

A black and white photograph of two men in a factory setting, wearing green protective gear (welding masks and gloves). The man on the right is holding a welding torch. The background shows industrial machinery and pipes. The overall tone is professional and industrial.

**EDGE**  
G R O W T H

**Is your organisation ready to make preferential procurement your best business decision ever?**





## ARE YOU PREPARED TO COMMIT EXTRA RESOURCES AND CAPACITY TO DIVERSIFYING YOUR SUPPLY CHAIN?

**Preferential Procurement** has long been a powerful component of the Broad-Based Black Economic Empowerment (B-BBEE) scorecard. It has been lauded as one of the best ways to give South Africa's entrepreneurs and their budding businesses the helping hand they need to grow and scale, providing job opportunities and helping to stimulate the flagging economy.

Large corporates, however, are understandably hesitant when it comes down to shaking up their supplier databases. It may be a daunting prospect to begin transitioning from a well-established large supplier in favour of SMEs with uncertain capacities and track records – but with the right ESD supplier and some best-practice preparations in place, the adoption of SME suppliers into the corporate supply chain can deliver tangible dividends to the benefit of both parties.

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## ARE YOU PREPARED TO COMMIT EXTRA RESOURCES AND CAPACITY TO DIVERSIFYING YOUR SUPPLY CHAIN?

**Rationalising a supplier database** to include a greater focus on ESD means unbundling procurement spend. Furthermore, it means identifying multiple new SMEs with the potential for excellence into your supply chain, not only to enhance your B-BBEE scorecard but to contribute to a more agile and efficient supply chain, at a reduced cost.

Think of a company that needs a constant supply of IT servers and laptops. Should they invest in traditional or preferential procurement? The answer is both. IT servers are high risk and high spend items, while laptops may be low risk and medium spend items that an SME can more easily supply without negatively impacting quality of service.

Similarly, a restaurant with one supplier of produce may expose themselves to risk in the uncertain early months of their SME partnerships, but they also stand to benefit once they can identify the strengths of each individual supplier. One may be more cost-effective, while another can guarantee stock on short-notice.

While cutting costs is a focus area for procurement managers, so is managing and mitigating long-term risk. Before any new process can prove successful, there must be a teething phase and companies looking to reap the rewards of a diverse supply chain will need to strike a happy medium between short-term risk and long-term reward.







**ARE YOU READY TO COMMIT TO UPLIFTING THE SUPPLIER  
AND GUIDING THEM THROUGH SCALABILITY/CAPACITY?**

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For an SME, a corporate client can mean the difference between growth and stagnation – and most small suppliers will bend over backwards to ensure they deliver the best possible service to their large clients. It's not unusual, however, for it to take a little time for them to reach the operational capacity and scale that their ESD benefactors require.

Your ESD budget is there to be used to help them along the way, and shape them into just the kind of value-adding supplier that will improve your agility and ability to innovate. It takes time, effort and resources, but the long-term rewards – in the form of increased competitiveness and innovation – will be well worth it.

And while ESD providers are always willing to help provide the kind of ongoing business support needed, many corporates find it expedient to form their own technical teams to spot gaps in the supply chain and take accountability for the ESD partnership's progress.



# 03

## ARE YOU TAKING YOUR OWN CUSTOMERS' NEEDS INTO CONSIDERATION?

Smaller suppliers tend to be highly localised – a potential stumbling-block for a nationally-operating corporate client, but also an opportunity to increase your organisation's own competitiveness through more localised client service. South Africa is nuanced, and each region has its own challenges and unique customer profiles.

Matching your local suppliers to the needs of your customers in the same region is a great way to be more customer-centric an increasingly urgent mandate in the digital business age. Open lines of communication within your organisation, as well as having the right procurement policies and engagement models in place, make a successful alignment between supplier and client more likely, and takes much of the guesswork out of database rationalisation.







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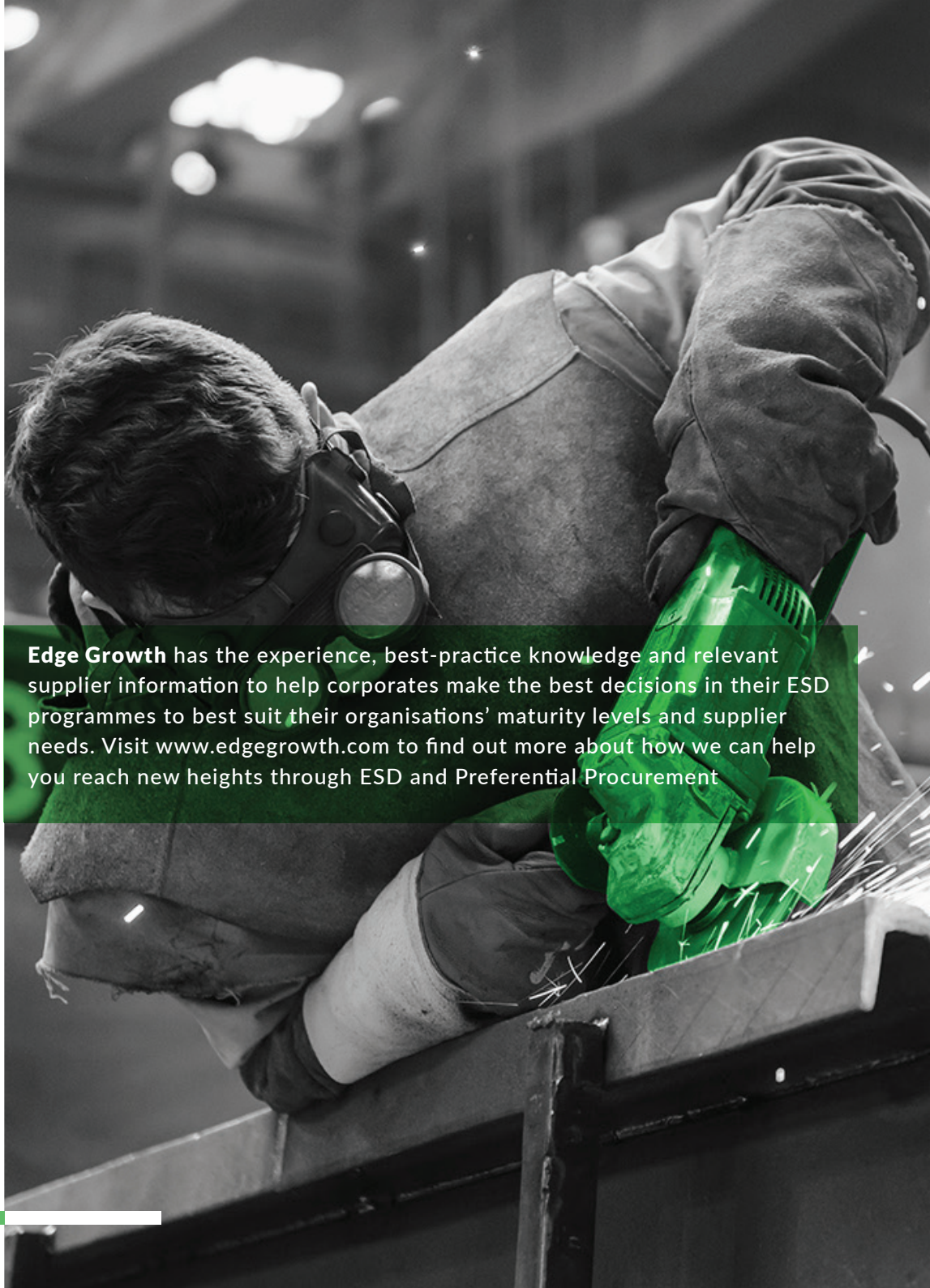
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Shifting B-BBEE codes can be confusing to even the most experienced procurement professional. Most pride themselves on knowing the ins and outs of cost-saving through procurement, but are unaware of the amazing potential for innovation that goes with it.

Add the transformation element to that mix, and you have three layers of ESD that must be combined perfectly for tangible ROI to be realised. The right supplier can help your organisation identify potential and excellence in the South African business landscape and create partnerships that deliver results.



Most organisations are facing one quintessential dilemma that preferential procurement could seem to be at odds with procurement best practices, but clearly there is a middle ground where they can co-exist and, if done correctly, can bring about innovation in your supply chain. To find it, these organisations need to ask the right questions, or partner with someone who already has answers and the experience to prove it.



**Edge Growth** has the experience, best-practice knowledge and relevant supplier information to help corporates make the best decisions in their ESD programmes to best suit their organisations' maturity levels and supplier needs. Visit [www.edgegrowth.com](http://www.edgegrowth.com) to find out more about how we can help you reach new heights through ESD and Preferential Procurement