

The MAC Charter - What you need to know

Issued by [Red & Yellow](#)

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The B-BBEE Sector Code for the Marketing, Advertising and Communications (MAC) sector is now in effect, including stricter requirements and increased incentives. Here's how Red & Yellow can help you make the most of it.

On 1 April 2016, the DTI gazetted the B BBEE Sector Code for the South African Marketing, Advertising and Communications (MAC) industry, which means that all affected businesses (**including traditional, digital and media agencies**) will now be required to submit themselves for annual verification against the new MAC Sector Code to obtain a B-BBEE rating.

The good news is that while the new Sector Code imposes **stricter compliance requirements** and targets, there are **several new ways and added incentives** for businesses to score points whilst delivering against their transformation plans and objectives.

There is also a two-year window (from 1 April 2016 to 31 March 2018) in which to meet compliance targets, and implement and deliver against your business' transformation plans.

So how does the new MAC Sector Code differ from the Generic Codes?

For **Large Entities** (business with turnover greater than R50m, or PR agencies with turnover greater than R10m), the following differences are significant:

- A total of **33 additional points** have been made available for businesses to score.
- Black **ownership targets have increased from 25% to 45%** (and **30% for black women ownership**).
- The number of points available for **absorption** of black people at the end of **learnerships and internship programmes** has **increased from five to 10**.
- **Higher 2018 Procurement targets** have been set for qualifying spend incurred with QSEs and EMEs.
- The **2018 Socio-Economic Development target is now 2.5%** (as opposed to 1%) of net profit after tax (NPAT).
- An **additional five points** have been allocated to "**Responsible Social Marketing and Communications**" (or "**RSM**"), with an initial target of 1% of NPAT and a 2018 target of 2.5% of NPAT. This element measures the *"annual value of contributions and participation in sector specific programs of the entity to promote responsible behaviour changes in line with Government's strategic objectives"*. Although it remains to be seen how this pillar will be interpreted, the Sector Code does call on the industry to play an active role in *"encouraging society to embrace habits and practices that contribute to its collective wellbeing and welfare"* in line with *"the national agenda and the best interest of society"*. The scourges of **obesity** and **drunk driving** are referenced.

For **Qualifying Small Entities (QSEs)** (businesses with turnover greater than R10m but less than R50m, or PR agencies with turnover greater than R5m but less than R10m), the following differences are significant:

- A total of **15 additional points** have been made available for businesses to score.
- There is a clear focus on enhanced ownership (**from 10% to 12%**) and management representation (**20% to 25% in executive management; 25% to 30% in non-executive management**) by **black women**.
- **2018 targets for Skills Development have increased. 10 bonus points** are available for **absorption** of black people into the entity at the end of **learnership and internship programmes**.
- **More points are available** - and higher 2018 targets are set - for **Procurement** from black-owned suppliers (**up to 20% from 15% of qualifying spend**), and for supplier and enterprise development (each up to 2% from 1% of NPAT).

- The **2018 target for Socio-Economic Development target is now 2% of NPAT**, where previously it was 1%.
- An **additional two points** have been made available for **contributing to or participating in “Responsible Social Marketing” initiatives** (initial target of 1% of NPAT and 2018 target of 2% of NPAT), **plus three points** for not receiving any **adverse RSM rulings** by the Advertising Standards Authority during the year under review.

What should businesses in the MAC sector do?

If your business provides marketing, advertising or communication services, you should consult your B-BBEE advisers and establish whether you will need to be verified in accordance with the MAC Sector Code. Work with your B-BBEE advisers to develop a **two-year, 31 March 2018 transformation plan** to ensure you achieve your transformation goals and attain your desired B-BBEE level.

How can Red & Yellow help you?

Training and development are cornerstones of successful transformation in the MAC Sector – the Sector Code’s Values Statement and Strategic Drivers of Change say as much, and this is very clearly embodied in the composition and points allocation of the scorecard itself.

Red & Yellow will work with you to develop training and development programmes that ensure that you achieve your transformation goals and reach your desired B-BBEE level in a **responsible, impactful and cost-effective** manner.

- Our highly regarded and hugely popular [Springboard Learnership Programmes](#), [Full-Time](#), [Part-Time and Online Courses](#) are designed to help you develop talent in your business, enabling you **to maximise Skills Development** points in the short term, and **Management Control** points in the medium to long term. Our experienced team will work closely with you to develop **bespoke internal programmes and academies** that combine our existing course offerings with an entirely customisable range of content and delivery formats to ensure your staff receives **world-class training**, with the best possible **return on investment**.
- We currently have **talented black students** studying various courses with us. **Sponsor a bursary**, and welcome an eager, industry-ready young mind into your organisation when they graduate. You will be giving a young professional a real shot at a bright future, and will earn valuable **Socio-Economic Development** points in the process.
- Send **black-owned EMEs and suppliers** on our range of courses to develop small black businesses into suppliers, and to enhance the value of services you receive from them. You will score **Enterprise and Supplier Development** points in doing so.
- Let us **train your staff, your suppliers and your clients** on **Responsible Social Marketing**. We will work with you to build workshops, seminars and courses to fit your specific needs, helping you develop an internal culture of responsible marketing and score **RSM** points as you do.

Our courses and programmes are **government accredited**, further allowing you to leverage **SETA funding and subsidies**, claim **Skills Development Levy (SDL) refunds** and take advantage of **significant tax allowances**. All of which further serve to **reduce your costs of transformation**.

We will gladly discuss the MAC Sector Code with you in more detail, and explore ways in which Red & Yellow can work with you to help navigate your way towards successful and meaningful transformation in your business. Get in touch today by calling 021 462 1946 / 011 067 3400 or email us on info@redandyellow.co.za.

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