

Press release from B4SA
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Media release from Business for South Africa (B4SA), the SA SME Fund, and Business Leadership South Africa (BLSA).

Cash flow critical for SME survival: Over 50 CEOs commit to paying SME suppliers within 30 days

Hashtag: #PayIn30

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Video clip: <https://f.io/wOelW3FW>

Johannesburg, 17 November 2020 -- In an effort to ensure small and medium sized businesses (SMEs) in South Africa survive the economic crisis, exacerbated by the COVID-19 pandemic, more than 50 large companies have formally committed to paying their SME suppliers in 30 days.

The initiative, called #PayIn30, is spearheaded by Business for South Africa (B4SA), the SA SME Fund, and Business Leadership South Africa (BLSA), and supported by, amongst others, Business Unity South Africa (BUSA), the Small Business Institute (SBI) and the Black Business Council (BBC).

The recession and pandemic have had a devastating impact on the approximately 2.5 million SMMEs accounting for 10.8 million jobs. Transunion data points to 6.4% of formal SMEs going into bankruptcy (up 50% from last year), with 260 000 jobs lost and another 240 000 at risk. With a tightening economy, the benefits of the banks' payment holidays coming to an end, and the winding down of the Temporary Employer/Employee Relief Scheme (TERS), this is expected to rise to 10-15% of small businesses going into business failure next year, with almost a million jobs lost and at risk.

Even before the crisis, one of the key pressure points for SMEs was access to working capital and cash flow: [Xero Accounting's survey](#) in December 2019 found that 91% of SMEs are owed money outside of their payment terms and 47% cite cash flow issues and late payments as two of the main obstacles to their growth. This has a domino effect: more than 20% struggled to pay their staff and suppliers, and were denied access to finance because of poor cash flow.

COVID-19 has made this problem worse. Some companies have used the crisis to extend payment terms and have asked SME suppliers to reduce fees. This is simply not sustainable for smaller businesses. Corporate South Africa recognises that paying their SME suppliers in 30 days is one of the key levers for an SME's sustainability.

Busi Mavuso, CEO of BLSA and Steerco Member of B4SA says: "#PayIn30 is aimed at institutionalising a culture of early payments of SMEs. Over 50 companies have committed to

this campaign, and we expect this number to increase in the months to come. I am proud that our members recognise that we're all in this together, and as corporate leaders, we need to do our part to help our economy grow."

Adrian Gore, CEO of Discovery Group and Chairperson of the SA SME Fund, says:

"Paying our SME suppliers early is a clear demonstration of a shared value approach to business. As a society, we need to start implementing bold actions to grow our economy and preserve and create jobs. I believe entrepreneurs are a powerful force and an integral part of this rebuilding. We need to support them. Hence I'm calling on my fellow CEOs to join us in this significant initiative."

Jomo Khomo, CEO of Kele Mining, a contract mining services company, and a 2019 CEO

Circle Entrepreneur says: "This is a wonderful campaign that will have a major impact on small businesses like ourselves who service large corporates. We don't have the luxury of a ready supply of working capital or extended credit facilities, so cash flow management sits at the heart of our ability to succeed. Without this, we can't retain a healthy credit rating, or pay our own creditors and employees on time. It's really great to see so many CEOs standing up for smaller businesses. This is the type of ethical leadership we need in a crisis."

Ends

Notes to editors:

- Below, a list of quotes from various Corporate CEOs that have committed to the campaign
- Visuals of spokespersons, #PayIn30 logo and a selection of video clips are available for use.

About The SA SME Fund:

The SA SME Fund, www.sasmefund.co.za, is a private sector led initiative born out of the 'CEO Initiative', a partnership between the SA Government and CEOs to stimulate the economy and create jobs. The shareholders of the Fund are 50 of South Africa's largest corporates and the Public Investment Corporation. The Fund has R1.2 billion of investable capital, which it invests via partnerships with fund managers. The primary focus areas are venture capital and growth capital.

About BLSA:

Business Leadership South Africa (BLSA) is an independent association whose members include the CEOs of some of South Africa's biggest and most well-known businesses. Its purpose is making South Africa good for business and making business good for South Africa. BLSA's objective is to ensure an inclusive, sustainable and conducive environment.

About B4SA:

Business for South Africa (B4SA) is an alliance of business organisations and volunteers formed to assist with the national response to combat and recover from the COVID-19 pandemic.

Quotes from Corporate South Africa:

Allan Gray: Rob Formby, CEO

“The SME sector employs about 47% of South Africa’s workforce and accounts for 20% of GDP and has the potential to play a critical role in our country’s economic recovery and future growth. Cashflow is key – and these small businesses are heavily reliant on being paid for their services so that they, in turn, can pay their staff and replenish supplies. Large corporates like ourselves can make a big difference by simply paying on time; a relatively small thing. I encourage others to do so to help this sector survive and thrive.”

AngloGold Ashanti: Christine Ramon, Interim CEO

“We support unreservedly B4SA’s drive to ensure that corporates in South Africa pay SMEs within 30 days of receipt of invoice. Paying timeously is even more important in these difficult economic times when companies are struggling to maintain revenue. AngloGold Ashanti hopes that by being part of this nationwide campaign, we can help raise awareness about how something as straightforward as paying invoices within 30 days can have a positive impact on SMEs. It will enable them to keep cash flow coming, helping them to weather the current economic storm. These businesses are not only providing goods and services, as well as adding to tax revenue, they also provide work for millions of people across the country and are of great value to South Africa.”

Aspen Pharmacare: Stavros Nicolou, Senior Executive

“If there’s no money coming into an SME from its customers, there’s no money with which to pay their employees, lenders or their own suppliers. The knock-on effect of late payments reverberates across the economy. That’s why early payment terms for SMEs are critical. Aspen Pharmacare wholeheartedly supports B4SA’s #Payin30 campaign and commits to paying all its SME suppliers within 30 days.”

bp Southern Africa: Taelo Mojapelo, CEO

“In line with bp’s value of RESPECT and as part of our Code of Conduct, we continually foster a responsible payment culture within bp Southern Africa. We have therefore committed to work towards adopting a 30-day payment term as a standard for SMEs. This is particularly important in this challenging time of COVID-19 where business, especially SMEs are experiencing cash flow challenges, with some on the brink of collapse. I believe we have a responsibility as big business, to support small businesses in recovering from the impact of COVID-19, and responsible payment terms and payment processes for services rendered will be critical. We are passionately driving this within bpSA and constantly engage our service providers about compliance to bp’s invoicing and billing procedure to avoid payment delays.”

Clientèle: Basil Reekie, MD

“Treating our partners well is a part of Clientèle’s culture. We find it incredibly important to pay our accounts on time. During these difficult times, it is even more important to do so timeously. As a result, we are proud to be a part of and to be supporting this campaign.”

Coronation Fund Managers: Anton Pillay

“We are all aware of the important role that small to medium business play in boosting economic growth and employment in our country. It is therefore crucial that this important sector continues to thrive. The current economic environment has been particularly damaging to these businesses and we should all ensure that we provide them with the support that they need. These businesses typically have limited access to cash resources, and it is therefore important that we simply pay them timeously to ensure they survive and prosper. At Coronation, we have adjusted the payment of our SME suppliers to take place on a weekly basis. After all, they too have operating expenses and salaries to pay. Our country’s challenges are not insurmountable, and it is essential that we all play our part on the road to economic recovery, this is why we support Business for South Africa’s #Payin30 campaign.”

ENSAfrica: Michael Katz, Chairperson

“SMEs play a crucial role in the economic and developmental growth of South Africa. Not only are they a vital source of employment for millions of South Africans, but many are also the product of young entrepreneurs who are key to our country’s future. Unfortunately, it is these SMEs that are hardest hit when times are tough, and it is for this reason that it is essential that they be protected to alleviate strain on the local economy. ENSAfrica is passionate about fostering entrepreneurship and the growth of sustainable small businesses, and we are pleased to be associated with B4SA’s campaign in the support of SMEs.”

FNB: Jacques Celliers, CEO

“Paying SMEs early is one of the most effective ways we can all help to free up their cash flow and stimulate economic activity. In times of an economic down-turn, SMEs are some of the most vulnerable compared to their larger counterparts. It has never been more important for corporates to invest in the development and sustenance of entrepreneurial activity. We remain committed to delivering business support aimed at helping grow this important sector of the economy. By providing SMEs with appropriate finance or fitting strategic and operational support, we don’t only contribute to the creation of jobs, but the growth and competitiveness of these businesses which in turn benefits the economy. Since April 2020, FNB in collaboration with our broader Group has made in excess of R12bn worth of early invoice payments to our suppliers, including R650 million contributed by our sister company RMB.”

Gold Fields, Nick Holland, CEO

“At our South Deep mine on the West Rand we support almost 80 suppliers from surrounding communities. Most of them are SMEs heavily reliant on work from us. It is therefore critical that we pay them within days after they have completed their job.”

Investec (Please attribute quote to Investec)

As a bank with entrepreneurship at our very core, Investec recognises the essential role SMEs play as a catalyst for growth, empowerment and employment across the country. We understand that cashflow, and a commitment to #PayIn30, can have a significant impact not only on the sustainability of a business, but directly on livelihoods and society at large. We are proud to stand shoulder-to-shoulder with big business in committing to this initiative.

Liberty Holdings Ltd (please attribute quote to Liberty Holdings)

“COVID-19 has had a devastating impact on many small businesses in South Africa resulting in immense hardship and a loss of income for many people. As Liberty we want to play our part in supporting initiatives that drive inclusive growth, job creation and the economic recovery of our nation. As such, we are fully supportive of B4SA’s ‘Pay in 30’ campaign and are committed to paying all our suppliers within 30 days. Our position is rooted in our purpose of improving people’s lives by making their financial freedom possible.”

Massmart Holdings: Mitch Slape, CEO

“As we emerge from the disruption and uncertainty of COVID-19, we recognise our responsibility, as big business, to ensure inclusive economic recovery. Massmart welcomes the opportunity to re-commit to fast payment of our small suppliers. We call on all those who can to #PayIn30.”

MMI Holdings: Jeanette Marais, deputy CEO of Momentum Metropolitan and CEO of Momentum Investments

"Cashflow can be a killer for small businesses and COVID-19 has made it worse. It's time to rebuild. We as Momentum Metropolitan have the opportunity to make a real, positive difference to help small and medium businesses survive and thrive – by paying them quickly and efficiently. This we can do."

Multichoice: Calvo Mawela, CEO

"We have nearly 2000 SMEs that assist us in providing the best video entertainment for our customers, and as value partners in this endeavour, our commitment to them is that nearly three quarters of them are paid in less than 30 days, and the remaining 25% in 30 days. Now more than ever does business need to stand up and be counted in supporting SMEs."

Naspers: Phuthi Mahanyele-Dabengwa, CEO

"For small business owners and freelancers, cash flow is critical to survival. We support this CEO initiative, one of many driven by B4SA, that calls on corporations to promptly pay invoices to this sector which has been hard hit by the pandemic. Paying within 30 days can just be the lifeline that so many small business owners need. We must all do what we can to ensure the survival of our vital small businesses."

Old Mutual: Iain Williamson, CEO

"As catalysts of economic growth and job creation, we applaud entrepreneurs for their resilience in spite of the challenging circumstances they currently face. In these unusual times, we understand that many entrepreneurs and small business owners will be anxious about how they are going to sustain their livelihoods. As a responsible business committed to empowering small businesses, we believe these measures will go a long way in ensuring the sustainability of SMEs within our supply chain. We remain committed to working with SMEs to enable inclusive and shared growth for our country, and the type of job creation and socio-economic development that is sustainable in the long term."

OUTsurance: Danie Matthee, CEO

"The year 2020 has been interesting, to say the least, with major recession, business closures and subsequent job losses. And while it may be a global phenomenon, we need to focus on what can be done locally. We, at OUTsurance, support initiatives that boost the economy, keep businesses operating and preserve livelihoods. Our service providers are integral to our business, with their success directly impacting ours. In fact, we rely on them to maintain our promise to our clients – to settle claims as quickly as possible. #PayIn30 is an incredible initiative, providing for the sustainability of SMEs and has our total support. With OUTsurance, the payment for claims work completed rests fully with our service providers – in essence, paying themselves once the work is done. It's a true partnership with a practical approach, allowing our service providers to manage their cash flow."

Redefine Properties: Andrew Konig, CEO

"Before the COVID-19 crisis, it was catch-22 for SMEs. Small and medium businesses have grappled with long payment cycles prevalent since the 2008 financial crisis. Cash flow can be a matter of success or failure for many SMEs and yet in almost all instances they have not been able to challenge the status quo out of fear of losing a large corporate backer, key to their stability and growth. The pandemic further worsened the situation with many large corporates now paying only in 60 days and in some instances 120 days. The urgency has never been greater for large corporates to step up and alleviate some of the pressures SMEs find themselves in. In this environment, corporates must look at shortening payment cycles to 30 days so SMEs can sustain and be less susceptible to an already slow economy. Our own commitment to "Pay SMEs in 30" has always been the way we strive to do business and we'll endeavour to achieve this consistently. It is an ethical business practice grounded in respect for people. We believe we prosper only when we create shared value for society and all its role players."

Remgro: Jannie Durand, CEO

“We are committed to the sustainability of our SMEs which are integral to the health of our economy and accordingly encourage all businesses to pay SMEs within 30 days as far as possible.”

Sanlam Group: Paul Hanratty, CEO

“This initiative will offer much needed support to SMEs as they navigate the pandemic. It will also help them become sustainable in the long-term. For us as a Group, committing to paying our suppliers within 30 days means we can make a contribution towards getting the economy back on track. Recovery won’t happen exclusively through big national initiatives; it will happen bit by bit, in small but meaningful increments. It will happen when everyone does everything in their power to help others. The business sector in South Africa has the opportunity to play a profound role in the recovery of smaller entities. We urge all big businesses to also adjust their payment terms in support of the SMEs in our country.”

Sasol: Fleetwood Grobler, President and CEO

“Sasol supports B4SA and the #PayIn30 campaign and is committed to enabling the sustainability of our small and medium businesses. In displaying this commitment, Sasol has committed to the prompt payment code of ensuring payment to our SMEs within 30 days. Since April, Sasol has paid 93% of its SME suppliers, within 30 days and are working hard to improve on this performance.”

Sibanye-Stillwater: Neal Froneman, CEO

“Sibanye-Stillwater appreciates the immense challenges that the COVID-19 pandemic has caused for SMEs. SME’s are important partners in our supply chain, contributing substantially to localisation of procurement into the mining communities that host our mining operations. This is a major contribution to developing the economies of the local communities in the areas where we mine. Sibanye-Stillwater is pleased to support the B4SA call to honour SME invoices within 30 days of the payment falling due as a contribution to improving their cashflows and liquidity.”

Siemens: Sabine Dall’Omo, CEO for Southern and Eastern Africa

“We pay it forward. At Siemens, we understand that Small Medium Enterprises (SMEs) are important to our economy and future employment. Procuring from local suppliers with extra focus on supporting SMEs, we spend more than 77 % of our procurement volume with these suppliers. Our commitment to pay SMEs between 15 to 30 days from the date of supplier invoice is part of our standard business practice and supplier development commitment. We as Siemens create a competitive advantage, empowering our suppliers, while giving ourselves the opportunity to leverage the potential of our local supply market. Before, during and beyond the economic downturn, we make real what matters!”

Telesure Investment Holdings (TIH): Tom Creamer, CEO

“Supporting small businesses is essential, especially given South Africa’s dire unemployment rate. We believe that SMEs can help combat unemployment and that more can and should be done to assist small businesses, especially now. To this end, we launched a R76 million relief fund for our suppliers, business partners and business insurance customers who were affected by the COVID-19 pandemic. We were also one of the first insurers to honour all valid business interruption claims from customers who had been affected by loss of income caused by the national lockdown. Supporting the SME #Payin30 campaign is another way we are saying: Thuma Mina.”

Ends

