

SUPPORTING EACH OTHER AND BEING EFFICIENT IS KEY TO THE RECESSION CHALLENGES

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Choosing the right BEE partner by companies is critical. Infact it should not in anyway make empowerment itself an additional risk. During the last few years we have seen changes in political leadership affecting not only BEE partner but also companies' empowerment credentials. However, changes in leadership promise opportunities for broad based beneficiaries. Companies that will become stable are those that have chosen the right partners. It is not a good feeling when companies loose their BEE partners for whatever reason, especially during these trying times. They prefer to focus on fighting recession challenges rather than sorting out their empowerment status.

South Africa has been in a recession for months and what that means is that our economy is experiencing a negative growth. The challenges of a recession put pressure on government to play a leading role in assisting businesses, with particular emphasis on BEE SMEs. Procurement decisions need to be taken quickly. Some of these decisions entail putting together systems whereby payment runs are improved and done once or twice a week instead of paying service providers once a month. This approach will alleviate cash-flow challenges. Also, if government departments want to implement new projects and want to procure services, they must be quick in making decisions. By so doing they might save businesses from going out of business due to recession challenges.

Key solution to the recession challenges is ensuring that business processes are efficient. Besides, private and public sector organisations as well as ordinary South Africans need to help stimulate the economy.

Suppliers also need to be careful and should not mess up client orders, because that could cost them clients. Government should also help prevent the exploitation of small businesses by big business where services rendered are paid late or in some instances, not even paid for at all. In April this year Empowerdex and the Financial Mail released results of a survey of Top 200 Empowerment Companies listed in the Johannesburg Securities Exchange (JSE) and the AltX. Some of these companies look good in the eyes of the public; yet, the question is how many of them have forced BEE SMEs out of business due to late or non-payment of accounts. In some instances we have heard of companies who take 90 to 120 days to pay small businesses! Small business, naturally like big business to procure services from them, especially if contracts look lucrative. However some big businesses only procure from BEE SME to gain procurement points without necessarily having any interest to grow them. This can be a challenge if big business takes long before payment is released. Infact it can be disastrous as cash-flow of small businesses can diminish and may find them out of business. May be it is high time for the country's authorities to criminalise late or non-payments of services.

The emphasis on discouraging the use of business consultants by the government is also a challenge. It can easily have a negative effect on the survival of service providers, the majority of whom are small businesses. Government officials might also become reluctant to appoint service providers, which could negatively impact on our economy. There might even be more and more instances where funds will not be spent by government departments due to this latest trend. We should not forget that one of the reasons why work is outsourced to service providers is because public sector organisations lack the capacity to deliver. Let us rather encourage SME-service providers to deliver proper services and continue to procure from them. It will be disastrous for business and the country to lose individuals who are entrepreneurs.