, Joseph believes there are many reasons why BEE is not working right now. Firstly, responses to it have been implemented as quick-fixes aimed at achieving compliance. Secondly, as a nation, we have been pulling in different directions in our efforts to drive BEE. Finally, our measurement of the intended impact in the form of the B-BBEE Codes of Good Practice has resulted in BEE becoming a box-ticking exercise, with not enough substantive and sustainable outcomes being realised. BEE is still viewed as a political and not an economic issue.

"All parties – public and private sector, organised labour and civil society – need to do some introspection and reflection on what has been achieved thus far," he says. "We all need to recognise that there is a business case for BEE which stands to benefit all stakeholders. There needs to be better collaboration and leveraging of resources to support efforts and deliver better impact. BEE should be moved from being a compliance and governance issue to a business imperative that is integrated into all aspects of organisational strategy and performance measurement."

The SASDC aims to be the market leader in facilitating sustainable and mutually beneficial business relationships between competitive black businesses and corporate SA. It envisages being the forerunner in the process of creating a competitive and inclusive South African economy that benefits all through its growth and sustainable job creation. But resistance to change remains a challenge.

Joseph believes that implementing supplier diversity requires a different way of thinking and challenges the paradigm



A man with short dark hair and a goatee, wearing a white long-sleeved shirt, a red tie with a small black pattern, and a black vest, is leaning on a white wall. He is looking off to the side with a serious expression. The background shows a blurred building and trees.

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of current business models. Negative perceptions about BEE and compliance-driven responses on the part of many stakeholders are driving short-sighted organisational decisions. Also, it is difficult to change old habits and challenge existing supplier relationships which tie up opportunities the SASDC's suppliers would like to compete for.

"We are tackling the challenge by changing the traditional perception of B-BBEE and demonstrating that it entails building better businesses that empower everyone," he says.

"We have identified and engaged with several strategic partners to work together on initiatives and interventions that advocate for a different and more sustainable approach to addressing BEE, particularly in the area of procurement reform. Fundamental to this approach is delivering tangible results that demonstrate the business case and the value and impact of strategies such as supplier diversity."

For example, in line with its Memorandum of Understanding with the Department of Trade & Industry, the SASDC is engaging several stakeholders for their input in identifying specific and impactful initiatives that they will implement in partnership over the next three years. It has also embarked on an aggressive communication campaign to raise awareness and educate the public. Both of these initiatives will be supported by the existing capacity-building products it already has available for its members.

"The environment for growing your business is now more conducive than ever," he says. "But being a black-owned business is in itself not a competitive advantage. The onus is on you to take advantage of this situation by differentiating your value proposition in a way that positions your business to access and service such opportunities ahead of your competitors, including other black businesses.

"Be careful not to over-promise and under-deliver, since your success is the reference point for that of many other promising black businesses." **DM**

## SASDC STATISTICS

- *Corporate members: 26*
- *Certified suppliers: 312*
- *Total procurement spend (as at the end of 2014): R150 million*

**Visit: [www.sasdc.org.za](http://www.sasdc.org.za)**



## BEYOND COMPLIANCE

**Buhle Moyo of The Hope Factory, a supplier development non-profit organisation, talks to DESTINY MAN about BEE opportunities**



**"A**t the core of B-BBEE is an acknowledgement that all sectors of the economy can and need to work together to address the economic challenges of unemployment, extreme poverty and high levels of inequality that exist as a result of

our past," says Moyo. "BEE provides one such platform, for which the government has provided a framework on how all companies, irrespective of size and turnover, can interact to stimulate economic activity and growth to the benefit of all citizens."

But when BEE first emerged, it received criticism for only benefiting a few elite individuals with political connections. Moyo cites a few occasions when BEE does not go well, top of mind being instances where blacks are appointed as senior executives and given fancy

offices and benefits, but little authority beyond that.

"On the review of this legislation, an effort was made to have broader impact on black communities and organisations at various levels, and 'preferential' community segments and groupings were identified as priority," she says. "Many black-owned businesses now have an opportunity to be developed into sustainable businesses through enterprise development interventions coming off a BEE platform."

Beyond this, many communities now receive broad and positive impact through initiatives such as skills development for youth. This is because companies use their socio-economic development programmes, often part of their corporate social responsibility efforts, to achieve more than just BEE points.

"What started for many as a compliance issue is turning into a transformational approach, with greater concern for impact on communities and job creation," Moyo says. "Using BEE as a platform, progressive companies are now in a position to monitor, measure and evaluate their interventions in communities. This speaks to their good corporate citizenry and sustainable development goals."

**Visit: [www.thehopefactory.co.za](http://www.thehopefactory.co.za)**

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