



**Black  
Umbrellas**

Annual Report **2017**





# What's inside





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What we stand for

Our **Vision**



### FOR OUR DONORS

to be the enterprise and supplier development partner of choice.

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### FOR OUR CLIENTS

to provide a solid foundation to enable success and minimise the odds of failing when starting and running a business.

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### FOR OUR MENTORS AND EMPLOYEES

to continually motivate and demonstrate that through collaboration, we can change lives and make a difference to all those we support.

**Black**   
**Umbrellas**

What we stand for

Our **Mission**

The fundamental purpose of Black Umbrellas is to collaborate with partners in the private sector, government and civil society to address the low levels of entrepreneurship and high failure rate of 100% black-owned emerging businesses in Africa.



#### **PROMOTING ENTREPRENEURSHIP**

as a desirable career choice. Building the profile and image of existing entrepreneurs and Black Umbrellas businesses as role models through our media, networking and public relations activities;



#### **NURTURING QUALIFYING 100% BLACKOWNED BUSINESSES**

in the critical first three years of their existence by providing incubators with office infrastructure, professional services and a structured mentorship programme;



#### **CREATING EMPLOYMENT OPPORTUNITIES**

by recruiting and supporting those businesses which have the potential to generate at least four jobs on becoming sustainable;



#### **ENABLING PROCUREMENT OPPORTUNITIES**

for emerging 100% black-owned businesses through the Blackpages initiative – [www.blackpages.org](http://www.blackpages.org);



**ASSISTING BLACK UMBRELLAS BUSINESSES** that are finance ready to access funding through third party service providers;



**GROWING OUR KNOWLEDGE AND QUALITY OF SERVICE** offering by accurately measuring, monitoring and reporting on all that we do.

**Black**   
**Umbrellas**

What we stand for

Our **Values**



**We strive to involve the principles we believe in, which we live by and which in turn will influence how we behave inside and outside the organisation.**

**> Collaboration**

in enabling coordinated practical action for change.

**> Excellence**

in all we do.

**> Regeneration**

of the economy and society. We strive to involve the principles we believe in, which we live by and which in turn will influence how we behave inside and outside the organisation.



**DOWN TO EARTH**

authentic, grounded  
and African.



**ENTREPRENEURIAL**

visionary, bold, and  
confident.



**OPEN**

generous, warm, approachable,  
and sincere.



**ENABLING**

empowering, dynamic,  
responsible and progressive.



Cyril Ramaphosa | Chairperson, Cyril Ramaphosa Foundation

## A Message from the Cyril Ramaphosa Foundation Chairperson

➤ Black Umbrellas continues to be a pioneer in the creation of black entrepreneurs.

The businesses that are incubated in the Black Umbrellas programme have had a tremendous impact on the lives of many South Africans. These businesses have brought a change not only to those who started them, but also to those who rely on the jobs they have created. They bring hope and the promise of a better life.

As millions of South Africans struggle to find work and to make a living, Black Umbrellas has identified small and medium-sized businesses as the most important engines of economic growth and employment creation. It is therefore dedicated to promoting their development and sustainability.

The approach that Black Umbrellas has painstakingly developed over nearly a decade has proven its worth, improving the value, sustainability and impact of its clients.

The remarkable progress that Black Umbrellas is making was very much in evidence at this year's National Enterprise Development Awards, which recognises the top companies in the Black Umbrellas programme. Behind every successful company was a story of passion, persistence and hard work. Not only were they striving and succeeding as businesses, but they were also changing their communities. Integral to every

success story was the support, encouragement and inspiration that these entrepreneurs found in Black Umbrellas .

Our task, both as an organisation and as citizens of South Africa, is to instil a spirit of entrepreneurship in our youth. We need to encourage young people to start their own businesses, and, through that, to change their mindset and circumstances.

I would like to express my gratitude to Black Umbrellas CEO Seapei Mafoyane and the board, management, employees, clients, funders, mentors and stakeholders who have contributed so much over the last year. These are the people who work tirelessly to ensure that the programme continues to make a change in the lives of aspiring entrepreneurs.

Black Umbrellas has established an important role for itself in the growth and development of hundreds of small enterprises. Its many achievements over the last year are well recorded in this report. The year ahead promises to bring many more.



**Cyril Ramaphosa**  
Chairperson, Cyril Ramaphosa Foundation

## A word from the Black Umbrellas Chairperson

- Black Umbrellas has continued to support black-owned businesses, enabling them to thrive and continue on the path of creating jobs and making it possible for ordinary South Africans to be an integral contributor to GDP. I have been impressed by how the organisation has resiliently pushed through and supported these entrepreneurs; giving them access to the market and offering resources that make it possible for them to continue growing even in a tough economy.

Looking at the Enterprise Supplier Development (ESD) landscape in the country and globally, we can positively hope that the goal of creating a space where black-owned businesses are as equally successful and a part of the economic evolution and growth, will be achieved in the near future. By working together with SMEs, large organisations are not only adopting beneficiaries as business suppliers, but they are contributing to the global shift towards inclusive diversification which will work to the benefit of black business.

The development of SMEs goes beyond the incubation of the businesses themselves, but we also recognise the importance of skills development, equipping our entrepreneurs with the correct knowledge that can be applied to the daily running of their businesses. If we are going to assist black-owned businesses to grow, we need to oil the engines that run them, and our partners have played a big role in ensuring that we offer mentorship programmes to our clients – this will assist them to adopt the correct methods that are required to grow and elevate their businesses and also help them apply informed and strategic decisions.

At Black Umbrellas we continue to create an environment that is conducive for all SMEs by partnering with our stakeholders and government to implement a strategy that is scalable, making the endeavour of supporting 100% black-owned businesses more efficient and of wider appeal, relevance and reach.

I would like to conclude with a special thank you the Chairperson of the Cyril Ramaphosa Foundation for committing himself to the vision of Black Umbrellas . In addition, I would like to take this opportunity to thank my fellow Board members, the CEO and her most capable team and all our stakeholders, donors and partners for the continued hard work they have put into ensuring that Black Umbrellas continues to produce successful entrepreneurs, and in that way, contribute to the development of our country's economy. Without their involvement, we would not be able to celebrate these achievements.



**Yvonne Themba** | Chairperson, Black Umbrellas



Seapei Mafoyane | CEO, Black Umbrellas

## CEO's Report

➤ The year under review has been a journey filled with success and exciting opportunities for Black Umbrellas but mostly for our clients. We recruited 236 clients in the year alone, this is an exciting time for the clients as it is an opportunity to realise their dreams and join in on the restoration of our economy.

In my second year as CEO of Black Umbrellas, I have enjoyed the transformation the organisation has gone through. We have continued to witness growth and progress in the way that we do business and in the evolution of new industries and high impact client beneficiaries.

Our clients continue to make a difference and bring good fortune to communities and many families, and have in total created 10 137 jobs to date and have collectively paid off R 494 million in salaries to their employees.

This year we hosted our 5th National Enterprise Development Awards (NEDA). The awards are a celebration of our clients and their milestones. This year the awards were themed 'value and impact' which is fitting as I personally believe that businesses and SMEs are a success not only on the basis of profit, but also on the impact and value they add in the lives in their surroundings and to their consumers.

A big congratulations goes to our overall winners for the night, Hula Minerals, for walking away with the award for most jobs created; Aquila Projects took the award for best performing company; best Black Umbrellas ambassador and the people's choice awards were awarded to Recycle 1st; our overall national winner were Modi Mining, and the incubator of the year award went to Johannesburg.

My greatest pleasure and delight is seeing the strides we have made at Black Umbrellas – witnessing the work that each and every individual puts in daily for the greater good of the organisation, its objectives and development of our clients.

In the previous year I was excited at the possibility of doubling our clients' achievement of a combined R1 billion turnover, which was a highlight for us as an organisation whose core business is to develop and give sustainability to the businesses we incubate. The year under review has brought more excitement and exceeded our expectations, as we have reached our goal of a R2 billion turnover, and have done so in an incredibly short space of time. We are proud to see that our clients are reaching their dreams and goals, and we will continue to assist them in pursuing even more audacious business endeavours.

I have been extremely fortunate to be a part of a team that has been instrumental in changing the outlook of small and medium businesses in South Africa and demonstrating the pioneering milestones that deliberate and ordered action can create to their future. I would like to give my sincerest thanks and appreciation to the Black Umbrellas family across the country, our stakeholders, our donors and partners, without whom all of these achievements would not be possible. The following year will be even more challenging, but we are confidently armed with the best team, the right attitude and more innovative solutions to bring about a lasting change to the entrepreneurial landscape.

## The COO's Report

➤ What a solid year the 2016/2017 period has been. It has seen an amazing growth in depth within the organisation. A number of new and exciting initiatives and projects have been undertaken to continuously drive the organisation forward. Our incubation programme is stronger than ever and continues to deliver value to SMEs and stakeholders alike.

On the 31st March 2017, The NextGen Academy was successfully launched at the JSE. The academy seeks to develop all levels of entrepreneurs through an innovative approach to learning and development. This initiative will become a revenue generating activity to ensure that Black Umbrellas becomes self-sustaining in the long-term.

The Black Umbrellas mentorship app was developed and went live at the end of August this year. This digital platform will enable more effective connection between mentors and their mentees in the programme. It enables the Black Umbrellas enterprise development teams to better track and gauge value of interactions in the mentorship programme. In the drive to improve internal efficiency and effectiveness, we are in the process of implementing a holistic HR information system to integrate all aspects of people management and administration.

### **Rebranding**

In the year under review we undertook an exercise to seriously consider the organisation's brand position both internally and externally. Through Board discussions and agreement it was then decided that a case for change was necessary in order to drive our strategy forward and taking into account the changing ESD landscape and the need for a repositioning of the organisation's value proposition. As evidenced in this annual report, the organisation is now proudly referred to as Black Umbrellas with a new and contemporary brand identity. We believe this change positions the organisation optimally for the future and at the same time safeguards accumulated Brand equity.

### **Team Update**

As we continue to implement our Vision 2030 strategy, there is at times a need to revisit the structure of the key teams and roles to ensure optimal capacity to drive the implementation. This has resulted in creating a new Fundraising team structure comprising of two Fundraising Managers supported by a Supplier Development Analyst and Fundraising Administrator. We have additionally bolstered our Communications portfolio by creating two new Communications Officer roles to drive the organisation's agenda, both internally and externally.

### **Outlook**

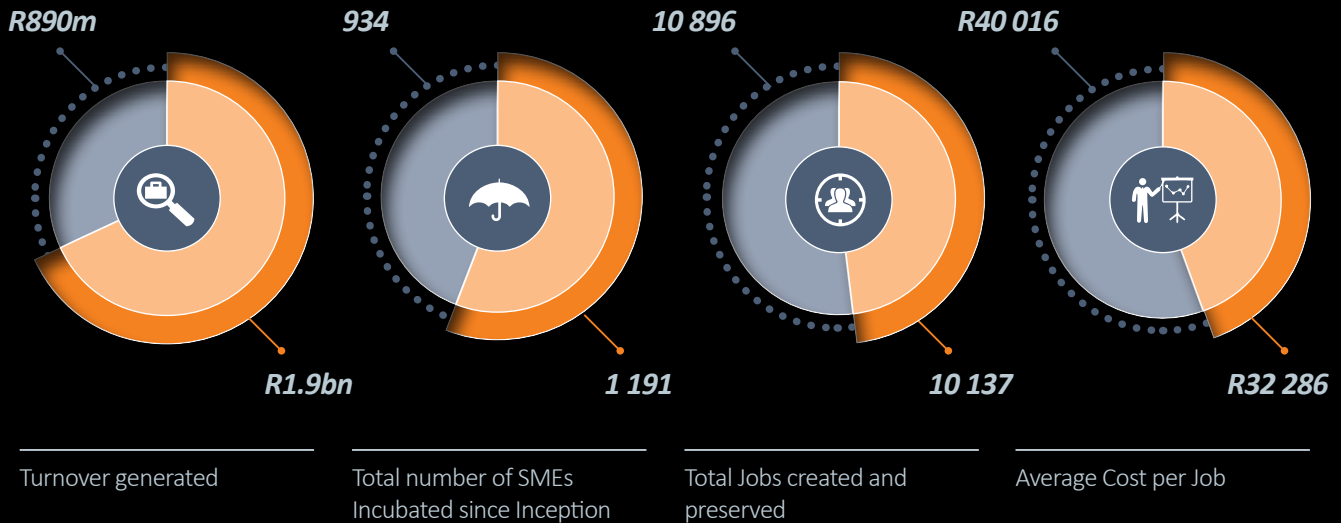
The next financial year will serve as a time to consolidate the gains made in the many strategic and operational initiatives within Black Umbrellas. A focus on the attraction, retention and talent management of all our people supported by improved HR processes and systems will be an area of focus operationally. We remain positive that the partnerships and stakeholder relations we have forged will grow from strength to strength, providing the best impact and value to the entire entrepreneurial ecosystem we proudly support.





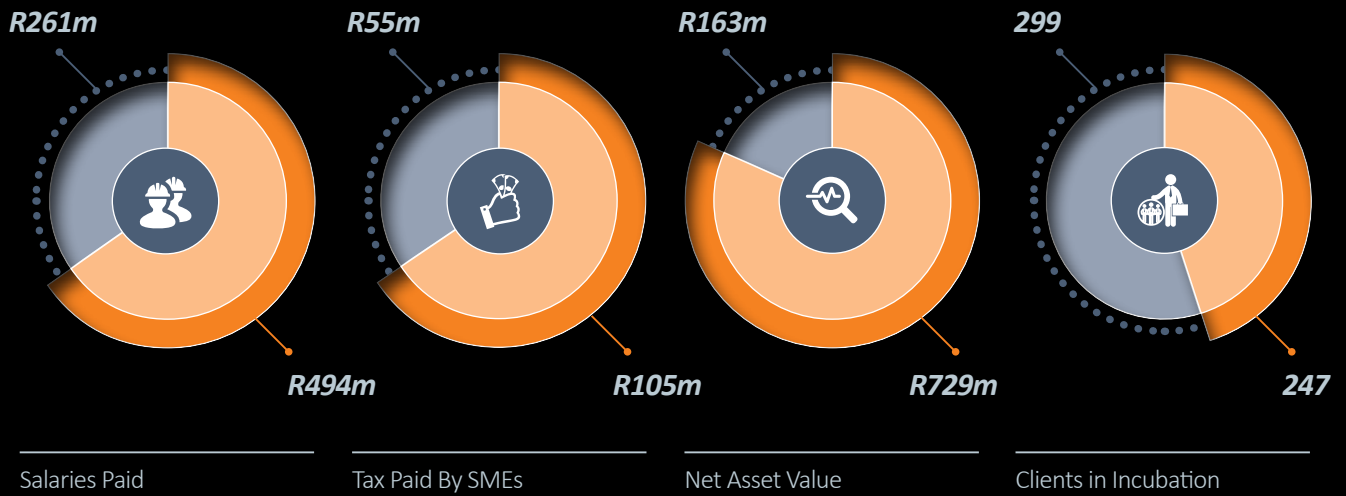
Emmanuel Mdhuli | COO, Black Umbrellas

# Black Umbrellas



## Our Power Milestones

■ 2016 ■ 2017





### The 2017 National Enterprise Development Awards

Top performing small and medium enterprises have been recognised at the Black Umbrellas National Development Awards in Johannesburg.

Black Umbrellas established the National Enterprise Development Awards (NEDA) in recognition of the achievements of the entrepreneurs in their business incubation programme. These awards highlight the hard work and dedication required to establish and sustain a successful business, that creates jobs and contribute to the economy.

The prestigious NEDA 2017 ceremony took place on the 28th June 2017 at Summer Place in Sandton. The finalists were selected from regional enterprise development awards ceremonies held at each of the eight Black Umbrellas incubators across the country. The businesses in the incubators have altogether created and preserved over 5 350 permanent jobs across key economic sectors; which include mining, construction, engineering, security services as well as project management.

Overall winners were as follows:



Most Jobs Created:  
***Hula Minerals and Processing***



Best Performing Company:  
***Aquila Projects (PTY) LTD***



Best SBU Ambassador:  
***Recycle 1<sup>st</sup>***



Overall National Winner:  
***Modi Mining***



Incubator of the Year:  
***Johannesburg incubator***



People's Choice Award Winner:  
***Recycle 1<sup>st</sup>***

Speaking about the awards, Ms Seapei, CEO of Black Umbrellas said “We are invested in the success and development of our clients, and the National Development Awards are just another way for Black Umbrellas to honour and show recognition to all the SMEs that have performed well and continue to contribute to the success of the country’s economic development”.

The Deputy President of South Africa, Mr Cyril Ramaphosa expressed his support for all the SMEs that were being honoured on the night and gave his speech on the state of entrepreneurship in South Africa and Africa as a whole. Speaking at the ceremony, the Deputy President said “Small businesses and entrepreneurs are the future of South Africa. We need to invest in our small local businesses, that way, we help contribute to the development of the economy”.



CRF chairperson, Cyril Ramaphosa with the winners on the night.



**SBU** National Enterprise  
Development  
**AWARDS 2017**



L-R: Kim Willoughby, Nyasha Dzumbunu, Precious Tshabalala, Seapei Mafoyane, Emmanuel Mdluli.



CRF CEO, Donne Nicol with Jacky Zhang and Steven Wu of Huawei.



Black Umbrellas Chairperson, Ywonne Themba addressing the guests.



CRF Chairperson, Cyril Ramaphosa and Black Umbrellas COO, Emmanuel Mdluli presenting Mr and Mrs Molefi of Modi Mining with their prize for Most Jobs Created.



*Music group, The Legacy kept the guests entertained.*



*Black Umbrellas CEO, Seapei Mafoyane took the stage to congratulate the winners and shared her words of appreciation.*



*SBU CFO, Nyasha Dzumbunu with Lebogang Shole of Vodacom Limited.*



*Transnet Group CFO, Garry Pita sharing his talk with the guests.*



*Radio and TV personality, Xolani Gwala was the host for the night.*



Rajesh Sukha | Director, Black Umbrellas



## Governance report

- Ensuring that Black Umbrellas is well governed is absolutely essential to enabling the organisation to continue to support the budding entrepreneurs in our program, with the objective of assisting to develop them into sustainable and compliant businesses. Black Umbrellas' governance principles enable transparency and accountability with the staff and positively impact our behaviour with our clients, donors and broader stakeholder partners.

We are conscious that governance is not static, and as such the management has continually sought to drive the discipline of reviewing and aligning Black Umbrellas' processes and policies and overall business governance with the changes in the organisation, as well as the economic, regulatory and political landscape that we operate within. The Board of Directors continues to set the tone for risk governance as a critical enabler for Black Umbrellas to achieve its strategic and operational imperatives.

There has been a marked improvement in the risk awareness culture of the organisation over the course of the year ended 30 June 2017, and this can largely be attributed to the significant financial investment and commitment towards risk management training and development for the whole organisation. We have created a solid foundation and framework to guide our team in identifying, managing, and overseeing risks within the organisation. A significant focus was in defining and setting the risk appetite and tolerance limits, as this would enable the Board to measure the identified risks and in turn take the necessary mitigating action to adequately protect the organisation.

As part of the greater risk management exercise, Black Umbrellas has developed and implemented business continuity plans for each of its incubators. This will enable the organisation to recover from unforeseen data storage incidents with a minimal impact on operations. It is comforting to witness that risk management has become more entrenched in day to day operations across all levels in the organisation as they continue to use Black Umbrellas' standard framework of reporting operational and strategic risks. The Board, via the Risk Committee identified early on, that a top down and bottom up approach was needed to ensure that the quality and relevance of the risk reporting continued to meet the organisation and stakeholder needs.

### **Key focus areas from a strategic risk perspective**

A key risk for any non-profit organisation operating in South Africa is securing funding. Due to the lumpy nature and infrequency of funding, it is imperative that an organisation look to exercise more control over this aspect, particularly where it seeks to take longer term strategic decisions and hope to implement them successfully.

Black Umbrellas has highlighted the need to strengthen its relationships with its current donors, and to seek new donors to support the program as a strategic imperative. Black Umbrellas has also sought to diversify its funding streams to include new strategic revenue generating activities to further enhance its sustainability. Any new strategic initiative will be informed by risk assessments conducted to proactively identify and mitigate downside risks and to better position the organisation to leverage upside risks/opportunities as well.

Black Umbrellas has also approved a holistic human resources plan that seeks to address key talent management with short and medium term action plans, to ensure continuity within the organisation. There are also regional efforts underway to use client feedback to improve and optimise Black Umbrellas' operational model so that it continues to meet client expectations and enhance client retention, particularly as different marketing and stakeholder engagement platforms are leveraged for the purposes of recruiting high calibre clients.

# Black Umbrellas

## Our Board & Leadership



**Yvonne Themba**  
Chairperson



**Rajesh Sukha**  
Director



**Donné Nicol**  
Director



**Charles Maisel**  
Director



**Thabile Nyaba**  
Director



**Duma Mxenge**  
Director



**Seapei Mafoyane**  
Director and CEO



**Nyasha Dzumbunu**  
CFO



**Emmanuel Mdhlu**  
COO



**Precious Tshabalala**  
General Manager-  
Inland Operations



**Jerome Eckles**  
General Manager-  
Coastal Operations



**Board of Directors and Executive Committee**

**Back Row:** L-R: Emmanuel Mdhuli (COO), Donn  Nicol (Director), Seapei Mafoyane (Director and CEO), Rajesh Sukha (Director), Nyasha Dzumbunu (CFO), Duma Mxenge (Director)

**Front Row:** L-R: Charles Maisel (Director), Yvonne Themba (Chairperson), Thabile Nyaba (Director).

# Black Umbrellas



## Black Umbrellas Management

**Back Row:** L-R: Emmanuel Mdhuli (COO), Seapei Mafoyane (CEO), Precious Tshabalala (General Manager – Inland Operations), Mzingaye Kahla (Regional Manager – Johannesburg), Nyasha Dzumbunu (CFO)

**Middle Row:** L-R: Ezzad Fakier (Regional Manager – Cape Town), Nomusa Mkhamba (Regional Manager – Durban), Jerome Eckles (General Manager – Coastal Operations), Nare Masoga (Regional Manager – Mooiwoo)

**Front Row:** L-R: Ahmed Mayat (Finance Manager), Masechaba Zamisa (Fundraising and Marketing Manager), Tebogo Matolo (Regional Manager – Richards bay), Kgomotso Mookapele (Monitoring and Evaluation Manager)

# Our Management



**Seapei Mafoyane**  
Director and CEO



**Nyasha Dzumbunu**  
CFO



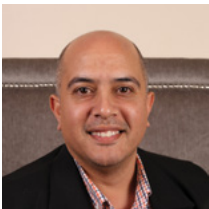
**Emmanuel Mdhuli**  
COO



**Precious Tshabalala**  
General Manager –  
Inland Operations



**Jerome Eckles** –  
General Manager –  
Coastal Operations



**Ezzad Fakier**- Regional  
Manager – Cape Town



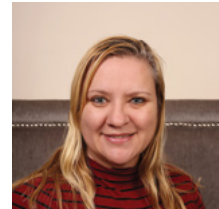
**Nomusa Mkhaba**  
Regional Manager –  
Durban



**Mzingaye Kahla**  
Regional Manager –  
Johannesburg



**Tebogo Matolo** –  
Regional Manager –  
Richards bay



**Kim Willoughby**  
National Training  
Manager



**Kgomotso Mookapele**  
Monitoring and  
Evaluation Manager



**Masechaba Zamisa**  
Fundraising and  
Marketing Manager



**Ahmed Mayat**  
Finance Manager

**Black  
Umbrellas**

## Financial Highlights

➤ 2016/17 was a challenging financial year not only within the local economy, but more broadly. This has had an adverse impact on enterprise and supplier development donations, which Black Umbrellas is a recipient of. We are very grateful for the continuous support which we receive from all our funding partners and other key stakeholders, despite these challenges.

As one of the projects of the Cyril Ramaphosa Foundation (CRF), we continue to receive unwavering support from them as one of our key donors organisation-wide. Five of the Black Umbrellas incubators are supported by anchor donors, namely Transnet for the Richards Bay and Port Elizabeth incubators, and the Burgersfort incubator, most recently. The Jobs Fund is the anchor funder for the Pretoria incubator and Lonmin is the anchor funder in the Mooinooi incubator. The Lephalale incubator is part-funded by Anglo American Sebenza and Exarro. The rest of our incubators are supported by a combination of different donors. Without the contributions made by all our donors, we would not be able to continue supporting black entrepreneurs so that they can contribute positively to economic growth and development.

### **Income**

76% of the Black Umbrellas income relates to donations, with the balance consisting of client fee revenue for program services rendered to clients, as well as interest income and other income.

### **Donations**

The donations income for the current year of R19.3M consists of a combination of cash donations and donated services. Donated services made up 10% of the total donations and largely consisted of services from CRF related to the Black Umbrellas head office and street pole advertising.

### **Donations in cash**

Compared to the prior year, current year donations have decreased. The overall decrease in total cash donations can be attributed to Black Umbrellas receiving less donations from most of our key donors, with the exception of the CRF, Lonmin and the Jobs Fund. The single largest contributors to the decrease in funding from our key donors, are Transnet and Anglo American Sebenza, who donated approximately R11M in total in the prior year. The decrease in Transnet funds is due to a timing difference as R1.5M was received after our 30 June 2017 financial year end and the next tranche of funding for Richards Bay and Port Elizabeth is expected during the first quarter of the 2017/18 financial year. The decrease in funding from Anglo American Sebenza is due to the lapse in our agreement.

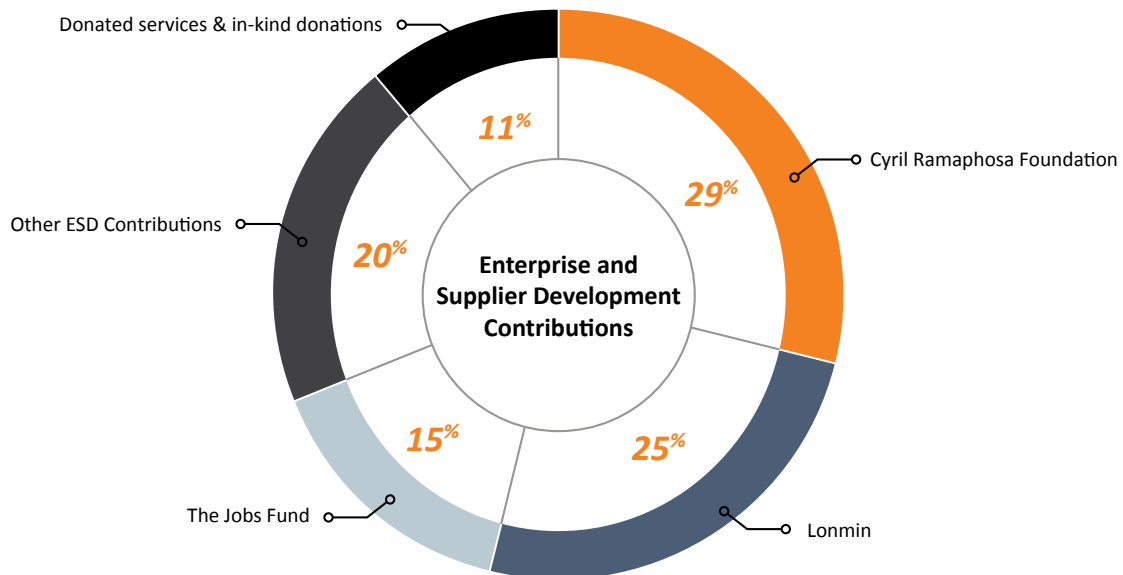


Nyasha Dzumbunu CA(SA) | CFO, Black Umbrellas

## Donors

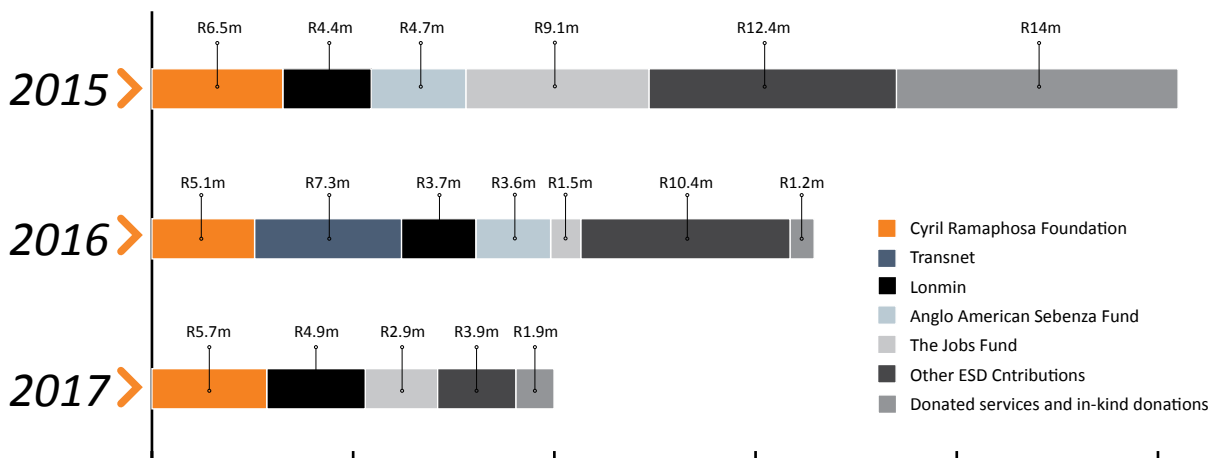
While relationships with key donors have remained intact, there has been a decrease in the number of donors, from 145 in the prior year to 91 in the current year. The decrease in donors is also directly linked to the decrease in donations over the same period. There are various reasons for the decrease in donors: the change in the B-BBEE codes, donors that are still deciding on where to channel their donations, donors experiencing financial difficulties, donors that made once off donations in the prior year, as well as a lapse in agreement. We were excited to welcome 31 new donor partners and by continuing to demonstrate the positive impact on the economy of the businesses within the Black Umbrellas program, our objective is to continue to strengthen our existing donor partnerships for years to come, while continuing to attract new donors.

The composition of the donations of R19.3M and the key donors, for the current financial year, is depicted in the diagram below:





The graph below shows the trend in donations income and key donors over the last three years, as follows:

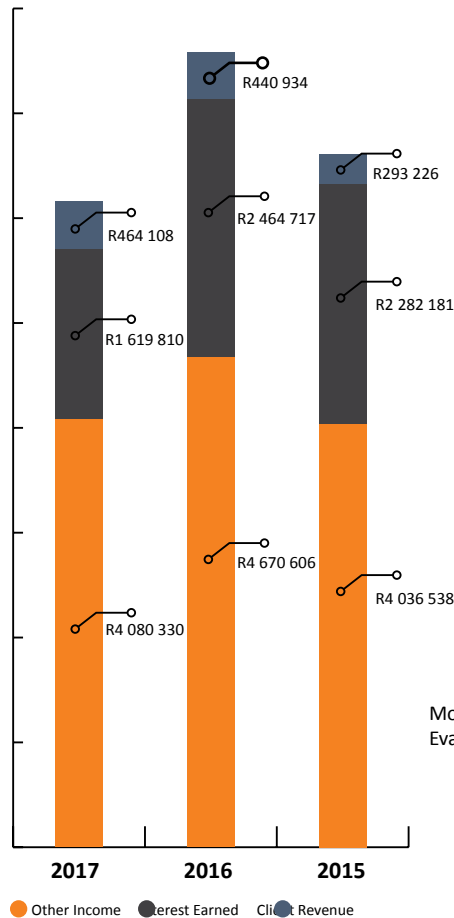


### Client fee revenue, interest and other income

Client fee revenue from rendering incubation services, interest income and other income decreased by 19% from approximately R7.5M to R6.1M. This decrease is largely due to interest income and this is directly related to the decrease in cash and cash equivalents comparing the current financial year to the prior year.

Client revenue has decreased in relation to the number of clients in incubation during the current financial year. We continue to focus on recruiting the targeted number of clients in all our incubators, while balancing that with recruiting good quality clients, as both these aspects have a direct relationship with the amount client fee revenue generated and the recoverability thereof. Interest income has decreased compared to last year as we have been drawing down on the 3 year funding received from Transnet in March 2013 for the Richards Bay and Port Elizabeth incubators. Total client fee revenue, interest income and other income over the last three years are shown on the following page.

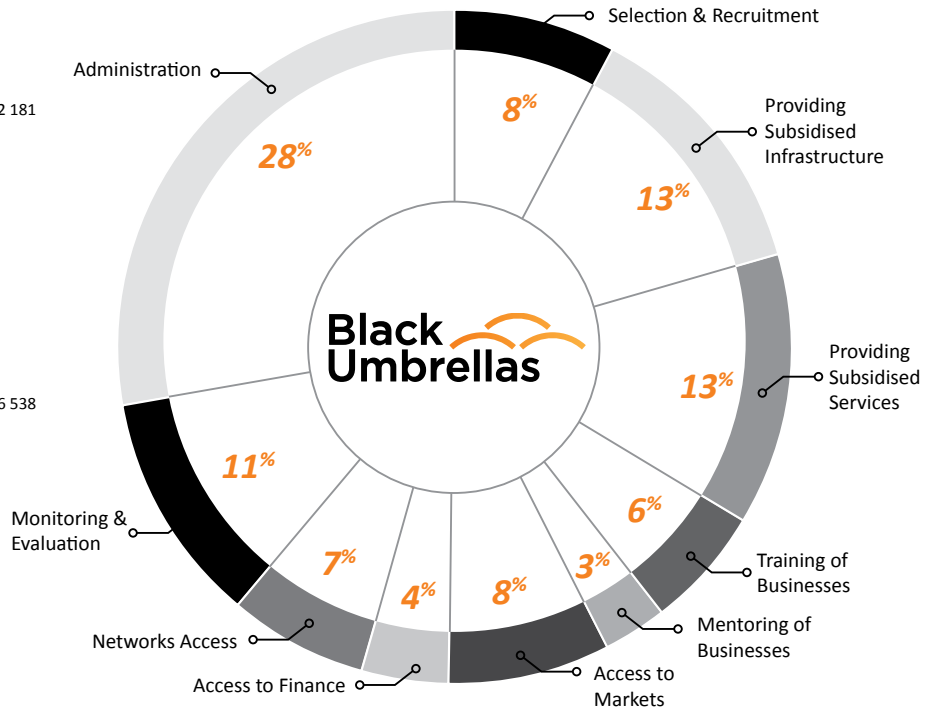
**Total client fee revenue**



**Expenses**

Expenses for the year amounted to approximately R65M and this expenditure was incurred in providing the key support services and program activities depicted in the diagram below:

**Expense Composition 2017**



The largest portion of expenses in the current financial year relates to administration expenses. Administration expenses include a loss on disposal of R12.9M, pertaining to the Black Umbrellas 15% shareholding in Todwil SA (Pty) Ltd. This investment was donated to Black Umbrellas in prior years. Todwil has been incurring financial losses and a restructuring process is underway in order to try and secure funding. All shareholders are required to contribute to funding the organisation, which Black Umbrellas is unable to do. Black Umbrellas thus entered a share sale agreement with the majority shareholder of Todwil, at a purchase price of R1 for all the 100 000 shares held by Black Umbrellas. This has resulted in the loss on disposal of R12.9M being recognised. On the back of both parties signing this agreement, Todwil has signed a donations undertaking through which Todwil will donate R50 000 per month for 24 months to Black Umbrellas from the new financial year.

The bulk of the remaining program expenditure has been invested in providing highly subsidised services and office infrastructure to our clients across all incubators. This is to ensure that our clients are able to operate in a professional environment in which they can access critical business services. We continue to invest significantly in training our client businesses. The training is supplemented by the direct support provided by the Black Umbrellas staff in the incubators, and the overall training program and its performance is overseen by the national training team to ensure that it continues to add value to our clients. Our training programs are reinforced by our mentorship program, which goes a long way in improving each business' chance of growing and ultimately becoming sustainable. Our ability to monitor and evaluate the incubation program, to determine its impact, is a continuous journey as we enhance data integrity, fully incorporate historic data into our systems, and monitor and track system performance. This has improved our ability to report on program performance to different stakeholders, while enabling us to look more closely at development areas. Through improved incubation performance, we look forward to making a bigger positive impact on our client businesses and staff, while meeting our donor and other key stakeholder requirements. We continue to refine our client selection and recruitment processes to maintain the right balance between incubating the targeted quantities of clients and ensuring that their businesses have the potential of becoming sustainable.

## **Assets**

Black Umbrellas utilised total net cash of approximately R22.8M during the current financial year, and had cash holdings of approximately R13.7M at year end. Total assets amount to approximately R19.4M: cash and cash equivalents make up the bulk of this balance at R13.7M, followed by property, plant and equipment of R4M.

The Black Umbrellas annual financial statements for the year ended 30 June 2017 were audited by our auditors Nkonki, in accordance with International Standards on Auditing, International Financial Reporting Standards and the Companies Act 71 of 2008. A copy of the annual financial statements is available on request or via download on the Black Umbrellas website.



## Our Clients

### > **Recycle 1<sup>st</sup> using an important initiative to create economic growth and job opportunities**

After 9 years in the banking industry, Recycle 1st owner, Anthea Fransman nee Hartzenberg, knew it was time to follow her heart and open a business that had more purpose for her. What she really wanted to start was a green business, a business that could help people do more good and act more responsibly towards the environment.

She found a gap in the market in the northern suburbs where no one was collecting recycling from homes, Recycle 1st began its journey to a greener future for all. Offering bi-monthly collections to northern suburbs residents only, their scope has widened to include Tableview and the southern suburbs within just one year. Within that same year they were able to extend their services to include collections from businesses and complexes.

Currently employing 30 staff, they operate from a 780sqm property in Epping, where all your recyclables are sorted and sent to the most reputable end users. Because their business is not just about profit but fundamentally about protecting the environment, personally ensuring that all recyclables collected are actually recycled with the end users.

Recycle 1st has been operating since 2009 and is a 100% black-owned, woman-owned business that has created a total number of 30 jobs, with 25 being permanent and 5 temporary. The company's services range from office recycling collections, residential curbside collections to setting up recycling programs for complexes and office.

At this year's National Enterprise Development Award (NEDA), the company won the People's Choice Awards, which was a huge honour for them, as this is a category voted for by the people. The award was in recognition of the hard work the company has put into ensuring the fast and steady growth it has achieved in such a short space of time. The Company also walked away with the awards for Best Ambassador.

"Winning the awards, has opened my eyes to the value of crossing the t's and dotting the i's. Compliance always felt like it was a must but I never felt like I was gaining much from being compliant. The recognition has encouraged me to continue to be being compliant. Attending the evening, and talking to the other winners and how far they've come, has also opened my eyes to what is possible for my own business" explains Anthea Fransman, Founder of Recycle 1st.

Recycle 1st continues to grow and build an even stronger business, through the relationship they have with Black Umbrellas. The company's vision is to strive to be a leader in recyclable waste management, by being environmentally responsible and giving efficient, innovative and personalised services. "I really value the relationship I have with Black Umbrellas, in helping me strategise the way forward for my business" says Anthea Fransman.



Anthea Fransman



Lucille Divine

## Our Mentors

- As a mentor I believe that the role we play is mutually beneficial and vital. The relationship should foster the entrepreneur to empower their own journey, because it allows both parties to learn from joint experience. This one aspect has helped me to grow my business successfully.

A mentor is of immense importance to an entrepreneur because they share the experience of their own journey. A mentor's networks alone provide opportunities for them to grow and learn from other people's experiences. It impacts how one thinks, creating an opportunity to provide better solutions to every challenge within their business. Being an entrepreneur means harnessing this aspect and making it work for you.

The relationship should also be mutually beneficial for both the mentor and mentee. Some of the relationships I've made as a mentor continue well into the future and others have come and gone, however each has given me a unique insight into how their business works, and what aspects require attention.

For as long as I can remember, I've always helped people grow and learn from life. It goes without saying that my main objective is to empower people to get what they want, whether it's a better lifestyle, or following their undying passion or even disrupting the course of business. I find entrepreneurs at their time of need and help them craft their business message strategically; assisting them to realise their potential.

A leader allows for failure. A great mentor understands that an entrepreneur can at times procrastinate or become despondent when progress is slow because we've been there and done that!

One of the disappointments of being a mentor is that not all businesses will always take on the advice you give and it can be disheartening to see the downside of that. I have however, enjoyed watching those who have chosen to turn the coaching into tangible action and seen their businesses thrive. ACTION never misses an opportunity to SHINE.

Lucille Divine  
[www.lucilledivine.com](http://www.lucilledivine.com)

## Our Donors: Transnet Group



Our relationship with Black Umbrellas began in 2013 when we entered into a partnership to develop incubators in Richards Bay and Port Elizabeth. R30 million was initially invested into the development and operations of the incubators. Due to the success of the two incubators, Transnet will further invest in the expansion into other regions as well as the continuation of the two Transnet Incubators.

As a result of the partnership we have been able to meet our Enterprise and Supplier Development Obligations in terms of B-BBEE, scoring the full points each year for the past three years. Over and above the B-BBEE compliance we have seen real impact in the growth of our SMMEs through the incubator. To date the Transnet Incubators have had a total number of 209 SMMEs participating in the incubator (pre + full incubation).

Over the 3 years, the value derived by Transnet from the partnership has been a:

- Social Return on Investment of 1143%. A total of 369 jobs created and preserved;
- Turnover of R368m million was generated by the SMMEs; and
- Net Asset Value (NAV) of R163 million generated by the SMMEs.

At Transnet we are unapologetic about the fact that we want to lead in the transformation and empowerment of our supply base and leverage our procurement spend under the highest standards of Governance and Ethics to drive localisation and indeed industrialisation to ensure the Republic of South Africa is a force to be reckoned with globally.

Transnet has moved into its sixth year of the Market Demand Strategy (MDS). The key thrust of this phase of the MDS is to ensure Transnet is at the forefront of the 4th industrial revolution through the digitalisation of Transnet. However this will also provide fertile soil from which emerging technologies, entrepreneurial ideas and digital innovation will grow and thrive.

Further to that, Transnet has taken the view of integrating the various commitments namely ESD and CSI to develop a combined strategy, the Integrated Enterprise and Supplier Development (“IESD”). The purpose of the ESD/CSI Integration Strategy is to:

- Integrate ESD, CSI and CSDP implementation for greater scale impact
- Integrate ESD/CSI to reduce duplication and cost e.g. combined economic and social analysis and infrastructure
- Maintain and improve stakeholder relations, reputation management and mitigate operational risks e.g. vandalism of Transnet assets

Working together as Transnet and our partners, we are determined to strengthen the small business sector. Enterprise and Supplier Development (“ESD”) is a key element of South Africa’s developmental agenda. It is important that we create an enabling environment for meaningful participation in the economy; through the support and empowerment of black SMME’s.

South Africa has a very low level of entrepreneurship especially amongst its youth. We need to double our efforts to address this situation. In partnering with Black Umbrellas we have been able to significantly contribute to the development of skills and technical skills of black owned business within the Transnet Supply Chain whilst also recruiting prospective suppliers. As partners we can all do our best to address the low levels of sustainable entrepreneurship among small business in South Africa.

Thank you.





Garry Pita | Transnet Group CFO

The logo for Black Pages features three orange curved lines above the text "Black Pages" in a bold, white, sans-serif font.

# Black Pages

➤ Blackpages is a powerful, national online directory connecting corporate buyers to small black enterprises to transform procurement in South Africa. Powered by the Supply Chain Network and Absa, Blackpages is the most efficient procurement interface on the market. The platform aims to achieve transformation by linking corporate buyers to small black enterprises. Procurement professionals now have a tool, aided by ease of navigation, through which they can quickly search, filter and locate approved suppliers listed on the Blackpages database.

Blackpages is a powerful tool for corporates to deliver supplier development and for emerging 100% black-owned companies to access procurement within corporate supply chains. As the largest online enterprise and supplier development portal, connecting 100% black-owned SMEs to opportunities within large corporates, this is a viable platform for every procurement professional seeking to incorporate black-owned SMEs within their supply chains. This provides procurement professionals with an easily navigable online tool that searches, filters and locates approved suppliers on our database.

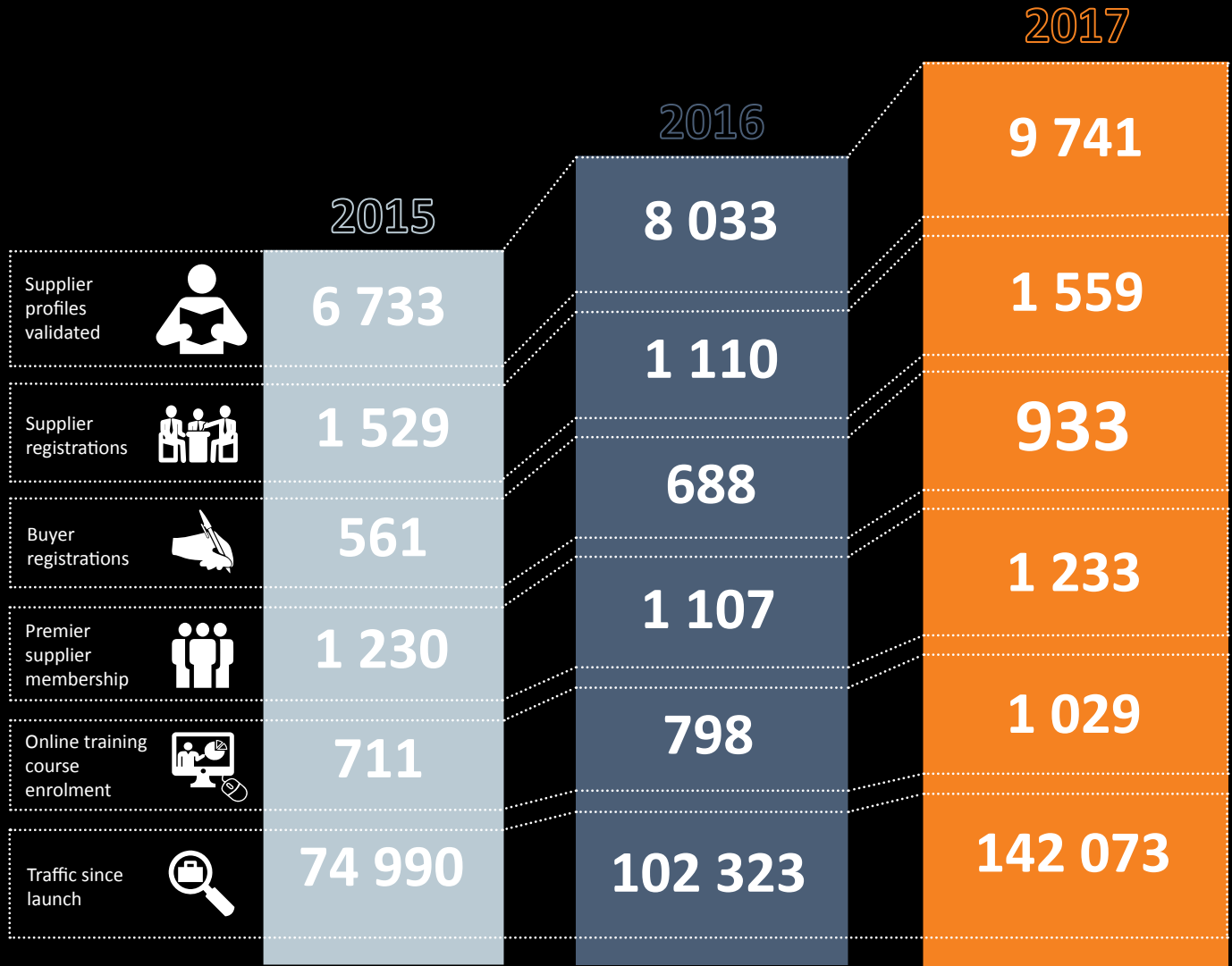
Blackpages provides meaningful enterprise and supplier development assistance to registered members. Our online procurement portal exposes SMEs to corporate procurement opportunities. It also grants access to live tender bulletins, financing opportunities and a range of discounted products and services.

Small enterprises are also given access to learning and mentoring channels. SMEs thus have access to a network of resources linked to business skills and knowledge to assist in their business journey.

This all important online supplier and procurement directory is a must-have for every South African business. Become part of this network today to access more than 8 000 black-owned businesses for inclusion in supply chains of large enterprises. To date the portal has attracted over 100 000 hits.

[www.blackpages.africa](http://www.blackpages.africa)

The graph below shows key supplier and buyer trends registered on the online directory over the last three years, as follows:



# Get Involved

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*Our programme focuses on matching measured enterprise with SMEs and we help enterprises to meet and exceed the B-BBEE scorecards on Enterprise and Supplier development as well as preferential procurement. ESD (Enterprise and Supplier Development) is the single most important pillar in the B-BBEE scorecard, with a weighting of 40 points out of a possible 107. In order to achieve any level of credibility on the scorecard (above Level four), points must be earned in this pillar; as this is a priority pillar like Ownership and Skills Development.*

As an enterprise and supplier development incubation organisation, we partner with the private sector, government and civil society to address the low levels of entrepreneurship and high failure rate of 100% black-owned businesses. The success of enterprise and supplier development (ESD) lies in nurturing, supporting and developing black-owned businesses and entrepreneurs. Without meaningful business development interventions, as many as 70% of small, medium enterprises (SMEs) in South Africa fail in their first two years of existence.

In order to ensure sustainability, these businesses need the support and guidance of a knowledgeable, established and well-connected ESD organisation such as Black Umbrellas and meaningful access to procurement opportunities. ESD is an international best practice philosophy which drives economic growth through the inclusion of SMEs in supply chains of large enterprises. ESD positively impacts the triple bottom line and fosters sustainable businesses.

The ESD element of the codes has real potential to create economic growth and jobs, by building sustainable businesses and linking them into supply chains. Enterprise Development is recognised as the key to poverty alleviation, as ultimately it's the development of sustainable businesses that creates jobs. ESD can double the rate at which jobs are currently being created, and become the most powerful force against poverty in South Africa.

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To exceed the ESD scorecard, an entity can earn five points for Enterprise Development when spending 1% Net Profit After Tax (NPAT) whilst an entity can earn up to 10 points for spending 2% Net Profit After Tax for supplier development. Black Umbrellas also helps measured enterprises to procure from Emerging Micro Enterprises, black woman-owned businesses and black-owned designated group suppliers.

Unlike a number of the other pillars on the scorecard, particularly those related to human resources, it is possible to rapidly improve your ESD score while still generating meaningful impact. In comparison to other pillars, the cost per ESD point is significantly lower. B-BBEE codes have been structured in such a way as to create a multiplier effect. When ESD is appropriately undertaken by suppliers, ESD efforts are multiplied. All five pillars of the B-BBEE scorecard are now compulsory for businesses with a turnover in excess of R10 million as QSEs must engage all five.

Partner with Black Umbrellas today to transform the ESD landscape and to enhance your B-BBEE scorecard. Visit [blackumbrellas.org](http://blackumbrellas.org) for more information.

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Developing Africa's Future  
Black Businesses Together



# Annual Report **2017**