

Creating a new generation of entrepreneurs

By [Sinethemba Mafanya](#)

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Black empowerment has not worked as well as it should. With the perfect vision of hindsight, it is clear that too many empowerment schemes have yielded less than had been hoped, and that the main beneficiaries have been a relatively small group of well-connected individuals, who have become very rich indeed, and those who have gained jobs in existing companies or in an enormously expanded public service.



Sinethemba Mafanya, Manager, Diageo Empowerment Trust SA

What we have not really succeeded in doing is create a substantial number of black-owned, entrepreneurial businesses that have the potential, in time, to rival Anglo American, Discovery and the rest of the JSE giants.

This failure to identify and nurture a new generation of black businesses with the potential to scale has also had a severely negative impact on what is probably our biggest current challenge: unemployment.

While social and other forms of media talk up politics and race, the hard [research](#) done by the Institute of Race Relations shows that what South Africans are all most worried about is employment. And that's surely correct: no country in which over a quarter of the population, and the majority of its youth, are unemployed can hope to be stable, pleasant to live in and successful in any terms.

Sustained, vigorous economic growth - new businesses entering the economy - is what we need to reverse our perilous status quo. And, with black people by far the majority and most affected, a tidal wave of new black businesses is what we need.

I would argue that this kind of thinking has to underpin empowerment initiatives, existing and planned. They must be designed or repurposed to kick-start growth by identifying and nurturing black businesses that have the potential to scale, to compete vigorously with incumbents globally, and to create wealth not only for their owners but also for the growing numbers of people they employ. Empowerment initiatives should also be designed to link these businesses into existing ecosystems or supply chains, thus enhancing their sustainability.

All very well to say, you might be thinking, but can it be done?

Rethinking empowerment for everyone

I believe it can. There are already several such empowerment schemes in place, and we at Diageo SA have recently launched our own, the Diageo Empowerment Trust SA (DETSA). It may be helpful to outline our thinking.

Our funding is basically directed at two broad areas. The first is to **identify and nurture black-owned businesses that can be integrated into Diageo's own supply chain**. Such an approach means that we can provide these businesses with the best thing of all: **a market into which they can expand**. Diageo is the largest global producer of premium drinks, so it's a market worth having. With the R15m that the trust has already invested in this initiative, it is targeting to generate R250m in revenue in five-years.

But because these businesses are operating in our supply chain, we obviously have **considerable knowledge we can share** with them in addition to the funding we supply. We obviously also have a vested interest in ensuring that, as our suppliers, they succeed and grow.

We are already working with sorghum farmers in the Eastern Cape to enable them to supply Diageo here and elsewhere. A second phase will be to **identify businesses owned by black women that can be integrated across our supply chain**, from providing agricultural inputs to packaging and bottling right through to marketing. To this end, the trust has set itself a target of 300 jobs it intends to create in the agricultural sector over five years.

Our partners are WDB, an empowerment consultancy, who will identify candidates, and Aurik Business Accelerator, who will recruit black-owned companies that can provide services to them, thus creating an all-black ecosystem around each company we directly support.

The second broad area of funding is **social entrepreneurs**. Because these businesses are primarily focused on solving social problems, rather than profit, they are **uniquely well-positioned to make the maximum impact on society**. We believe money invested in these companies will give us the **optimal return on our empowerment investment**. To date, the trust has made headway by investing R10m in the development of social entrepreneurs over the next two years, and a further R40m will be injected over the next five years.

The final piece of the puzzle

Accountability is the final piece of the puzzle. We have put in place a research team that will collect metrics to help us establish what effect we have had commercially and economically, as well as socially. The former would include the usual financial measures relating to the company and its contribution to the national economy, the latter its contribution to job creation.

We hope this will be empowerment that genuinely empowers, and we are willing to be measured on our success.

ABOUT THE AUTHOR

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