

6 ways to improve your BEE score

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The financial year-end is upon us and with one to two months to go, depending on when an organisation wraps up its year, business owners are ensuring best practices are in place to improve their B-BBEE score for the coming year. For a few organisations, the next few weeks are crunch time.



Image source: HONGQI ZHANG – [123RF.com](#)

There is still time; however, it's important that organisations know how to achieve quick wins to improve the B-BBEE score.

The B-BBEE scorecard measures the level of compliance against five elements, each of which are in turn measured against targets with specific weightings. It may seem overwhelming at a glance, but a solid plan will help your organisation achieve, improve and/or retain a healthy B-BBEE score.

Here are six tips for organisations looking to improve their B-BBEE score:

- 1. Make sure you have assessed your data and calculations**

Using BEE scorecard software is the best way to go. This will allow for real time tracking of your progress and identify the gaps to close.

2. Consider bonus points

Depending on the codes or sector codes against which the company is measured, there might be bonus points that can be secured. This does not require additional budget or money to be spent in most cases.

3. Look at the “easy” elements of the scorecard first such as enterprise development, supplier development and socio-economic development

These elements are usually seen as the quick fix elements that can be implemented, and maximum points achieved in a short space of time but there are many risks associated to these elements. One of which is the potential of having to spend large amounts of money that has not been budgeted for. Another risk is not knowing the benefit factor (or recognition percentage) of the type of contribution made.

These recognition percentages are applicable to enterprise development, supplier development and socio-economic development. One example would be the recognition of a loan contribution. An interest-free loan contributed towards an enterprise development or supplier development beneficiary is only recognised at 70% of the outstanding loan amount. This would impact the achievement of the maximum score and the entity would have to close the 30% gap by either increasing the loan amount or to top up with an additional contribution such as a grant, which is recognised at 100% of the value contributed.

4. Improve what you can in preferential procurement

The measurement of preferential procurement is linked to suppliers of the measured entity and their respective BEE credentials. It's important to obtain as many BEE certificates / affidavits from suppliers as possible. A measured entity has up to the date of verification to gather these.

Another area of improvement in a short space of time is to review and recon the total measure procurement spend (TMPS) with the supplier spend. Aim to achieve a balance between these two of 10% or less. The smaller the margin, the more positive the impact will be on the score.

Furthermore, don't forget about the enhanced recognition of a multiple factor of 1.2 under this element. If the measured entity has:

- A supplier who is also the recipient of supplier development contributions and have a minimum three-year contract in place;
- A Black-owned QSE or EME which is not a supplier development beneficiary but that has a minimum three-year contract with the measured entity;
- A supplier that is at least 51% Black-owned or at least 51% Black woman-owned utilising the Flow Through Principle.

Such supplier/s would qualify for this enhancement on their spend. In layman's terms, every R100 spent with such qualifying suppliers, R120 is recognised towards the preferential procurement score and, as such, can elevate the points.

5. Be smart with training programmes under skills development

Implement training programmes that award points in various areas of the skills development scorecard and possibly management control as well. A learnership programme (or Category D as per the learning programme matrix) is one such example. With such a programme, a measured entity can achieve as much as 16 points out of a total 20, if done correctly. The recognition of Category D programmes is threefold, course cost, headcount and stipend or salary is claimable towards points compared to a training programme such as a short course (or Category F of the learning programme matrix) where only the course cost is recognised towards points but has limitations too.

6. **Finally, consider alternative or supplementary initiatives such as the Youth Employment Service (YES) Initiative**

A measured entity has the opportunity to increase their B-BBEE status level by up to two levels by participating in the initiative and meeting their targets. It is however imperative to understand that an entity can only consider the YES Initiative if they have achieved a compliant B-BBEE status level. Furthermore, there are prerequisites to meet, which include:

- Maintain or improve the B-BBEE status level (before YES B-BBEE recognition) obtained in the first year of participating in the YES Initiative;
- Achieve at least the 40% sub-minimum for all three priority elements; or
- Achieve an average of 50% across the three priority elements.

Unfortunately, there is not a one-size-fits-all quick fix plan that a measured entity can apply to improve its B-BBEE score. By understanding your company and its limitations as well as having the knowledge, expertise and competence of the B-BBEE Codes or Sector Codes against which the entity is measured, a plan can be devised even with only one month to go.

For more information on B-BBEE Scores and all other B-BBEE best practices, visit the [BEE Chamber website](#).

ABOUT THE AUTHOR

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