



BEE SCORE

k n o w i n g w h a t c o u n t s





BEE all you can BEE with BEE Verification

by

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Why BEE?



"I trust that in reviewing my pocket money increase you will take into account the fact that I now have a BEE partner"

 www.JollyGoodJokes.com



History of BEE

Black **Political** Empowerment

1990 – Mandela released

1994 – Elections

1995 – Labour Relations Act

1997 – Basic Conditions of Employment Act

1998 – Skills Development Act

1998 – Employment Equity Act

2000 – Preferential Procurement Framework Act

2003 – Black Economic Empowerment Act



History of BEE

Black **Economic** Empowerment

1990s – BEE Equity deals

- Focus on ownership
- Creation of Black elite

1998 – BEE Commission appointed

2001 – BEE Commission report

2002 – First Charters

2003 – Broad Based BEE Strategy Document

2003 – BEE Act

1994 ~90% of
assets White owned

2004 ~90% of
assets White owned



Who is black?

Black Economic Empowerment:

*Furthering the economic interests of
Black people*

*Black = African, Coloured or Indian persons, born in
SA, a citizen by descent or became a citizen by
naturalisation before 27 April '94*

*or can demonstrate that they were unable to obtain
citizenship by naturalisation under Apartheid*



How is BEE Enforced?

BEE Scorecard

1. Ownership
2. Management
3. Employment Equity
4. Skills Development
5. Preferential Procurement
6. Enterprise Development
7. Socio-economic Development



Entity Size

Scorecard varies by entity size

➤ Generic

- More than R35 million turnover per annum

➤ Qualifying Small Enterprises (QSE)

- R5 million to R35 million per annum

➤ Exempted Micro Enterprises (EME)

- Less than R5 million
- NO SCORECARD!



BEE Scorecards

Scorecard Weightings:

Element	Generic	QSE
Ownership	20 points	25
Management	10 points	25
Employment Equity	15 points	25
Skills Development	15 points	25
Preferential Procurement	20 points	25
Enterprise Development	15 points	25
Socio-economic Development	5 points	25
TOTAL	100	100*

*QSEs elect 4 of the 7 elements in which to score



Recognition

BEE Score	BEE Status	Recognition Level
100 +	Level 1	135%
85 – 100	Level 2	125%
75 – 85	Level 3	110%
65 – 75	Level 4	100%
55 – 65	Level 5	80%
45 – 55	Level 6	60%
40 – 45	Level 7	50%
30 – 40	Level 8	10%
< 30	Non-compliant	0



Gender

Adjusted Recognition for Gender:

$$\frac{\text{Black \%}}{2} + \text{Black Women \%}$$

Where the Black Women % is limited to half of the target



Calculation for Gender

Adjusted Recognition for Gender

- Say 2 out of 10 people in Management are black men:

$$\frac{20\% \text{ (black)}}{2} + 0\% \text{ (black women)} = 10\%$$

- Say 2 out of 10 people in Management are black women:

$$\frac{20\% \text{ (black)}}{2} + 20\% \text{ (black women)} = 30\%$$



What is driving BEE?





What is driving BEE?

Public Sector:

- BEE score incorporated in tender score
- Minimum tender requirement
- Concessions and Licences
- Sale of state owned assets
- Public Private Partnerships
- Criteria for Rebates and Grants



What is driving BEE?

Private Sector:

- Your score counts towards your *customer's* score
- Your supplier's score counts towards *your* score



Importance of BEE Procurement

Most likely choice

	Supplier A	Supplier B	Supplier C
Price	R40/ream	R35/ream	R35/ream
Quality	Same brand of paper		
Service	5 days delivery	2 days delivery	2 days delivery
BEE Score	Non-compliant	High	Low

Differentiating Factor



How your BEE score affects your customers

Calculating a Preferential Procurement Score:

Supplier	Actual Spend	BEE Level	Recognition Level	BEE Spend
A	R150	L4	1.0	R150
B	R250	L X	0.5	R125
C	R550	L6	0.6	R330
D	R50	L8	0.1	R5
TOTAL	R1000			R610

Overall BEE Procurement Spend: $R610 / R1000 = 61\%$



Importance of BEE Procurement

*BEE not a **compliance** issue.....*

*.....it is a **competitiveness** issue.*

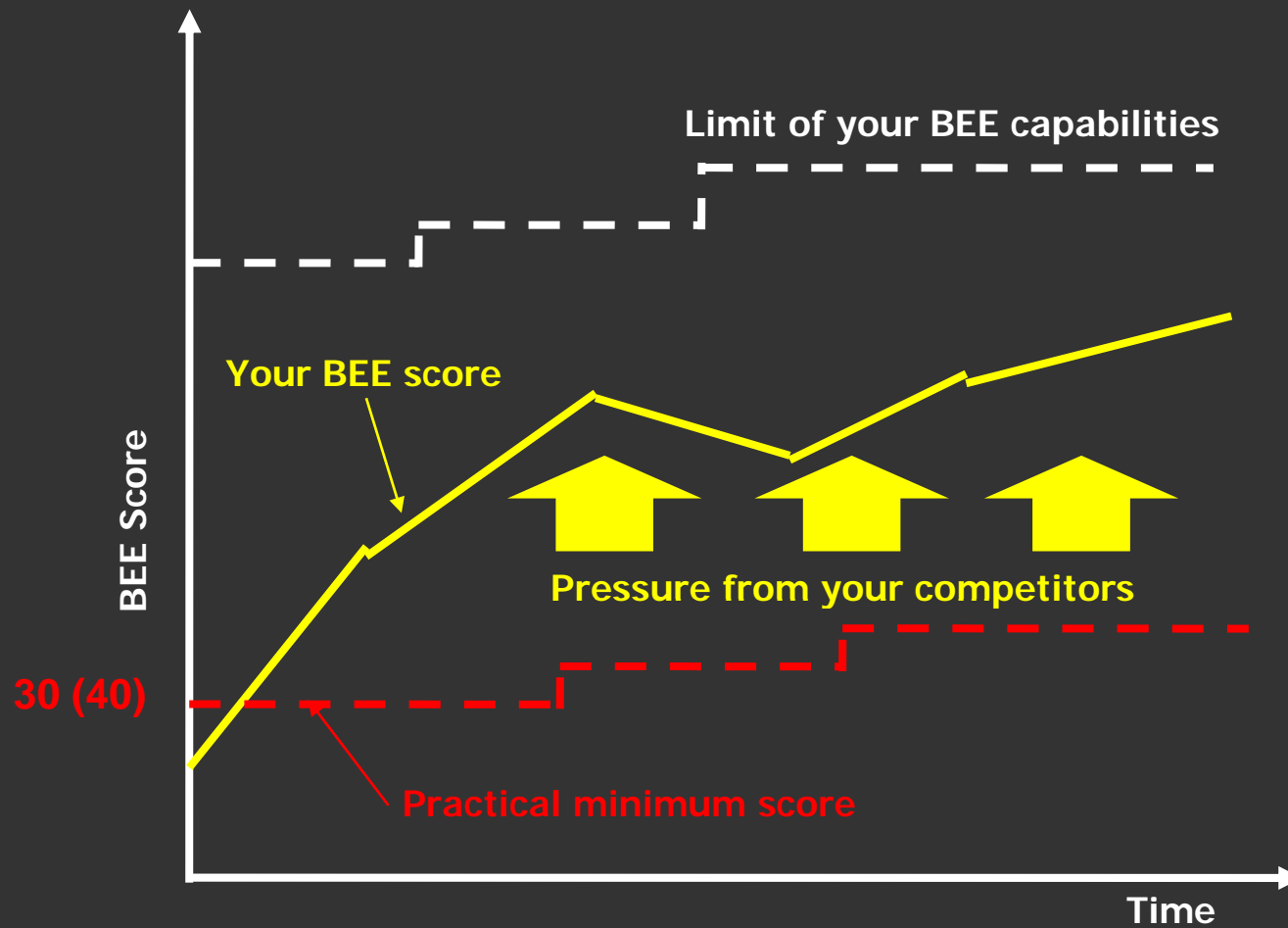


Can you just sit back?





Dynamics of BEE





Documentation

➤ Generic

- Onerous requirements
- EE, SDL

➤ Qualifying Small Enterprises (QSE)

- Select 4 best elements
- EE, SDL not exclusive

➤ Exempted Micro Enterprises (EME)

- Proof of turnover
- Proof of ownership



Tricks of the trade

➤ Ownership

- Never give shares away
- 9 year repayment / 10% deposit

➤ Management

- Independent non-executive director

➤ Employment Equity

- 1 woman = 3 men!



Tricks of the trade

➤ Skills Development

- Learnerships – double your points
- Keeping proper records

➤ Preferential Procurement

- Low hanging fruit – EME's

➤ Enterprise Development

- Early payment – the no cost points earner



Future of BEE

Legislation

- Codes updated / amended / methodology guidelines
- Accreditation of Verification Agencies
- National Empowerment Database
- New Sector Charters gazetted (construction, tourism, forestry)



Future of BEE

2 Years

- Lots of change
- Benefits to early birds
- Failures and frustration

5 Years

- Everybody's doin' it!
- Benefits to those whose approach is sound
- Take 2s!

10 Years

- Stability to the process
- Leveling of the playing field



Thank You

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