

## FACE TO FACE

# Empowered lifting

Elephant Lifting concluded a broad-based black economic empowerment (BEE) deal. *Henri-John Kock* spoke to MD, Peter Turchetti.

**Q:** What was the main driver behind your BEE deal?

**A:** Elephant Lifting deals extensively with large mining companies, especially those involved in the platinum and ferro metals industry. Being "empowered" opens many opportunities for business in these industries.

**Q:** How does it benefit doing business with the parastatals?

**A:** Improved BEE status enables a company to do business with state-owned enterprises, such as Spoornet, Eskom, Portnet and even Telkom. This is a significant business sector, and we cannot afford to ignore this market.

**Q:** How did you approach the BEE deal?

**A:** We initiated the process about three years ago. Firstly, we searched for a partner to bring into the business. This proved to be more difficult than we thought. We wanted to stay away from the "usual suspects", and therefore had to look for another partner with the same type of credentials. In three years, we could not find anyone who could come in and bring something substantial to the table.



Peter Turchetti helped solve his company's BEE conundrum.

Henri-John Kock

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**Q:** But, you found an answer?

**A:** Yes. We ended up asking ourselves the question: who should benefit from the deal? If we bring in an outsider, the people who have helped us build this business over the past 24 years will not benefit. For this reason, we decided to empower our own people by concluding an internal deal.

**Q:** How has the deal been structured?

**A:** We created a trust, the Elephant Lifting BEE Trust, which will own 25% of the company on behalf of our previously disadvantaged employees. These employees participate in the trust based on a formula that takes into account the employee's seniority and years of service. In addition, we made one of our employees, Mary-Anne Arnolds, an executive director and director of sales operations. She has been with the company for about 23 years and started as a clerical assistant. And, in the process, we made our BEE deal a BBEE deal.

**Q:** What effect will the deal have on your products?

**A:** None. We will continue to supply products at the quality level that our customers are used to. The type of product that we supply is subject to strict safety regulations and we cannot afford to compromise on quality. That is the other benefit from structuring the deal the way we have. We maintain continuity. We also do not believe in padding prices to finance such agreements.

**Q:** How will the workers benefit from their trust?

**A:** What will happen is that a worker will qualify for participation after an initial waiting period of up to three years. Once the worker has been with the company for three years, he or she enters the trust. The trust then pays benefits to the worker. It functions in a similar way that any other company's dividend scheme works. We have about 30 beneficiaries, at present.

**Q:** Does a worker retain his membership if he leaves the company?

**A:** No. This scheme is only for current employees.

**Q:** How are you financing the deal?

**A:** It is being financed from future earnings. Peter Shaw and I are carrying the financial risk.

**Q:** What do you think is the major problem with BEE in general?

**A:** I think that window-dressing is too easy. It is the easiest thing under the sun to just get a partner who is willing to stay out of the way and collect money every so often. That is not BEE. We also feel strongly about the social development aspect of BEE.

**Q:** How are you involved in the training and social aspect of BEE?

**A:** We accept students from Tshwane University of Technology and give them an opportunity to learn.

**Q:** You're an Australian. Do you still watch cricket?

**A:** For the sake of my poor employees, let us not discuss the recent test series. ■

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