

■ MINING IN FOCUS

# BUILDING B-BBEE BRIDGES

With South African-based Jet Demolition's new B-BBEE deal, the company strives to build a sustainable and ethical legacy, **writes Leon Louw.**



From left: Liz Brinkmann, executive director at Jet Demolition; Vincent Baseroka, chairman; and Leboang Letsoalo, non-executive director.

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**B**road-Based Black Economic Empowerment (B-BBEE) deals in South Africa have become a controversial subject and remain politically loaded. For some companies, it has been a hindrance, with disastrous consequences. For others, their B-BBEE partners have brought new ideas, knowledge, experience and diversity – all key to the growth and sustainability of an organisation.

For Vincent Raseroka, new chairman at Johannesburg-based specialist demolition company Jet Demolition, the initial Black Economic Empowerment (BEE) deals that happened after 1994 were symbolic and necessary to encourage people previously not part of the mainstream economy. “Those empowerment deals were beacons of hope, and benchmarks of possibility. Unfortunately, however, it also cultivated a culture of entitlement,” Raseroka tells *African Mining*.



Jet Demolition

Vincent Raseroka, chairman at Jet Demolition

### B-BBEE challenges

Raseroka, who has more than 35-years business experience, and an impressive resumé, was recently appointed as chairman of Jet Demolition in a deal that would see the company achieve a Level 4 B-BBEE rating, and 51% black ownership. As part of the same deal, which was concluded in July 2019, Lebogang Letsoalo was appointed as non-executive director. Letsoalo

has extensive experience in supply chain management, procurement, and project development, and has 19 years’ experience in holding executive portfolios within the energy, chemicals, and mining industries.

“If you don’t have matching value systems it is bound to end in conflict. Any company, and its partners, should value, most of all, their people, and if they can’t do that, they are on the road to failure.”

Letsoalo says that BEE deals have created a lot of opportunities, but also many challenges, and have exposed a number of unethical practices. “One of the biggest disappointments in the past has been that the BEE partners, in many cases, failed to learn and actively participate in the day-to-day activities of their business partners. The perception was that becoming a partner meant that you became an investor, and all you would do is wait for the next dividend payment,” she

says.

“The truth is that you have to learn to be able to grow as an individual,” she adds. Another challenge, according to Letsoalo, is that many companies injected capital into outside organisations without truly empowering people and small ventures. “The purpose of enterprise development is to grow and nurture new companies and service providers so that they can be sustainable in the future,” Letsoalo says.

### Building a legacy

“We have to go back to the basics and realise that one has to work hard to reap the rewards. You won’t treasure anything that you haven’t worked for. In the end, it shouldn’t be about the money, but about the legacy,” says Raseroka.

“It’s been a long hard road for Jet Demolition to find the right BEE partners who share the same values, passion, and ethics,” says Liz Brinkmann, one of the two executive directors of Jet Demolition. Brinkmann and her husband Joe founded Jet Demolition in 1994, having evolved from sister companies Blastech and Jet Technologies. “It took us 11 years to find the right partners” says Joe. But for Liz

the new deal is exciting. "We all share the same passion and drive to make South Africa a better place," she says.

Raseroka agrees and says that although progress has been made in South Africa over the past 25 years, the country is still not where it should be. "However, there is a lot more optimism under President Ramaphosa, and with the mayor of Johannesburg promising to change the city into a construction site, I could not have wished for a better time to have partnered with Jet Demolition," he says.

"Many past BEE deals in South Africa have gone sour, or have been associated with corruption and fronting, and we need to change this perception," says Letsoalo. "We should work towards real transformation, and not just ticking boxes. BEE partners should add value and assist the company in growing beyond where it is now. We can both, for example, add immense value to Jet Demolition in terms of its growth of potential business into Africa," adds Letsoalo.

#### **Sharing value systems**

For Joe, the most important requirement before entering a successful BEE deal is that all partners have to share the same value system. "If you don't have matching value systems, it is bound to end in conflict. Any company and its partners should value, most of all, their people, and if they can't do that, they are on the road to failure. At Jet Demolition we consider the people working for us our most valuable asset. The journey to find the right BEE partner should be built, first of all,



Jet Demolition

Lebogang Letsoalo, non-executive director at Jet Demolition.

on value systems and, secondly, on passion. Passion for what you do, and passion for making South Africa a better place for all," says Joe.

The development of young engineers is something very close to the hearts of the Brinkmanns, as well as Letsoalo and Raseroka. "Bringing young people into the business is key for any company. And instilling the right values is critical. A 'tenderpreneur' attitude and culture is not what South Africa needs right now," says Raseroka. "They should aim to build a legacy instead. I'm hoping to make a difference at Jet Demolition in this way – to develop skills, and leave a lasting impact," he says.

"It's sad that most young people entering industry today want to become involved in procurement," says Letsoalo. "It shows the impact of the 'tenderpreneur' culture that has taken hold, and the shambles it has left the supply chain profession in. I would like to share the experiences that I've had in the industry, and make sure we build a strong value system in the organisation, in respect of governance, ethics, and social responsibility," says Letsoalo. "I want to make a difference in working with the youth and entrepreneurs to ensure they become competitive and sustainable," she adds.

#### Growing into Africa

Although Jet Demolition already has a significant presence in the rest of Africa, one of its goals is to grow the company's footprint across the continent. Letsoalo and Raseroka have worked in a number of other African countries, and it is through driving growth in Africa where they are expected to make their biggest contribution to the Jet Demolition family.

Joe says the company will make a concerted effort to develop their interests in the rest of Africa, but that this will be done in a responsible fashion. "We want to make sure that we partner with local companies with the same values, and that are doing the right things in the right way. There is a lot of space for us to grow into the rest of Africa," says Joe.

"I love doing business in Africa, and let's not forget that South Africa is part of Africa. I lived in Nigeria for two years, and have been involved in business deals in more than half of the countries on the African continent," says Raseroka, adding that Ethiopia and the DRC are probably the two countries to look out for in the near future, despite the fact that both are facing significant challenges. Raseroka says that, from January next year, he will aggressively start looking at growing the business into the African market



Liz Brinkmann, executive director at Jet Demolition.

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He mentions countries like Nigeria, Ghana, Angola, and Zimbabwe as other countries of interest, noting that Zimbabwe is experiencing difficulties in terms of currency issues. "Overall, I see a lot of opportunity in Africa," he says.

"I would add Zambia to that list. There are many blue-chip companies I work with that are currently developing their growth strategies into Africa, especially into Lesotho and Mozambique. Ghana has world-class supply chain policies, and is attracting a lot of international investment," says Letsoalo.

Letsoalo believes the Jet Demolition's B-BBEE deal could be regarded as a benchmark for other companies in South Africa. "More companies are now aware that they cannot just seal a B-BBEE deal for the sake of sealing a deal. The biggest positive about this deal is that we have become part and parcel of building the organisation. Jet Demolition is where it is because of capable people who came up with the idea and built it into what it is today. With us being part of that now, we can all learn from each other, as we all bring our unique skills, experience, and backgrounds. It is a recipe for success," Letsoalo concludes. ■