

Unlock the MAC Sector B-BBEE Code with skills development

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1 March marks the one-year anniversary of the **Marketing, Advertising, and Communications (MAC) Sector B-BEE Code updates**. However, businesses have yet to unlock the benefits of the code.

By the end of the year, all South African advertising agencies will have gone to verification at least once under its criteria. Indeed, it's not really 'new' any more.

As with many 'new' things, the MAC Code has been the source of a fair bit of fear in the industry - most notably due to its **2018 Ownership target of 45%**. But there is plenty of good news too:

- Agencies with revenue between R10m - R50m (QSEs) have 15 extra points available
- Agencies with revenue above R50m (Large Entities) have 38 extra points available

So whilst some of the targets are certainly tougher, the **opportunities to score more and 'level up' have also increased**.

Skills development is the most effective of the six MAC B-BBEE criteria in delivering successful and sustainable transformation. The Department of Labour has recognised this by allocating **10 new skills development bonus points** in the MAC Code, and agencies would be well advised to pounce on these.

Success lies in long-term planning

Critically, agencies need to break out of the reactive, point-scoring, 12-month budgetary cycles that typically characterise their transformation efforts. One would hope that no agency runs the rest of its business like this. Transformation, like any other strategic business objective, does not happen in convenient 12-month increments, and **agencies need to obsess less about B-BBEE compliance** (driven by short-term thinking) and **focus more on actual transformation** (underpinned by long-term goal-setting and strategic planning). Transformation plans should look at least three years into the future, and ideally even further.

Once horizons have been broadened and goals set, **a clear multi-year plan - with training and education (Skills Development) at its core - will very quickly allow for identification and nurturing of black talent**, deliver higher quality work to the agency and its clients, and create opportunities for internal career advancement that will consequently lead to greater diversity at a mid- and senior level (and, accordingly, better Management Control B-BBEE scores).

Driving transformation through skills development

The MAC Code does not limit skills development efforts to employees: initiatives can extend to matriculants and graduates (feeding the business at entry level), as well as to freelancers and contractors, allowing agencies to score enterprise and supplier development points in the process of **growing and developing their own value chains** (which, in turn, will deliver improved preferential procurement results).

And provided an agency's transformation plan is properly aligned with its workplace skills and employment equity plans, much of the agency's skills development **investment can be recouped** through skills development levy rebates, SETA grants and attractive SARS tax deductions.

A three-year plan is not difficult to put together either - your agency's CEO and FD will already have some idea of what the next few years might look like, which means you have enough to estimate your future B-BBEE target expenditure.

The numbers will no doubt change, but setting down your plans and budgets over a three-year period will mean that:

- You'll only have to make periodic adjustments
- There will be greater continuity from accounting period to accounting period
- Much quicker and easier compliance and reporting in years two and three
- Less time planning from scratch

This will make it much easier to be proactive and forward thinking, and will leave you with more time to ensure that your training and development plans succeed and that your business transforms. Knees will jerk much less frequently.

So ditch your B-BBEE myopia immediately, and **start embracing transformation as a journey, not an end in itself**. You're unlikely to solve it in year one, but you can make massive progress by year three. And it will only get easier to plan and manage each year.

*To learn more about how the MAC Charter can benefit your business, **join Red & Yellow, the IAB SA, and Siyakha Implementation Partners for a [free breakfast workshop](#) on 22 February 2017, in Cape Town and Joburg.***

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