

The year of transformation

 By [Abey Mokgwatsane](#)

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"The biggest thing we get asked (by clients) is, 'where are the black creatives?'" - Abey Mokgwatsane, CEO, O&M SA.

The pressure is on the local advertising industry in 2015 with the implementation of the new Triple BEE codes, warns Abey Mokgwatsane, CEO of Ogilvy & Mather South Africa. It will be a game changer, forcing the industry to redouble efforts to invest in black talent and gender diversity.

[The B-BBEE Codes of Good Practice](#), according to the DTI, "are to be applied in the development, evaluation and monitoring of BEE Charters, initiatives, transactions and other implementation mechanisms. The Codes contain basic principles and essential considerations, and provide guidance in the form of explanatory material". The transition period for compliance with new BEE codes was extended to April 2015.

The emphasis on empowerment this year will be coupled with a tough trading market as only moderate growth is expected in the global and local economy, says Mokgwatsane, a seasoned marketer and agency stalwart who became CEO of O&M SA in 2011 and who headed up VWV after acquiring a majority stake in the company; previously having been part of the senior marketing leadership at SAB and VWV.

"If we get 3% growth in 2015, we will be very lucky. We will learn to operate in a low-growth market, which is strange for South Africa. Clients will be a lot more frugal, want more return on investment (ROI), they will be looking for efficiencies, more integrated solutions.

"It's going to be a tough time for us in the industry. I don't think it is doom and gloom, I think we are going to have to operate with a 'much more value' mindset."

With the new Triple BEE codes, Mokgwatsane says clients are now asking the questions they should have asked the industry 20 years ago, such as: "what is our scorecard, where is the black talent, how are we developing and training our staff, where is our sustainability plan?"

"Clients never gave two hoots before. So much black market work is still being produced by 'white agencies' where there is no black creative talent. The pressure is now on for 2015. Triple BEE is forcing clients to take empowerment more seriously as it is impacting on them now, more than us. Our marketing clients, the ones giving us the money, are now asking us the hard questions. The biggest thing we get asked is, 'where are the black creatives?'"

He indicates that clients are happy to participate in developing staff and "getting the industry right".

"Agencies themselves can't take the risk alone. On the one hand, marketing is starting to take the BEE conversation seriously; on the other hand, marketers are realising that in order to create genuine diverse work that connects with the consumer, the industry has to be diverse too. The same 'okes' that cracked the work five years ago, aren't going to do it today."

Integration

Digital becoming mainstream is a massive point of friction for the entire industry, Mokgwatsane also highlights. "There are ECDs and CCOs who are going to be trying to understand what their role is in a modern marketing agency. They have to develop themselves, and their studios.

"Linked to that, clients will stop looking for digital solutions from only digital specialist agencies. It is about integration - digital has to be part of the agency environment. Clients will want to see one unified solution. That is why we merged with Gloo - we didn't keep them as a standalone business."

Mokgwatsane's biggest game changers for 2014 were the significant digital agency acquisitions by international agency groups such as VML, WPP and Publicis; as well as the "wake up call" for the industry on empowerment and transformation; and the focus on Africa.

"The digital acquisitions were significant in the industry this year: the Native VML deal happened, the WPP-Quirk deal, Publicis Machine, and our acquisition of Gloo. The next stage is how those respective businesses behave post-acquisition. Everyone has made their bets and we need to see how they materialise into businesses.

"We will continue the empowerment and transformation conversation into 2015. 2014 was the first time we had Government saying with the SAA tender, for example, that the agencies had to be 50% black-owned. The Empowerment Charter is going to be put into law and a committee will oversee the implementation. We are more progressive than most - the industry is at an empowerment level of 42% and O&M is sitting at 43% - we have credible black leaders as part of our management teams. Gender transformation is also part of that."

African footprint

Mokgwatsane says agencies and brands were looking at a far more integrated African footprint, with the international agency groups building strong networks on the continent, and global brands building business capability across the continent.

"More and more we will be asked to apply our craft across the motherland, Africa."

He also feels that there has been a bit of a lull in South African work being celebrated across the world, as it was a few years ago: "I want us to punch above our weight again. We used to dominate international awards shows. I want to see our work pushing us forward again."

Mokgwatsane believes the context in which we operate is somewhat to blame, with low bandwidth, but that the industry was also overtaken by "modern marketing".

"The digital evolution of our space overtook our own capabilities, we were still trying to crack amazing scripts and campaigns, when the world integrated. We were caught napping. Now that bandwidth has improved, we have an incentive."

Although locally, only 20% of brand spend is on digital, while globally, that number is 50%.

His advice going forward into the new year? "It is about investment in becoming agencies of the future. Becoming an employee of the future. We need to be hybrids: we need to invest in digital, training, research, analytics. As an industry we have forgotten to invest in our people... we need to create a diverse pool of digitally sussed talent."

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**Abey Mokgwatsane was interviewed by Louise Burgers, specialist editor of Biz Trends 2015.*

ABOUT ABEY MOKGWATSANE

Abey Mokgwatsane is CEO of Ogilvy & Mather South Africa (www.ogilvy.co.za; @OgilvySA). Apart from being one of South Africa's *Mail & Guardian* top 200 young leaders in 2011, he was voted one of the country's top 25 "game-changers" in *The Annual 2012*. Mokgwatsane also founded Young Business for South Africa, Think Tank Initiative and Experiential Industry Association of South Africa. Tel +27 (0)11 709 6600, email raeesah.mosa@ogilvy.co.za and follow @Abeyphonogenic on Twitter.

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