

ARCHITECTS OF SUSTAINABLE E&SD SOLUTIONS, ENGINEERS OF SOCIOECONOMIC CHANGE

Since 2007, Edge Growth has been practicing the E&SD policies prioritised by the DTI in 2013. While many practitioners and investors are now compelled to re-engineer their enterprise development strategies, Edge already has a solid track record of building sustainable E&SD solutions for clients – programmes that are strategically aligned to their core business growth; programmes that generate returns through their own supply chains.

Twenty years into democracy, high levels of income disparity and poverty remain. Policy, in the form of the B-BBEE Codes of Good Practice, has facilitated some changes in big business to address empowerment, but real transformation has been slow.

Process, in terms of the way in which the codes have been put into practice, has been largely to blame – compliance has not translated into the ground-level impact that was both intended and anticipated. The 2013 update of the codes aims to address the lack of commitment on the part of large organisations to facilitate SME growth and entry into the mainstream economy.

1. Fund Management

The single most important adjustment has been the DTI's prioritisation of enterprise and supplier development (E&SD). With a weighting of 40 points out of a possible 105 on the scorecard, this aims to drive the integration of E&SD into business strategy as an imperative. A global movement, E&SD has been proven to stimulate economies and create jobs, largely through the diversification of workforces and supply chains.

SUPPLIER DEVELOPMENT

Supplier development is at the heart of enterprise development as it unlocks profitable opportunities. It alleviates one of the most critical constraints faced by SMEs – market access – as the revenue streams of ED beneficiaries are substantially increased through new and extended contracts, so are their chances of funding.

BRIDGING THE E&SD GAP

In 2007, Edge Growth had already opened its heads, hearts, and doors to fulfilling the true intention of ED with a service offering structured around a single, focused intent: to enable real and sustainable socioeconomic transformation in South Africa, from the ground up. This challenge is best articulated through our vision: to create 500 jobs in 50 companies in five years.

Today, as the majority of B-BBEE practitioners and investors struggle to adjust their existing strategies to accommodate the prioritisation of E&SD, Edge Growth finds itself in the position of already having a powerful track record of building sustainable E&SD programmes for clients, that support core business growth and generate returns through their supply chains. The results have been significant improvements in the quality, price and timelines of supply.

Our seven years' experience has revealed the key success factors critical to any supplier development programme and we incorporate each of these into our holistic E&SD solutions:

- SD must be integrated into the business' procurement strategy,
- Key stakeholders must support the initiative,
- The programme must be realistic and balanced in its outcomes,
- The intensity of ongoing capacity building must be clearly understood.

2. Strategy and Advisory

1. FUND MANAGEMENT

Our fund management solutions offer companies a commercially viable way to deliver real social impact, while taking into account the level of operational involvement each client can manage. Many of our funds have been driving growth for several years already.

- **Vumela ED Fund:** Edge manages this R186m Social Venture Capital Fund in alliance with FNB. The fund provides First Rand with an outsourced end-to-end ED solution, through which they support a portfolio of high-calibre SMEs with finance and business development.
- **ED Action Fund:** Designed for medium-sized businesses with time, funding and resourcing constraints, the fund pools multiple ED contributions and channels them into suitable SMEs to deliver meaningful impact.
- **ASISA Enterprise Development Fund:** This fund for The Association for Savings and Investment South Africa (ASISA) invests in the development of high growth potential SMEs to create sustainable, shared E&SD value aligned to investor supply chains.

2. STRATEGY AND ADVISORY

Our E&SD strategies ensure that investors avoid the pitfall of applying generic solutions to their unique needs. Our four-step process takes into account the realities of each investor's environment and core operations to ensure that their programmes align with strategic goals, impact the bottom line, and build profitable businesses capable of growth.

- 1. Environmental scan:** We review the environmental realities, taking into account existing strategies and stakeholder contributions.
- 2. Hypothesis formulation, analysis and benchmarking:** We analyse this information, generate key strategic insights, and develop a set of strategic options, modelling the operational implications of each.
- 3. Solution generation:** We evolve the preferred option into a comprehensive E&SD solution. We prioritise the opportunities and assess their internal and external impact.
- 4. Resourcing and implementation:** We design the delivery structure for the chosen strategy, outlining timelines, activities, resourcing, monitoring mechanisms, and partnership requirements.

3. SME GROWTH SUPPORT

Our SME growth support is offered exclusively to beneficiaries of our corporate partners' E&SD programmes, and those receiving financial support through one of our funds.

Our virtual incubator (the Growth Accelerator) has proven our competency in identifying the specific constraints each business faces, and developing bespoke funding, resourcing, training, marketing, management and leadership strategies to unlock their full growth potential.

4. PROGRAMME IMPLEMENTATION MANAGEMENT: A BLUEPRINT FOR SUCCESS

Over the years, our methodology has evolved to help companies translate their E&SD initiatives into efficient and effective on-the-ground impact. Our experiences with a broad spectrum of clients including Anglo American, Sasol, SAB and FNB, have taught us what others are only just beginning to realise – that a customised, end-to-end approach to strategic implementation removes all potential growth constraints for SMEs and produces the best chance of E&SD success.

Each of Edge's specialised functional areas applies best practice methodologies and is overseen by an experienced management team. Each solution is informed by the client's environment, customised to the company's unique needs, and enables the tailoring of E&SD programmes to fill any capability gaps in the supply chain. Each solution also undergoes rigorous due diligence for sustainability and measurable social impact, applies governance and accountability structures, and provides focused post-investment development support for the SMEs to ensure long-term growth.

Wherever practical, however, Edge Growth prefers to manage the implementation of E&SD programmes on our clients' behalf to ensure that the stumbling blocks – time, funds, resources, generic solutions etc. – are avoided and progress is unhampered. Our measurement, evaluation and reporting process ensures that clients are kept informed throughout, and helps stakeholders stay connected to the programme and to make strategic decisions along the way.

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3. SME Growth Support



4. Programme Implementation Management

