

DECEMBER 2013

YOUR FINANCESYOUR FUTURE

Staying Connected

For the Alumni of the:
ECCB Savings and Investments Course
ECCB Entrepreneurship Course
ECCB Small Business Workshops

YOUR FINANCIAL NEWS



*May the holidays bring you joy.
May 2014 bring you greater insights to create a more prosperous future.*

Visit us at www.eccb-centralbank.org

Business Competitiveness

Dr. Luz Longworth, Director of the UWI Mona Western Campus, Jamaica, shares her perspective at the FIM Businesses Symposium and Innovation Forum 2013

When we talk about business competitiveness, I want us to look at a twenty-first century model for the Caribbean. I think that to a large extent our businesses have been steeped and maybe mired in some concepts that are no longer relevant and I think we need to look at what is the reality facing us on the ground globally and particularly for small developing states like those in the OECS and the Caribbean generally.

I have two definitions I want to share with you. The first one is from the 'World Economic Forum's Global World Competitiveness Report 2013-2014 which defines competitiveness as *"the set of institutions, policies and factors that determine the level of productivity of a country."* These four concepts - institutions, policies, factors and productivity are bundled in the word competitiveness. Harvard Business School's Institute for Strategy and Competitiveness says similarly *"a nation's competitiveness is based on the productivity with which it produces goods and services"*

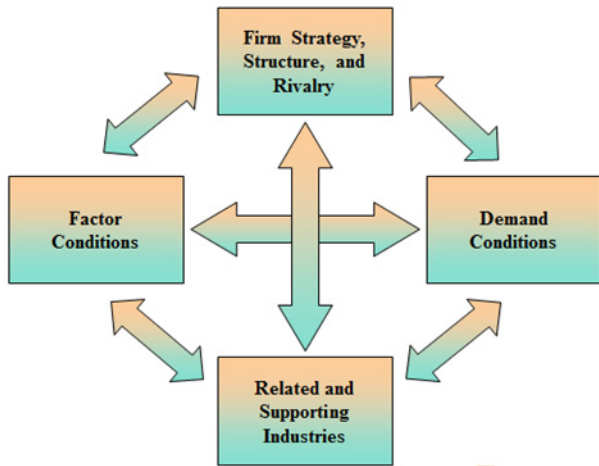
When we are talking about business competitiveness we are talking about the environment; we are talking about productivity; we are talking about goods and services.

People have been talking about competitiveness for a very long time from as far back as Adam Smith in 1776 when he spoke about how countries should become really rich. Let's face it, competitiveness is about wealth, it is about how you get wealth. Smith talked about really capitalising on what is called absolute advantage. So if you have an absolute advantage in producing something, produce it. Don't worry about it, produce it. But that has some issues because basically there are some countries that would probably produce everything that they need and there would be no trade. So moving on then to something that Governor Venner spoke about 'comparative advantage' and we are talking about comparative advantage today in the twenty-first century. When it was first thought of by David Ricardo in the nineteenth century, he talked about how

countries can still produce goods even if they are not the absolute best at it. You should still produce the things that you are best at and it will allow for growth in trade and for better use, better productivity of your factors of labor, land and capital. For example, we may be more efficient at producing coconut oil in the Caribbean but it could probably be produced more efficiently in the United States. However, the same factors that the United States would use to produce coconut oil, they could put in to producing something else and import the coconut oil from us. So that is the idea of comparative advantage. The issue with both the absolute and comparative advantage is that they kind of rule us all out - we who have smaller economies and smaller countries.

Michael Porter looked at micro-economic factors, he looked at how a company or a small country or a group of companies in an industry can become competitive. What Porter says is that we all can gain competitive advantage but there are certain things we have to look at - we

Firm Level Competitiveness – Porter’s Diamond



Source: *International Business : Environments and Operations, Daniels and Radebaugh*

have to be able to realise that we have certain things we can do better and if we can do them better than other persons then let us move ahead with those things. Porter noted that within an industry, firms can become very competitive if there are certain things that they have in balance. What he suggests is that if there are certain things that are involved, then any industry, wherever it is located in the world, can be globally competitive. He talked about factor conditions. If we are producing coconut oil, do we grow coconuts? That’s an important question. Is there a demand for coconut oil in our countries that would make us more competitive in how we produce coconut oil? Do we have related and supporting industries, for example, industries that will

support the extraction of coconut oil, soap making and so on.

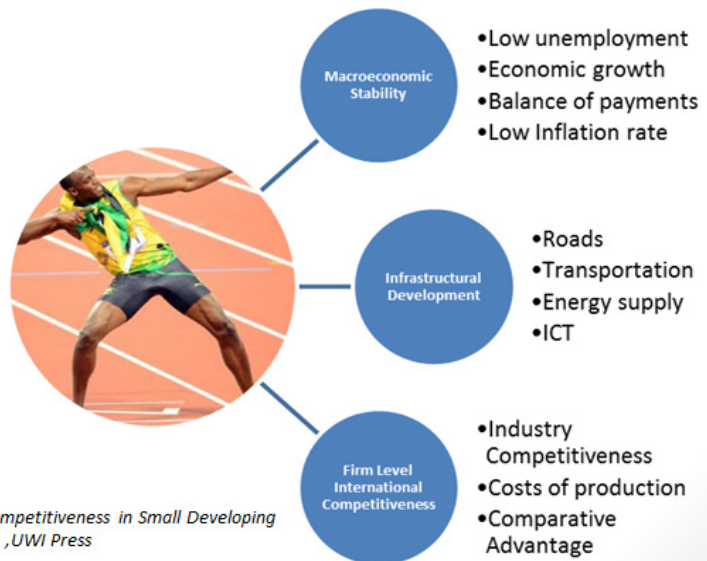
Finally, what is it like within the firms? There are lots of companies competing and Denzil Crooke talked about clusters.

He noted that you will become better if you are competing as firms because then you are able to offer a more competitive product. Porter talked about that in terms of competitiveness. Notice though that he is talking about national competitiveness.

I think that one of the things that we don’t realise is that a firm’s competitiveness and national competitiveness are tied to each other and therefore we all have to work together in terms of getting ourselves competitive and functioning and succeeding in this global environment.

So what about the Caribbean and its competitiveness? What do we as micro-states or small states have that will ensure that we can survive in this global economy? I refer to Wint’s Model of Competitiveness in Small Developing Economies. Alvin G. Wint professor of International Business at the University of the West Indies wrote a book on competitiveness in small developing economies

Wint’s (2003) Model of Competitiveness for SIDS in the Caribbean



Alvin G. Wint, *Competitiveness in Small Developing Economies*, 2003 , UWI Press

and he posited that there are really three factors that will allow us to be globally competitive.

1. **Macro-economic stability**

This is something that is seen in all of the models of competitiveness - low unemployment, economic growth, balance of payment, low inflation rate. That's what the ECCB is working on very hard and that's what we need to get all our ducks in a row as a major element of business competitiveness.

2. **Infrastructural development**

- This includes roads, transportation, energy and ICT. Recently the mayor of Atlanta visited *Montego Bay* and he pointed out that when Atlanta was putting in all of its large bridges, its large conference centers, its roads, the local government was criticised for spending money on the projects when there were no business propositions that could possibly pay for them. But they are now paying off. The point is that infrastructure has to be in place before you can attract businesses into a region. That is another important area that I think in the Caribbean, the Eastern Caribbean in particular, we do not pay adequate attention to.

3. **Firm level International Competitiveness.**

How well managed is the firm? How competitive is the industry? What is your cost of production? What advantages do you have over your competitors in other regions?

I want to share some information that has come from the 'World Economic Forum's Global Competitiveness Index' Report 2013-2014. I don't know how many of you have taken the time to read through that report that was released earlier this year but it really presents us with some interesting data that we need to look at if we are going to move forward in creating competitive businesses and competitive nations in the Eastern Caribbean.

The World Economic Forum uses twelve pillars against which they measure a country's competitiveness and they measure 148 countries. Unfortunately, only four Caribbean countries are included in those measures. The four countries included are Barbados, Guyana, Jamaica and Trinidad and Tobago. The measures that they use are these twelve- quality of institutions; infrastructure; the macro-

economic environment; health and primary education; higher education and training; goods market efficiency; labor market efficiency; financial market development; technology development; market size; business sophistication; and innovation. Those are the twelve measures used to determine a country's global competitiveness.

Where did our four Caribbean countries fall? Barbados came out on the top at number 47, Trinidad and Tobago at 92, Jamaica 94 and Guyana 102 and I remind you out of a 148 countries. How do we move ourselves up? How do we ensure that we are a part of this globally competitive environment? When businesses look at investing in countries and when investors want to find out whether they should come to a particular country these are some of the reports they look to. So we need to make sure that we are on stream; that we are moving in the right direction when we talk about our competitiveness. There has to be a change in the way we're doing things. The definition of madness is that you expect to get a different result out of doing things the same way over and over. And I hope we are not crazy in our region because we seem to be doing things the same way and

expecting that we are going to move up the competitive ladder. My approach as an educator is, very unapologetically, a focus on human capital development for our region, because that is where we are not really putting a lot of emphasis.

The fact that the Global Competitiveness Report 2013-2014 states the following:

In the current context, policymakers must avoid complacency and press ahead with the structural reforms and critical investments required to ensure that their countries can provide a prosperous environment and employment for their citizens. They must identify and strengthen the transformative forces that will drive future economic growth. Particularly important will be the ability of economies to create new value-added products, processes, and business models through innovation.

Going forward, this means that the traditional distinction between countries being “developed” or “developing” will become less relevant and we will instead differentiate among countries based on whether they are “innovation rich” or “innovation poor.” It is therefore vital that leaders from business, government, and civil society work collaboratively to create enabling environments to foster innovation and, in particular, to create appropriate educational systems

(Source: Global Competitiveness Report 2013-2014, p. xiii)

This statement creates a fear, but it also creates a major opportunity. In a region where we are innovation rich we have an opportunity to leap frog all of these developmental indices. Therefore it suggests to us that we must place the emphasis on some other factors not just the usual macro and micro-economic factors but some other factors that make a

difference. I’m going to highlight three factors that come out of the report and I’m going to take a look at them in relation to our sister country Barbados and how Barbados was rated. The three factors that I’m going to look at are higher education and training, technology development, and innovation.

In the case of higher education and training, based on various

measures, Barbados came out way in the top 30%. In terms of the secondary education, tertiary education, quality of the educational system it ranked number 6; quality of Math and Science education it ranked number 9. We can argue about how all these rankings are going but let us just look at it for what it is. Higher education and training constitute the fifth pillar of competitiveness. The second one

that I want us to look at, the ninth pillar, is technology development and again Barbados as a country has done the best in this area again ranking in the top 50%. So now we understand why Barbados is up in the rankings.

These three; technology, higher education and training, and innovation were able to propel Barbados up the ladder and therefore my thesis is by focusing on these three elements we can propel ourselves as nations and as companies up the ladder of competitiveness.

If I’m going to look now at a model of competitiveness for the Caribbean, I reference the usual suspects. The usual things that we use when we are looking at making our companies and our countries sustainably competitive - macro-economic stability, infrastructural development, firm level competitiveness and I add to that as a very important element of the new Caribbean model, **a focus on innovation** which we already spoke about today, **a focus on higher education and training** and **a focus on technology development**. Those three things are the other half. I don’t know how you say it in the Eastern Caribbean, but in Jamaica we say ‘one hand can’t clap’, so the two hands have to come together. We can’t only focus on

the macro and micro, we need to focus on these three things in this knowledge service economy because we no longer go to work with tool pans. The tool pan is our brain. If we do not unleash the creativity, the innovativeness of our people through higher education and training and technology development we will remain at the bottom of all the indices. For global

competitiveness, I posit that we must have a model that is balanced and that at this point in the twenty first century it should focus on higher education and training as an enabler.

In reading the Governor's Foreword to 2012-2013 ECCB Annual Report, he lists a third prong in the growth strategy for the ECCU which includes information technology, research and development and education and skills training as key in the growth strategy for the ECCU. So we are on the right track but businesses have to be aware of the importance of these three areas.

Moving along, I want to turn to my favorite topic which is, how does education enable us to become competitive? How does education enable us to move up the competitiveness scale? In the IMF report, The Eastern Caribbean Economic and

The Third Prong in the Growth Strategy for the ECCU

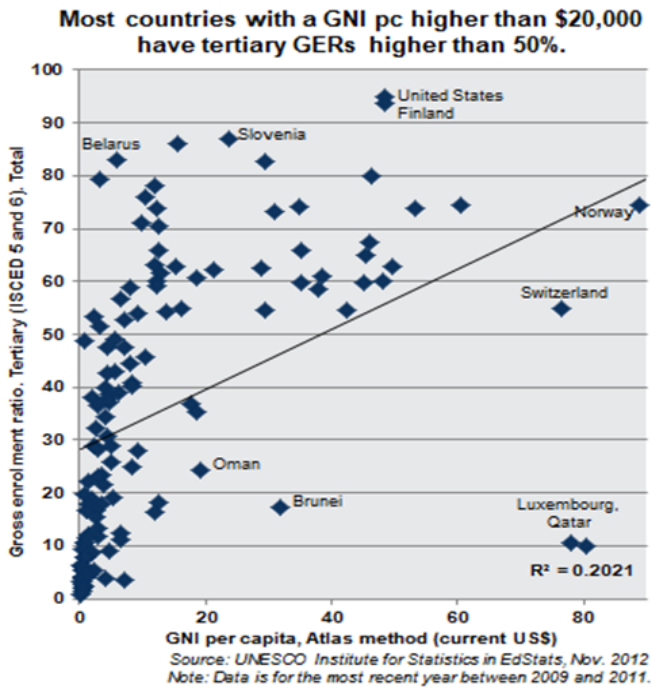


Source: Hon Sir K. Dwight Venner, ECCB Annual Report, 2012/2013

Currency Union Macro-economic and Financial System, Alfred Schipke noted that *"The OECS spends a lot of money on education relative to other CARICOM countries"*. The OECS has already achieved a 100% of their millennial development goals of universal primary education. What are the better outcomes that we need for the expenditure on education? Schipke suggests that education needs to be targeted to developmental areas and I agree with that, that we have to be very very cautious as to how we spend the education dollar and that it should be focused on the areas of importance to development. Now that does not mean no studies in English at all because certainly Shakespeare can tell us quite a few things about being competitive, but it does mean that in terms of supporting students at the tertiary level we

have to look at how we do some amount of steering students into areas that will benefit educational growth. Schipke suggests increasing fees for tertiary students. Clearly, I will not agree with that, because it is a developed or innovation rich country paradigm. It is easy to increase fees in a country where you already have over 50% of your population with tertiary education but when you are in countries that have below 15% of students in tertiary education you are shooting yourselves in the foot by increasing fees and you are also not looking at the relationship between higher education proportions and development. Now one might ask, 'which comes first the chicken or the egg?'

If we look at the first chart (*on the next page*), you will see that countries that have had high percentages of persons with higher education and training have higher



10 Countries with the Lowest Tertiary Gross Enrollment Rates (2008-2011)		
1	Turks and Caicos Islands	0.08
2	Malawi	0.72
3	Niger	1.51
4	Eritrea	1.99
5	Tanzania	2.11
6	Chad	2.17
7	Central African Republic	2.57
8	Burundi	3.25
9	Afghanistan	3.33
10	Dominica	3.57

Source: UNESCO Institute for Statistics in EdStats, Nov. 2012
 Notes: Figures are most recent year with data between 2008-2011. Purple = 2011; Black = 2010; Blue = 2009; Green = 2008. Data were not available for 72 of 214 countries.

income per capita. Countries with higher tertiary education enrollment rates have higher per capita income. Which came first? Is it that we make money first and then we educate our children or is it the other way around?

The second chart, however, shows that several countries that have low tertiary enrollment rates also have low per capita income. The top ten that is on the educational statistics site starts with a Caribbean country and ends with a Caribbean country. It starts with Turks and Caicos and it ends with Dominica.

Those are the statistics; I suggest you take a look at the entire report but the concern is that we should not have countries on that list. Now we're talking about becoming competitive countries. Finland and the United States are

among the top countries in terms of tertiary enrolment. I will push that we cannot afford to not be globally competitive. We have to move out of this framework that the global competitive index has set up. It talks about countries that are factor driven, countries that are efficiency driven and countries that are innovation and sophistication driven. Surprisingly of the four countries, three countries are in the efficiency driven sector; Jamaica, Barbados and Guyana. Only one country is in the innovation driven section and that is Trinidad and Tobago yet Trinidad and Tobago falls below Barbados on the overall competitiveness scale. But they are listed as innovation driven because of the environment of innovation and creativity that is

re-engineered in Trinidad and Tobago. Trinidad and Tobago are already, as far as the global competitiveness index is concerned, at the top of the evolutionary scale of competitiveness and that is simply because of their business sophistication and their innovation.

So how do we move the rest of us there? I will posit that we will only do that through higher education and training. I am a university person, but I am also a person who is very passionate about education. I am a person who has seen the results of education. Once you can unleash people's imagination and creativity and understanding, you are able to develop people and their communities and by extension their countries.

Innovation and technology are the areas that are enabled by higher education and training. These three are integrally related. We should focus on higher education linked to national goals. In the OECS we have the majority of our economies made up of agriculture, agro-processing, transportation, tourism and financial services. Let us talk to our institutions about focusing in those areas. The private sector has to partner with the public sector and the education sector in skills training. However, as Mr. Crook pointed out; the first budget that is cut is training. That is backward, it is putting us back into the 1800's and the 1700's where we talk about factors of labor and capital not knowledge. We have got to make an effort across the region. We must partner in ensuring that we educate our young people for this new brave world otherwise we will become geo-strategically irrelevant. We are already almost getting there because on the map we are Latin American and the Caribbean. We need to come to some understanding that we have a region of tremendous talent, we have proven that over and over again but we need to unleash it.

Again not having peeked at Mr Crooke's presentation but underscoring his point, banks

and the financial sector in general have to become active partners in supporting innovation, entrepreneurship, and financing for small and medium enterprises (SMEs). We cannot expect small businesses to have collateral, if they had the collateral they wouldn't be coming to you. So we have to come up with new models of encouraging this innovation. It cannot be that we are training and training and then when we send them out into the world they are devastated. I have spoken to enough young entrepreneurs to know that this is what is killing the innovation translation into patterns, into technology, into wonderful enterprises that can really move our country forward.

How do we become innovation rich? We have to focus on education, we have to focus on training; we have to ensure that we listen to the great ideas that are around us. We have to partner because by partnering we can pool our resources across the Caribbean and we can develop a very competitive business and national environment.

I want to end with a story. When I arrived in St. Kitts on a Sunday it was raining so I didn't get a chance to go to the beach but I did go to the spa and I spoke with

a young lady who I called Tessa. Tessa shared her story with me and she said "you know I've been working as a cosmetologist for 30 years and I'm tired of it. I have such wonderful ideas. I see around us in St. Kitts all of the wonderful fruits, the herbs and I look at the amount of cosmetics that we are importing and I know that I could go into business and make those cosmetics that will come from St. Kitts that could be competitive internationally. I know I could do that. I have the supply. The thing that I need is to learn how to do it and I need somebody who would fund me. If somebody were to just lend me \$10,000 I would pay them back because I know that this could work." and when I listened to Tessa's story I said that's the story I will end with because it ties in with three things that I want to leave you with this evening and they are:

1. We must train, we must educate. We cannot stop even if it hurts the pocket; we must continue to train people and to give them opportunities to use their ideas. Entrepreneurship is the way to go in this region.
2. We must look for the technology. We have the opportunity to leap frog and to go to the best technology. We cannot fail our people on inadequate technology in all

the areas in agro-processing and so on because that will help them to be competitive. It will help you as businesses to be competitive.

3. Let us unleash the innovation. As we say, there is nobody more innovative than a Caribbean person. In Montego Bay where I serve at the moment, the big

problem is in scamming, these are brilliant, mostly young men whose knowledge could be channeled into so much more. These young men could be the software engineers that the companies are looking for. A company came to me and asked if the University could provide them with 200 software engineers per year.

They want to set up a business processing outfit. Those are the persons with the innovation that we need to get into the formal education system. Move them out of criminality and let their creativity really soar.

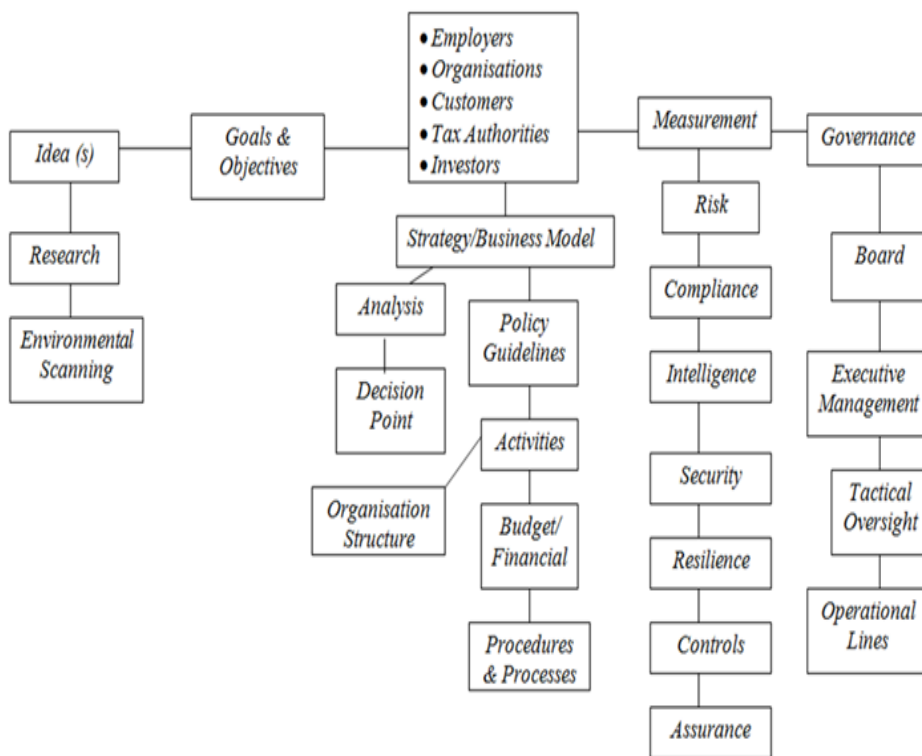
That's how businesses can be competitive.

Strategic Business Model for ECCU Businesses That Would Allow For Effective Responses To Present Challenges And Seizure Of Present And Future Opportunities

Rawlinson Isaac, Businessman/Financial Consultant, Nevis

Business Model

A process by which an organisation seeks to create and sustain value over the long term



I am asked to look at the full question of a business model and how the model fits into the Eastern Caribbean Currency Union (ECCU). The business model by definition is the process by which organisations seek to create and sustain value over the long term ...

The whole idea behind this business model that I propose evolves from my own experience and some of the readings I have done. It is eclectic, which means I pulled from various areas and ideas and put it together. It is this business model that I have used all the time.

It starts with an idea. We keep

hearing people talking about ideas; bright ideas, and big ideas. We don't need a lot of big ideas. In 2005 I was listening to the Prime Minister (of St. Kitts and Nevis) giving his budget address and he mentioned that there was supposed to be a big development taking place in the South East Peninsular. As simple as that an idea came - If the Peninsular is to be developed, then, what am I to do, sit down and wait for it to develop? I came up with the idea that we have to have a quick link between St. Kitts and Nevis and from there the sea bridge was born; as easy as that, an idea.

Geothermal as an idea in Nevis - How it came about? The US department of energy had done some work on studying volcanoes in the region and we took the report. By just looking at the report we recognised what can be achieved if we do something, not just read and read. A part of the problem in the region is that we read a lot but we don't think enough. So what came out of that idea? The first thing must be self-interest. Self-interest is how much money is to be made. So we looked at it. I am no geologist, physicist, none of those things, but I had the idea that if I could pull the

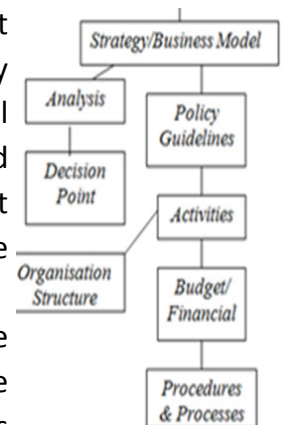
resources together we could make something out of geothermal. So immediately I flew to the US and contacted some buddies who I knew and we put a little group together and we came up with how we can approach the government and put something in place with respect to geothermal development.

From an idea, you must do your research. An idea comes, but you have to research it. Don't just let it stay in your head, research. Nowadays, you have the internet; everything you want is right there to guide you. There are a lot of people around the world who have done it before you; call them, contact them; and find out how you can engage them. Of course we did our environmental scanning and the competitive analyses. We looked at people around the world who had done geothermal and who had their own experiences and then we sat with them. We went as far as Iceland. We spent some money, it cost us, it is not only education; it is research and development as well. We went around the world trying to find out who the experts are and how we could come together.

We looked at the challenges.

When we finished that aspect, we looked at the objectives - what is it that we want to achieve. We said that we wanted to achieve cheap electricity. In 2007-2008 a barrel of oil was US\$147 and so we were paying and paying, bearing the pain and just talking, but we decided that we had to do something about it. We would reduce the cost of electricity. We wanted to get involved in clean and renewable energy, so that was another stated objective. We realised that St. Kitts-Nevis was spending in excess of a hundred plus million dollars per year to import fossil fuel for purposes of generating electricity. From the research we did, we concluded that was not good. So we thought; 'let us see if we can save on our balance of payments. Let us see if we can keep this money in our country to do something else and of course ease the burden of the ordinary man.'

Then we set out to identify what model we should use, what strategy we should pursue. We did some more analysis and that's why you see on the



model that analysis follows business strategy. In the analysis we came up with a number of issues and like any process of elimination we came down to making a decision - this is what we will do. We did that and then we set out to identify the policy guidelines that we have to use and the activities in which we need to be engaged. Well quite naturally, to engage in those activities you had to have a budget and you had to have money. We went to the 'great' United States and we didn't get any money.

Everybody in those days were running from Russia and running from everybody but those things don't scare me. I learned earlier on, that money is ubiquitous. It does not mark Russian particularly, US particularly, we know it as money. So we found some Russian colleagues who agreed to put up the money. Now based on our budgeting, we were talking about US\$70,000,000. Quite naturally no bank can provide that level of financing ... The money in the bank belongs to the depositor. So while comments are being tabled that the banks should free up all this money for all these ideas, maybe that's a good idea, but maybe we need

to look at some of the other areas of funding because banks are not to be played with. Nobody is going to take the bank's money and put it down in a hole 6000 feet and don't know if you are going to get anything. But we were able to find some colleagues of Russian origin to put up the funding and so we went ahead and started the operation. So that was it as far as the financing was concerned. We thought that we had it made.

Then we looked at the structure - what kind of structure should we put together. Some of the guys said 'let us do a partnership, let's do it, let's go it alone.' I said no, this is big business and in time to come it is going to be the biggest business in which we will ever be engaged in the ECCU. So let us set up a company and so we went with a cooperation. Often you hear people talking about partnerships are "leaky-ships" and so on. These are some of the things that we must overcome if we are to move forward in this little region that we are talking about...

I'll tell you something more about financing because sometimes when you are not getting the funding one way, you have to try to come up with

creative ways. As we talk about creativity, let us remember that we are more creative than most persons around the world.

We lost our financial sponsor and that is because the Russian investors felt that geothermal was too slow. They went to try something else. So they bought a football club in the UK and they bought a car company out of Sweden. We found ourselves going down the road empty with an empty purse. We couldn't do anything about it. We turned to the export-import Bank in United States.

The government in Nevis had guaranteed some EC\$200,000,000 and the IMF decided that the amount guaranteed had to be computed in determining the debt of the country and so therefore we couldn't add another two hundred million to the federal debt... So we found ourselves knocked out of the situation. But that's not the end of financing. We sat down and decided that we had to come up with some other creative means of raising financing. So we said well there is this foundation in St. Kitts call the St. Kitts Sugar Industry Diversification Foundation (SIDF). Now, it is not for us to go and

look to the SIDF for funding, I suspect that they had their own need for the money that they raised. We went to Israel and some other parts of the world and we worked out a model similar to the SIDF and we called it "The Nevis Geothermal Foundation". We worked out that if we can get 100 persons of US\$1,000,000 each that is \$100,000,000 – if the country calls for 400,000 or 350,000 or 300,000 for the passport which is the economic side that goes into the passport funds, the other 700,000 goes into the investment funds. So the individual who is putting up his million or his five hundred thousand is happy that he is getting a passport but he is also happy that he is investing in geothermal.

Now I know that there is a lot of talk about passports and giving away passports to other people. Let us not be worried about passports. I always tell people if 6000 tourists land on your shores every day, you are happy because they are spending some money but they are what we call a part of our economic population. It doesn't bother you that 6000 of them are coming every day, assuming that we were able to do 365 days a year.

But if 100 people get some passports, we get worried...

The point I want to make is that when the banks are not helping you with these type of funding, because they are not putting any money down a dark hole, you cannot sit down. You have to find creative ways of finding the capital. In the business model that is the creative aspect of the financial component. We create all the models about the cash flows and NPV's and the IRR's and so on and we are satisfied that if we get to the result that is to generate electricity from geothermal energy then these guys could get as much as 17% return IRR. We did our homework and we were satisfied that the financial aspect of the model can work.

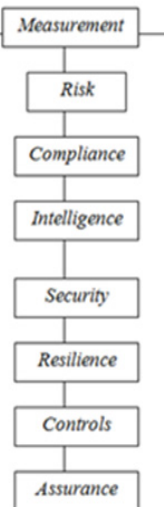
The model I am presenting is a business model; it's good for finance, it's good for geothermal, it's good for other things. In the model you must have your policy guidelines as I said and you must have your procedures and your processes.

Then let's not forget about the measurement. How do you know that you are achieving your goals and objectives? You have to do some measurement. There

is a saying "if it cannot be measured it can't be managed".

Therefore if you don't measure it, then you don't know where you are heading.

Going back to the value proposition because we are talking about creating sustainable value and that is the purpose of the model. As we go down further in the model, we have risks. In any business you're in, the risk advises you as to what are the things that can go wrong if you fail to achieve your goals and objectives. So you cannot have a model without making reference to risk. Then we have compliance, obviously there are laws; some are mandatory, some are voluntary, so you have to follow those. Then we have the intelligence. Earlier we were talking about people paying money to study and invest and establishing think tanks and so on. We have in our model an intelligence unit and what they do is that they go out, they go on the Internet, they travel, they visit other sites and they keep us fed with adequate information. So when you look at the model it is telling you that you are an intelligent feature in this. And by

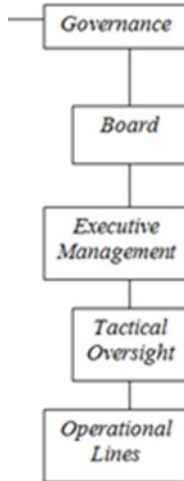


getting the right information to the right people, placing it in the right place it is going to the right people. If it is not going to the right people, in the right place and it is not the real information and the right information you are looking for then you will also have some challenges. So the model seeks to address all of those.

Then you have the security of course, security of people, property, lights etc. You cannot have a model without resilience. Suppose something goes wrong? So in any business model you must have some form of resilience. What do you do when there is disruption? What do you do when there is disaster? How do you fight back, how do you overcome these challenges - that is your resilience? Additionally you have to have controls and assurances. In the model, control and assurances is the necessary level of comfort that you have to give to the people who have invested; to the employees - the people who are slaving for you; to the customers who you have created; and of course to the tax authorities because they are looking for some money. We have a social responsibility to generate it and so therefore you

have to give assurances that it will happen.

I have included in the model an area for governance. What is this governance for me? It's very simple.



The governance is exactly governing and doing it properly, doing a great job. It is simple as that - To govern. However, it has taken on some new meaning in these times and so in the

model I look at boards whether or not they are competent ...

Denzil Crooke made an interesting observation about management and leadership. And I have my own from John P Cutter. He looked at management in one way as opposed to leadership. I recall the article "Who or What is a Manager" or "Who or What is a Leader" and in the article he said a manager manages. That's his job. There are little known theories about management. Remember the first management 101 course that you did. What do managers do? They organize, they dedicate, the control, they plan and so on... That is what

managers do. But he made the distinction between managers and leaders. He said leaders are visionaries - they direct, they help you to decide where we are going, that's what they do. The second thing they do is that they align people, they look for the best talents that they have and bring them together and seek to achieve the goals and objectives. If you have a bright idea and you can't do it yourself, stop fooling yourself, go elsewhere, find, and tap into the resources that are out there because they are all around the world. Your job is to attract it and pay for it. What I am saying is that, there is a clear distinction between the two functions. Last but not least, the leader motivates and inspires, that's what his job is to do, motivate and inspire you to move on, to look at more ideas, be more creative, be innovative and do new things. That is the job of a leader. The manager should be busy doing what he is there to do - to manage and to do what he is supposed to do - keep his eye on the trough.

Then in the model we have what we call the tactical oversight and the operational lines. Tactical oversight refers to internal auditors and all those people who are tasked with keeping a bright eye on what is happening

and then provide reports. So if you have a model like this one which I will patent and sell soon I am here to tell you that you cannot go wrong with any business that you have in mind.

Having said that, that is with respect to the geothermal and that is how that model came up and since that we have perfected it, we have added to it and we have decided to use it. But while we are talking about models and we are in the region, we know the characteristics well defined in the region - a narrow resource base, small markets, a high per capita cost of infrastructure, rising tides of social expectations so government have to spend money, high unemployment, high electricity bills -we can't impact world prices no matter how hard we try. We are faced with the current global recession that continues to threaten our growth development and prosperity and we have high bad loans in the region - people not paying and so they are damaging the operations of the banks.

Here is the point why I was looking at my model, I believe that the time has come when we have to use this model and

look at banking again in the region. We have looked at our banks in the past, they have done extremely well but the big question is whether or not in the current climate they can continue to do well. And I remember a quote from William Anderson who was the chairman of the NCR cooperation and he were referring to challenges and responses in the context and made reference to a gentleman by the name of Arnold Toynbee who described the rise and fall of a nation in terms of challenges and responses and he said "a young nation is confronted with a challenge from which it finds a successful response. It then grows and prospers" and then he said "but as time passes the nature of the challenge changes and if a nation continues to make the same once successful response for the new challenge, it inevitable suffers a decline and eventual failure"...

...Ideas come out of situations, we have heard that expressed here by the panel and when we have ideas we must not just sit down and read. Sometimes you have to hold on steadfast to an idea and pursue it. I think it was Jack Welsh who said that sometimes you must it follow through, be relentless, you must be passionate about your idea,

never give it up because that is the only way you will get results...

...I share the view that this world is not going to get any easier. I don't know about you guys. The one I live in is going to be constantly challenged, it is going to be constantly changed and it is going to be constantly volatile. It is the new nature; it is the next generation that is going to come and so therefore it is not going to be easy. The technology is going to work in our favor... that much I must say.

At the same time we believe that the model that we have put forward today is good for the ECCU. It is good for geothermal, good for finance, good for small businesses and good for big businesses. It is good for any idea that you may come up with, any idea what's so ever. We are not short of creativity, but what we are short of is how we marshal that creativity, how we pull all the resources available to us, how to do we respect and appreciate each other...

The foregoing are the transcripts of two of the presentations given at the Financial Information Month Business Symposium and Innovation Forum 2013. This event provided a medium for 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.