

### Staying Connected

For the Alumni of the ECCB's Savings and Investments Course



#### FINANCIAL FITNESS

##### Business Tips

Every failure in life brings you one step closer to success. *As long as you learn from your mistakes, you will not repeat them.*

Keep raising the standards of doing business. *Challenge yourself and your employees. Never give way to complacency. If you continue doing the same things that made you successful during the start-up stage you are almost certain to fail.*

Be vigilant. *Make it an ongoing business task to seek out potential weak areas or areas that require attention and then address them. Also look for opportunities and make the most of them.*

Keep the lines of communication open. *If your employees find you unapproachable or unwilling to listen, you will be unaware of any areas that require attention.*

## My Journey as an Entrepreneur



Mr Damion Hobson, CEO, Hobson Enterprises

I consider it a privilege to be able to address you this evening and to congratulate you as you graduate from the eighth ECCU Savings and Investments Course in St Kitts. I am certain that this course has provided you with valuable insights and techniques which are vital in the field of finance and savings.

I have been asked to speak to you on the topic "My Journey as an Entrepreneur". In this presentation I intend to outline some of the methods I have used and describe some of the actions which I feel have contributed to the success of my business.

#### CHALLENGES

My sudden entry into the world of business was certainly not by choice or by any special desire on my part. As a matter of fact circumstances well beyond my control caused me to take on this responsibility without any real preparation.

At age 19 I had completed my 'O' level and 'A' level exams and had been accepted to pursue studies at a university in New York. My interest at that time was in computer programming, a field which still holds much interest for me. Like most young people at the time I was ambitious and anxious to further my studies abroad. My father who was fully supportive of my desire to broaden my horizons had never involved me in his business and frankly speaking I did not think seriously about it.

On completing my 'A' levels in 1991 I was employed by the Eastern Caribbean

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## Spread the Word.....October is Financial Literacy Month



We all can live our dreams if we manage our money properly. This is the message embodied in the theme for Financial Literacy Month 2008 – **Manage Your Money ...Live Your Dreams.**

This connection between **planning and actuality** needs to be understood if we are to be successful in all aspects of our lives including our finances.

During October, the ECCB will be collaborating with public and private sector stakeholders in disseminating this message via media programmes, school visits, t-shirts, street banners, a calypso, and other outreach programmes promoting this message.

Visit our website for updates on the month's activities: [www.eccb-centralbank.org](http://www.eccb-centralbank.org)

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Central Bank while I waited for the start of the university year.

When one speaks of life changing experiences one could certainly refer to my situation. My father had a massive heart attack just a few months before I was to attend University. Overnight I had to make a decision whether to rise to the challenge and take over the customs brokerage business which was the main financial support of my family. My sister was completing the final year of the L.L.B. programme at the Cave Hill campus in Barbados and the realisation that there were other financial commitments forced me to take over and manage the business which my father had established for several years.

### **THE EARLY YEARS**

One of the reasons why the early years were not as difficult as one would imagine is that I took over a business which had already established a reputation for efficiency and reliability. Although I was young and inexperienced many customers who had used my father's services decided to give me the opportunity to prove myself. This alone made me realise the importance of establishing good relationships with customers. It was vital that I maintained high standards and ensured customer satisfaction at all times. I was determined to prove that their trust and confidence in me were well justified. Failure was never an option

for me, it was simply a matter of my devising strategies to get the job done well.

### **MANAGING THE BUSINESS**

There are many management styles that one can adopt. When I became the CEO of Hobson Enterprises I was determined to develop my own unique management style. I availed myself of information from books and various reports and most importantly I learned, from hands on experience, what strategies worked and what did not work.

From an original staff of two (2) persons, today my company employs over thirty (30) persons. The main areas are customs brokerage, shipping and handling and a service centre. The growth and expansion which this represents have meant that changes had to be made and adjustments done as the number of staff increased.

### **MODELS OF LEADERSHIP**

One of reasons for the early successes was a close networking of senior staff of the company. Persons who were employed were those who fitted in with existing staff. New applicants were considered by the senior staff team and those who could work comfortably with present staff were selected for employment. Senior staff formed part of the company's management team and assisted in making important decisions.

As the business expanded I could no longer concentrate on doing daily tasks, I had to concentrate more on developing leadership skills and organising the management of the business.

As the business expanded new approaches had to be sought and

greater emphasis placed on reliability and dedication. As the volume of work increased we needed to adjust from a relaxed management style to one that was more productive and efficient. Training sessions were held on a regular basis and staff were encouraged to make an input concerning the way forward for the company. Emphasis was placed on the development of communication skills and the entire operation was computerised in order to increase efficiency.

### **COMMUNITY INVOLVEMENT**

Always remember that you always reap benefits when you give to others.

As a young businessman I am committed to youth development and leadership. I am pleased that my company has been able to sponsor the Newtown Cricket team and has contributed by providing equipment for the Tucker Clark Primary School.

The two main organisations which I have joined are the Rotary Club of St Kitts and the Chamber of Industry and Commerce. As director of community services of the Rotary Club I gained much experience in organizing various programmes including mentoring young people who need positive role models.

Working with others and helping them set goals for themselves is something that needs to be done in all our communities. Always remember that you always reap benefits when you give to others.

As a director of the Chamber of Industry and Commerce, I am afforded the opportunity to discuss ideas and interests with persons who

are also concerned with local, regional and international business.

Our common bond is to ensure that the private sector continues to make a positive contribution to the development of our country. Regular meetings and discussions with other businessmen have certainly helped to broaden my horizons and made me more aware of constantly changing global economic patterns and trends which impact on our small developing islands.

### CONSTANT CHANGES AND ADJUSTMENTS

Achieving success in any business does not mean smooth sailing at

all times. With changing local, regional and international trends there are clearly times when businesses must struggle in order to keep their heads above the waters and in order for businesses to grow. It is often necessary to change focus and direction. Careful and strategic planning, commitment and sheer hard work are vital in order to overcome rough patches which are inevitable no matter what type of business one is involved in.

I can readily think of one situation when two of the senior staff decided to resign on the same day. Although somewhat surprised, I refused to believe that this would adversely af-

fect my business. It was simply a matter of careful planning and making readjustments so that it was business as usual with absolutely no obvious negative consequences. Recruiting new staff provided me with an opportunity to put certain new measures in place and to seriously consider the best way forward for the company.

I have realised that promotions from within the company have been quite successful in fostering greater productivity and commitment

Rather than employ new persons in positions of seniority, new applicants fill entry level vacancies while employees who have [Cont'd on page 4](#)



On a daily basis, business owners are continually struggling to balance profitability against providing their customers with affordable goods and services. This balancing act has become even more complex as they are faced with:

1. **Increases in freight and shipping costs**— due to the rising price of oil.
2. **High input cost due to price increases in imported raw materials.**
3. **Increases in the electricity bill** — the increase in the price of oil has affected the cost of electricity in many ECCU countries.

With these rising costs the baker can no longer bake bread and pastry to sell at the same price when the price for flour keeps increasing. The hairdresser can no longer offer her services at the same price when the cost of hair products and fuel surcharge on electricity consumption keep rising. The same goes for the food handler and other business owners who have to contend with rising prices.

What would happen to businesses if the prices of their goods and services remain unchanged while costs kept increasing? Definitely, most businesses would not be able to generate sufficient income to meet their operational expenses. The worst-case scenario is that businesses would have to close their doors and many employees would be out of jobs.

Faced with these scenarios, the short term solution adopted by most businesses is to increase the prices of their goods and services in an attempt to increase their cash flow. However, there is a price ceiling beyond which consumers are unable or unwilling to pay. Hence, a persistent increase in the prices of the business offerings to match the constant increases in the price of inputs may not be a feasible long-term solution. Businesses must be careful not to price themselves out of the market— *Consumers would seek more affordable alternatives or just change their consumption habits and do without.*

Throwing up one's hands in the air and giving up is likewise not a wise alternative. Business owners and prospective business owners must be aware that there

will be trying times. However, such trials if embraced, can open windows of opportunity to allow for new survival strategies that can drive greater operational efficiencies and create new ideas for survival and growth. When the going gets rough, it is crucial that business owners adhere to the following advice:

**Go back to the drawing board** – Assess the business strengths and weaknesses. Are resources being optimised? Is the client base being optimised? Is the business' financial information being captured, tracked and analysed? How much resources are being used to generate a dollar of sales?

If the business owner does not have a good grasp on these and other critical pieces of information then now is the time to address this gap. This information is necessary in order for the business to identify areas in which it is most successful, and areas in which it needs to scale back or revamp. Remember Pareto's Principle, the 80-20 rule—*80% of sales comes from 20% of the clients or products/services.* Business owners should therefore

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## Journey Cont'd

proved their ability are given opportunities for promotion. This has helped to motivate staff even further as everyone is aware that hard work and efficiency will be rewarded. I believe that effective management involves maintaining the trust and confidence of those you work with as well as of those you serve.

It is not always possible to prepare for every eventuality. This is why careful budgeting and good financial management are vital to any business venture. I can readily recall after the passage of hurricane Ivan in 1998 the office was severely damaged. We had to relocate for several months during which time I made the decision to build a new and more efficient office to house the staff which had increased in number over the years. I realised from this experience that challenges in business do not necessarily mean setbacks for they often force one to change direction and achieve even greater success.

I have also learnt that risks have to be calculated and carefully evaluated

especially when finances are involved. Taking risks does not mean being reckless or acting without thorough consideration of all aspects of whatever undertaking in which one is interested.

Perhaps the most important piece of advice which I wish I had been given when I first became involved in business is the importance of setting aside adequate savings to cover any unexpected situations. This can also be used for wise investment purposes so that one can have greater flexibility.

### CONCLUSION

The world is in a constant state of change, you can certainly prepare yourselves to make your contribution in the future by having clear and positive goals. It has been said that "nothing beats success like success." Be determined and committed to be the best at whatever you have decided to become. Make the most of every opportunity, academic or community related, to improve yourselves.

I wish to end with the words of Marianne Williamson:

**"Our deepest fear is not that we are inadequate. Our deepest fear is that we are powerful beyond imagination. It is our light more than our darkness which scares us.**

**We ask ourselves – who are we to be brilliant, beautiful, talented, and fabulous. But honestly, who are you not to be so?**

**You are a child of God. Your playing small does not serve the world. There is nothing enlightened about shrinking so that other people won't feel insecure around you.**

**We are all meant to shine, as children do. We were born to make manifest the glory of God that is within us. It's not just in some of us; it's in everyone. And as we let our own light shine, we unconsciously give other people permission to do the same. As we are liberated from our own fear, our presence automatically liberates others."**

I wish you great success in all your endeavors.

focus their energy on the 20% and avoid expending lots of business resources on clients and business areas that generate a small level of return and have a low potential for future growth.

**Budget properly** – it is known that success of a business comes with good money management. In doing so, business owners must keep a close eye on the budget. Expenses and receivables must be correctly recorded and closely monitored. It is important that unnecessary spending be avoided.

## Surviving the Odds Cont'd

**Have a business plan**—if you did not have one when you started, now is the time to craft one. The business plan should outline a road map to success, in good and bad times.

**Be willing to take risks and make sacrifices** – when your back is up against the wall it is time to be innovative. New ideas can include incentives that would increase sales. Remember that success comes to those who are not afraid to execute new ideas and take risks.

**Always keep a contingency fund**—Uncertainty is a natural part of business. All business owners should ensure that a contingency plan is always in place and that funds are available to be used when difficult circumstances arrive. Always be prepared.

Like the weather, the business environment is never constant. There are periods of sunshine, rain and storms. Staying successful in the midst of adversity requires becoming bigger than the adversity, and it requires changing from business as usual to business unusual.