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The road map for achieving growth and financing entrepreneurship and innovation in the OECS just got a little clearer following the Financial Information Month (FIM) 2015 Business Symposium and Innovation Forum which took place on 8th October 2015.

In this issue of *YFN*, as well as the November issue, we will share with you the presentations delivered at the forum.

This is how we **LEAD** SLW



L-R Mr Trevor Braithwaite, Deputy Governor, ECCB; Mr Raymond O'Keiffe, Communications Officer, OECS Commission; Mr Aubyn Hill, CEO, Corporate Strategies Ltd, Jamaica; Mr Ronald Ramjattan OBE, Managing Director & Founder, Baron Foods Ltd

LEADING BUSINESS GROWTH IN THE OECS

Managing Strategy... Leading Change



It is indeed an honour for me to be invited

to address this **Business Symposium and Innovation Forum**, as part of the activities of the 14th Financial Information Month campaign.

It is my firm belief that sustainable economic growth in the OECS can only be achieved by penetrating the global market, one successful business after another.

When the OECS wins we all win. I left my country of birth, Guyana, and headed to Saint

Lucia to devote my energies to establish my very own food processing plant (Baron Foods) in November of 1991.

Baron Foods expanded to Grenada in 2010 and in 2015 we should start our production in Trinidad and Tobago, taking on the More Developed Countries (MDCs) of the Caribbean and showing what we in the OECS can do. I want to think that Baron Foods is the first company in the OECS which would be taking that bold step into Trinidad and Tobago.

An estimated 45% of the total company's production is exported to the English, French, Spanish and Dutch speaking

islands of the Caribbean as well as to Guyana; North America which includes USA and Canada; Europe (*UK, France, Germany, Spain, and one or two others*) and to Asia to include Japan.

Baron Foods Ltd. also caters to the needs of the contract packaging world and private labelling markets. I began with a staff of twelve producing a range of 23 products. Today, Baron Foods manufactures over 150 products which includes exotic and gourmet sauces, condiments, spices, flavourings, dressings, and drink cocktails all of which meet international food standards and are all internationally acclaimed.

OUR MISSION

In our continuous quest for excellence, we at Baron Foods Limited will provide innovative Caribbean - style food products of the highest quality and superior presentation. Supported by a motivated, highly trained and result oriented staff, we are excited about the future and reaffirm our commitment to providing affordable, yet distinctively fine products combined with total customer satisfaction.

BARON FOODS - transforming every culinary endeavor into a gourmet experience!



Our standards are based on the Foundation for Food Safety Certification (FSSC) which is a combination of the ISO 22000 and the ever popular HACCP food safety systems certification scheme.

Over the last quarter of a century, we at Baron Foods have gained much experience which would serve to inform entrepreneurs, financiers, and policy makers in the productive sector with the potential to contribute to economic growth in the OECS.

A synthesis of our mission statement shows that we are a company focused on excellence,

innovation, products of the highest quality, superior presentation and total customer satisfaction, and that we are excited about the future market domain.

The advent of Baron Foods in the global market has taught us that in order for this



to be sustainable and contribute to the growth of the OECS, our backward linkages have to be at the level of the highest standard in the world. All our service industries including public services - immigration, health, customs, etc. and the private sector - manufacturing, agriculture, financial, and tourism, have to also aim for international standards as exist in Japan, Taiwan and Singapore. In our sector we can single out agricultural production. This sector is in dire need of modernisation and improvement for optimum quality production in order for us to be competitive.

We need to partner with the best

in the world e.g. Taiwan, China and Singapore in order to become the best that we can be.

Offshore medical and hospitality schools are potential areas of expansion but in whatever direction we take our export thrust, we need to revamp the OECS education system to ensure that the output is relevant to the needs of the growth industries, as Singapore has successfully done.

There is also the issue of cultural maturity. "Cultural maturity can best be exemplified by a statement by Singapore's founding father, the late Lee Kwan Yew, the longest serving prime minister in world history, who said that the ultramodern city-state he built is every bit a First World nation but the state should not rest on its laurels until there are clean public toilets (he is affirming his care for his fellow men) and arts, including music, in all schools (this reveals an appreciation of the finer things in life)."

I am going to share with you some ideas as to how our governments as advocates of the people of the OECS and the private sector, representing OECS business growth, may work together in partnerships for the benefit of the sub region.

Let us begin by putting in context the topic, '**Leading Business Growth In The OECS - Managing Strategy... Leading Change.**'

LEADERSHIP VERSUS MANAGEMENT:

In order for the state to pursue a policy of sustainable growth in the OECS, the first order of business is to get governance right. There has to be a clear understanding of the difference between leadership and management. **Leadership is about doing the right things and management is about doing things right.** Leadership is vision, and management is all about action.

Forbes Magazine March 23, 2014 notes that *'Today's market environment places a premium on speed, flexibility, and the ability to lead in uncertain situations. At the same time, the flattening of organizations has created an explosion in demand for leadership skills at every level.'*

THE ROLES OF GOVERNMENT AND THE PRIVATE SECTOR:

In developing an economy, the government and the private sector have important roles to play. The relative roles of the government and the private sector have to be clearly delineated. Simply put, the role of government should be to lead change by stating the policy of business growth and supporting such policy by providing a dynamic enabling environment for the private sector. The role of the private sector should be to manage strategy and drive business growth.

Most governments have a policy for business growth but the supporting enabling environment within which the private sector will manage is not as strong as it should be which impedes the path of progress to sustainability.

Start-up company activity is the catalyst which fuels economic growth in the private sector. Even though these start-up companies may have access to savings and unsecured demand loans from family and friends to support their innovation, it needs far more than that to capitalise their business.

Start-ups are faced with a major constraint, which is, the lack of timely access to adequate funding

from traditional financial institutions because of the high level of business risk associated with start-up enterprises.

Initial funding by start-up businesses is required to facilitate access to equipment, factory or office space, business mentoring, marketing, board members, training and working capital. Start-up businesses, irrespective of the potential of the business plan, are not in a position to pledge hard collateral as security for repayment of a loan which is normally a necessary prerequisite by traditional financial institutions. Loans are therefore not usually forthcoming. Governments need to fill this gap. How do we address this high level of business risk?

In July of last year I met Caribbean Business Consultant, Dr. Basil Springer, at a conference in Nairobi. We were both part of the Caribbean delegation. Some 890 people from 81 countries in Africa, the Caribbean, the Pacific as well as Europe, America and Asia descended on the Kenyan capital to discuss and gain exposure for strategies addressing one of the main challenges faced by agriculture - value chain financing.

Since then I have been receiving

NOTE: Value chain finance refers to financial products and services that flow to or through any point in a value chain that enable investments that increase actors' returns and the growth and competitiveness of the chain.

weekly copies of Dr Springer's business column where he has addressed topics on the high level of business risks associated with start-up enterprises.

In his column, he has posited the hypothesis that the high business risk associated with start-up entrepreneurs leading to a 90% global business failure rate in the first 5 years of operation is due to the lack of experience of business entrepreneurs in managing business systems in the early stage of their development. His solution is to formally assign business mentors to each business at the outset to strengthen the business management process.

The qualitative responses from the mentors and the entrepreneurs associated with this pilot project involving twenty businesses in Barbados and Trinidad and Tobago in recent years have been very positive. However, it is too early to research and compile a set of quantitative results. It is expected that these positive responses will

also apply in the OECS and beyond.

This funding outlay by the government or indeed an incentive by government to start-up businesses supported by mentoring should not be regarded as a hand-out. Rather, it should be considered as an investment. The return should be measured in economic terms as these businesses contribute to economic growth in the country.

The mentoring model not only mitigates the risk of business failure but also secures government investments. When the business has demonstrated good management and developed strong enough cash flow, it may then approach a financial institution for funding. In the interim, a government solution is required as part of the enabling environment. If start-up businesses are not able to get off the ground because of a lack of investment financing, then the country's potential economic growth suffers commensurately. Governments should therefore give priority to an innovative funding solution for start-up businesses as part of the enabling environment. Other creative ways of addressing the

requirements of an enabling environment may be introduced to complement the funding initiative.

The dual role of government in leading change should be to establish a business growth policy and support this policy by creating an enabling environment including an innovative creative funding solution that addresses the needs of start-up businesses.

MANAGING STRATEGY IN THE PRIVATE SECTOR

The role of the private sector should be to manage the strategy of doing business and to drive business growth. OECS private sector business growth may result from one of these three avenues:

1. entrepreneurs in the making with their innovative business ideas,
2. start-up businesses, and
3. existing businesses with rebirth, spin off or scale-up potential.

Entrepreneurs in the making need help to make decisions to leave their jobs and start their own businesses. How can we help them to understand business risks and how to overcome these risks?

Start-up businesses suffer from

the daunting global historical statistics that 90% of start-up businesses fail in the first five years of operation. How can we influence a significant positive change in this statistic so that more and more businesses succeed rather than fail after the first five years in operations?



Existing businesses are either one steady growth rate business or are going through a process of change depending on whether they have rebirth, spin-off or scale up potential. A business rebirth may take place in the context of a rapidly changing world. It may be necessary to innovate in response to technology change and or market demand in order to survive and grow. A business spin off may take place when a business splits into sections as separate businesses to achieve growth and sustainability. This is justified and I quote C. West Churchman's observation in his book 'Systems Approach', "*here may be economies of scale of production but no economies of scale of management*". This implies that there is an optimal group size for any given management team. When it reaches that size it may trigger a spin-off. Businesses that scale up are businesses with operating leverage. Simply put, if you add

operating cost (*sales, marketing, administration etc.*) at a lesser rate than you grow revenue then your business will scale up. How can we help these types of businesses to clear their obstacles along the journey to business success so that they may exploit the global export market potential and make a bigger and bigger contribution to economic growth?

In the fullness of time, entrepreneurs in the making become start-up businesses and start-up businesses grow into existing businesses which fuel economic growth. They are all part of the same business ecological unit, driven by five business systems - Governance, Finance, Marketing, Operations, and People and their Survival.

Growth and sustainability are subject to the five classical management functions - planning, organising, staffing, directing and monitoring. The five classical management

functions are then applied to the five business systems to create a 25 cell matrix which becomes our management strategy.

Planning - if we fail to plan, we are definitely planning to fail. We must plan for each business system as follows:

- Purpose - The purpose is the reason why each business system exists. The collective evolutionary sequence of purpose over all five business systems are core, stamina, life, growth and sustainability - which speaks to the integrity of the business life cycle. If we systematically and sequentially plan the development of our start-up businesses with diligence then we shall achieve business success from one generation to another with commensurate benefits to the OECS and growth.
- The goal is the broad intention of the each business

Management Strategy Matrix

		Systems of Business				
		Governance	Finance	Sales	Profit	People
Functions of Management	Planning - Purpose - Goal - Objective	→	→	→	→	→
	Organising nstruments	→	→	→	→	→
	Staffing Teams	→	→	→	→	→
	Directing to achieve objectives	→	→	→	→	→
	Monitoring Growth Performance	→	→	→	→	→

systems. The amalgam of goals over all five business systems are performance, credit rating, consumer satisfaction, expansion and competitiveness. These allow us to focus on the important elements of a business.

- ⇒ **Performance** is about delivering high quality output on time and within budget.
- ⇒ **Credit rating** keeps us heading in the right direction to fulfil our expanding financial requirements.
- ⇒ Without **consumer satisfaction** there will be no repeat business.
- ⇒ Steady **expansion** gives us the confidence to take on the global markets.

⇒ **Competitiveness** will make it easier for us to stay ahead of the pack

- The objective is the measurable, realistic and time specific targets that will be needed for the achievement of the specific goals.

The combination of targets over the five business systems- *division, capital, sales, profit, productivity*- is the essence of the planning process.

As we monitor company performance those decisions help to keep us on track or take corrective action to strengthen the core as we clear obstacles along the journey.

SOCIAL PARTNERSHIPS BETWEEN THE PRIVATE SECTOR AND THE GOVERNMENT

In order to achieve optimal governance, the government and the private sector need to meet in social partnerships to set economic growth targets for each productive sector and to monitor the performance of the private sector making appropriate changes to the enabling environment should the private sector be not on target.

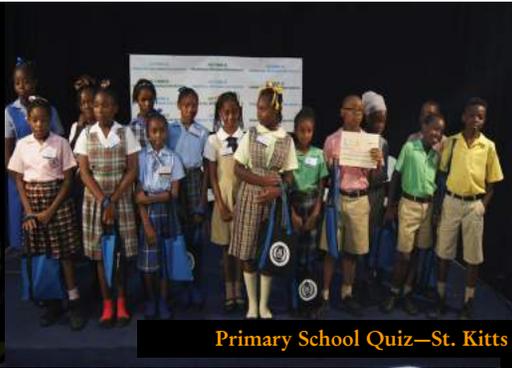
I will end with a quotation from the Honourable Vance Amory, the then Acting Prime Minister of St. Kitts and Nevis in his declaration speech for Financial Information Month 2015, “*Let us, for this month and beyond, strive to LEAD – to Learn what we can in this area so that we may enhance our business and personal lives; to Empower ourselves and others as we increase our knowledge in financial matters, so that we may Achieve financial and economic success as we Develop ourselves, our communities, our economy, our Nation.*”

The Financial Information Month Business Symposium and Innovation Forum provides a medium for the exchange of ideas and perspectives and the tabling of challenging yet practical solutions to address sustainable and resilient business growth in the OECS through formal presentations and facilitated discussions.

SNAPSHOT OF A FEW FINANCIAL INFORMATION MONTH 2015 ACTIVITIES



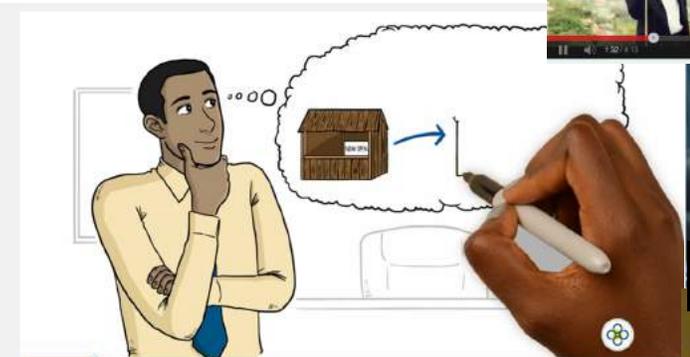
St. Kitts



Primary School Quiz—St. Kitts



Walkathon - Antigua and Barbuda



Financial Fair- St. Vincent and the Grenadines

