

Gestalt applauds envisaged construction sector BEE codes

BEE consultancy Gestalt has given the 'thumbs-up' on the envisaged construction sector BEE codes which it believes have the potential to re-energise transformation while creating a platform for strategic growth at wide-awake building firms and contractors.



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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.

Tackling transformation apathy, inertia

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

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 scrutinise 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.

Beyond point verification

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 realise 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 utilisation of the new codes could provide the competitive edge they’re looking for.”

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