

Enterprise supplier development provides win-win in MAC Codes

 By [Dharmesh Nagar](#)

5 Jul 2016

Partnering with small business while still maintaining service delivery standards need not be an insurmountable challenge.

The B BBEE Sector Code for the South African Marketing, Advertising and Communications (MAC) industry has been finalised and gazetted, making certain provisions non-negotiable in SA's quest for meaningful and sustainable transformation.

The stepped up Enterprise Supplier Development (ESD) requirement within the new MAC Code, which came into effect on 1 April this year, is in line with government's broader programme of economic transformation, as alluded to by Deputy Minister Trade and Industry Mzwandile Masina in his recent Budget Vote Address in the National Assembly. The Deputy Minister noted: "Inclusive growth - if it is to have real meaning in South Africa - must embrace the need to increase the participation of black people in all aspects of business including as shareholders, managers and entrepreneurs. We have no choice but to act decisively now to create the conditions for inclusive growth and to implement direct interventions."



123RF

According to Bashir Khan, chief executive of enterprise and supplier development advisory and implementation specialists, The Business Lab, Enterprise and Supplier Development (ESD), contributing 46 points of a total 138 points achievable under the new MAC Code, is the largest contributor in terms of points and is a priority element. "ESD is non-negotiable and is a key proponent to catalyse the small business economy, whilst providing meaningful benefits to the larger players on their B-BBEE scorecard," he says.

But for large marketing, advertising and communications agencies, realigning with the provisions of the new Code while still meeting obligations to clients and ensuring business growth could appear to be quite a challenge at first glance.

Large agencies may be concerned that small businesses lack the resources and skills to deliver on crucial projects, and they fear that partnering with inexperienced small agencies could derail project delivery. Some may consider spinning off existing divisions into new small businesses owned by staff, in order to get around the Code requirements and still ensure that the right level of skills is entrusted with project delivery. Others may farm out unimportant tasks to small suppliers and partners to reduce the risk of negative impact on client service delivery. These options do not deliver on the true empowerment goals of the B-BBEE MAC Code.

To effectively deliver on the B-BBEE intentions of the Code, large marketing, advertising and communications agencies must integrate small, black-owned business partners and suppliers into their supply chains and projects that allow for genuine skills transfer and true development to take place. This means bringing the little guy into the big league. Partnering with small agencies need not mean onerous hand-holding and sharing of the profit pie with no return. South Africa has a plethora of small, black-owned marketing, advertising and communications agencies that have extensive track records in their niche areas. Many of them have built up loyal clientele over years of delivering personalised service excellence.

Instead of being a hindrance, partnerships with the right small agencies can in fact expand the large agency's market exposure and skills pool. In addition, small agencies are characterised by agility and speed – features which can prove very useful in a larger multinational agency that may be slowed down by bureaucracy and international approvals processes. With a small, agile business partner, a project requiring rapid turnaround – for example, a social media campaign required virtually overnight – can be implemented quickly and cost-effectively without lengthy planning meetings and approvals – a win-win-win for the small agency, the large agency and the client.

To effectively align with the B BBEE Sector Code for the MAC industry, large agencies should be moving rapidly to 'cherry pick' – securing solid partnerships with the most experienced small, black-owned agencies in the business.

This will allow them to meet the provisions of the Code and add new dimensions to their service portfolios, while at the same time expanding their contact networks and niche skills resources, to strengthen their overall offerings.

ABOUT DHARMESH NAGAR

Dharmesh Nagar is strategy director at Media Revolution.

■ Enterprise supplier development provides win-win in MAC Codes - 5 Jul 2016

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>