

CARIBBEAN COMPETITIVENESS FORUM

The Caribbean Centre *for* Competitiveness



UWI



1st Caribbean Competitiveness Forum

"A Solutions Agenda to Key Competitiveness Challenges"

November 5-6, 2012. Hyatt Regency, Port of Spain, Trinidad & Tobago

Hear from Regional:

- Competitive Firms on successful Internationalisation Strategies
- Expert Policy Makers and Academics
- SMEs on Growth Challenges

THEMATIC AREAS

- Unlocking Access to Financing
- Innovation-Driven Competitiveness Models in the Caribbean
- Internationalisation of SMEs

Keynote Speakers:



Alex Pratt OBE
*UK Entrepreneurial
Success Story*



Dr Amitav Rath
*International Consultant on Innovation,
Competitiveness and Entrepreneurship*

An innovative and collaborative public/private dialogue to define practical solutions

FOR REGISTRATION DETAILS CONTACT:

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Caribbean Centre for Competitiveness
1st CARIBBEAN COMPETITIVENESS FORUM
“A Solutions Agenda to Key Competitiveness Challenges”

Unlocking Access to Finance | Competitiveness Models | Internationalization of SMEs

Day 1: Monday 5th November 2012

| | |
|----------------------|--|
| 7:15 – 8:00 | Registration |
| 8:00 – 9:00 | Opening Ceremony |
| 8:00 – 8:07 | Welcome: Chairperson (Prof. Downes – PVC UOPD) |
| 8:08 – 8:13 | Greetings: Senator The Honorable Larry Howai, Ministry of Finance and the Economy |
| 8:15 – 8:20 | Greetings: Professor Clement Sankat – PVC and Campus Principal |
| 8:21 – 8:26 | Greetings: Ambassador Arthur Snell – British High Commission |
| 8:27 – 8:32 | Greetings: Ms. Louise Clément – Canadian International Development Agency |
| 8:33 – 8:38 | Greetings: Mrs. Flora Montealegre Painter – Inter-American Development Bank |
| 8:39 – 8:44 | Greetings: Permanent Secretary Arlene MComie – Ministry of Planning & Sustainable Development |
| 8:45 – 9:00 | Formal Opening: Professor E. Nigel Harris. Vice Chancellor, UWI |
| 9:05 – 9:25 | KEYNOTE 1 – Professor Amitav Rath ‘The Macro Dimensions of Innovation Competitiveness and Entrepreneurship’ |
| 9:25 – 9:55 | COFFEE BREAK |
| 10:00 – 12:30 | THEMATIC SESSION I – BUILDING INNOVATION DRIVEN COMPETITIVENESS MODELS IN THE CARIBBEAN |
| 10:00 – 10:15 | Policy Prescription for Improving the International Competitiveness of the Trinidad and Tobago Economy – Dr. R. Hosein |
| 10:20 – 10:35 | Turning the Titanic Around: Lessons from Jamaican Organisations – Dr. Anne P Crick |
| 10:40 – 10:55 | Perceptions on the Enabling Business Environment in Barbados – Dr. Paul Pounder |
| 11:00 – 12:30 | Clinic I (Groups) AND Group Presentations |
| 12:30 – 1:30 | LUNCHEON SEMINAR - AMBASSADOR THE HONOURABLE RICHARD BERNAL (to be confirmed) |
| 1:35 – 4:25 | THEMATIC SESSION II – INTERNATIONALISATION OF SMEs I “Solution Spaces for SMEs in New Growth Areas: Addressing Constraints to Going Global” |
| 1:35 – 1:50 | Creating International Entrepreneurs of Caribbean SMEs: Exploratory Findings - Dr. Densil Williams |
| 1:55 – 2:10 | Presentation SME Business Challenge – Noelville Ltd. (Grenada) – Mr. Denis Noel |
| 2:15 – 2:30 | Presentation SME Business Challenge – Benjo’s Seamoss Ltd (Dominica) – Mr. John Robin |
| 2:35 – 2:50 | Presentation SME Business Challenge – Diana Candy Co. Ltd (Trinidad) – Mr. Ronald Grosberg |
| 2:55 – 4:25 | Clinic II (Groups) AND Group Presentations |



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Day 2: Tuesday 6th November 2012

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| 8:05 – 8:25 | KEYNOTE 2 – Mr. Alex Pratt |
| | "Tools for Building an Internationally Competitive Business under Austerity Conditions" |
| 8:25 – 8:45 | Q & A |
| 8:50 – 9:05 | Presentation – CCfC Firm-Based Competitiveness Index – Mrs Indera Sagewan-Alli |
| 9:10 – 12:00 | THEMATIC SESSION III – UNLOCKING ACCESS TO FINANCING: FINDING SOLUTIONS AROUND THE CONSTRAINTS |
| 9:10 – 9:25 | Building an enabling Venture Capital Model for the Region: A Best Practices Approach - Ms. Judith Mark |
| 9:30 – 9:45 | A Template for Preparing SMEs to become Investment Ready for Commercial and Alternative Financing – Mr. Wayne Dass |
| 9:50 – 10:05 | Moving beyond collateralized financing: Alternative Models based on Case Studies for the Region's Private Financial Sector - Mr. Ram Ramesh |
| 10:10 – 10:25 | CBET Shepherding Model™ - Dr. Basil Springer |
| 10:30 – 12:00 | Clinic III (Groups) AND Group Presentations |
| 12:05 – 12:15 | National Gas Company Presentation |
| 12:20 – 1:20 | LUNCHEON SEMINAR – MRS. FLORA MONTEALEGRE PAINTER "ENTERPRISE SURVEY REPORT" |
| 1:25 – 3:55 | THEMATIC SESSION IV – INTERNATIONALISATION OF SMEs II Business Tools and Mechanisms |
| 1:25 – 1:40 | Reaching International Customers through Global Networks – Mrs. Vidia Persad-Doonath |
| 1:45 – 2:00 | How Firms develop a Successful International Marketing Strategy (to be determined) |
| 2:05 – 2:20 | Technology and Innovation (to be determined) |
| 2:25 – 3:55 | Clinic IV (Groups) AND Group Presentations |
| 4:00 – 5:00 | FORUM SUMMARY AND POST-FORUM ACTION PLAN |



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FORUM REGISTRATION FORM

RETURN COMPLETED REGISTRATION FORMS TO:

EMAIL: ccfc@sta.uwi.edu | Fax: (868) 645-1523, (868) 663-5267

Mr Ms Mrs Dr Prof

SURNAME/FAMILY NAME

FIRST/GIVEN NAME

OCCUPATION: _____

NAME OF ORGANISATION: _____

ORGANISATION ADDRESS: _____

EMAIL: _____

TEL: _____

FAX: _____

FORM OF PAYMENT:

Cash

Cheque, Money Order, Bank Draft

[Payable to: The University of the West Indies]

US\$: TT\$ Exchange Rate \$6.45 (average)

Registration Fees

| | TT\$ | US\$ |
|---|--------|-------|
| <u>SML Enterprises</u> | | |
| 1 Person | 2,255 | 350 |
| 4 Persons | 7,095 | 1,100 |
| 8 Persons | 13,500 | 2,090 |
| <u>Qualifying Micro Enterprises, CBOs, NGOs</u> | | |
| 1 Person | 970 | 150 |
| <u>Special rate for qualifying students available</u> | | |

We have EXTENDED our Registration Special to November 02nd : US\$299 per person

FORUM KEYNOTE SPEAKERS



Dr. Amitav Rath directs a consulting practice at Policy Research International in Ottawa and has extensive experience in issues related to Innovation and Technical Change as they apply to firms and policies for growth, private sector development and competitiveness. He has consulted widely for private firms, national policy agencies and multi-lateral agencies such as the World Bank, UNDP, CIDA, IDB, OAS, UNDP, UNIDO, DfiD and Commonwealth Secretariat to name a few. Amitav holds a Ph.D., Operations Research, University of California, Berkeley and M.S. Industrial Engineering and Operations Research, University of California, Berkeley and B.Tech. (Honours), Mechanical Engineering, Indian Institute of Technology, Kharagpur.



Mr. Alex Pratt. A UK Entrepreneur is a lifetime holder of the Queens Award for Enterprise Promotion. He started his first business at 16 and is today the Founder & Executive Chairman of Serious Brands, manufacturing and exporting light bulbs used on spaceships, lifeboats and sewing machines. Author of the best-selling book “Austerity Business: 39 tips for doing more with less”, he has been an Industrialist advisor to governments, Key catalyst behind the rebranding of the UK into “cool Britannia”, has led the UK Government’s National Innovation Team and was Chairman of the National Assessment Panel for Business Support. Until June 2012, he was Director of the South East of England Development agency and Chairman of the South East Economic Development Board, a region of 8 million people with a GDP of 165 billion pounds. Alex speaks regularly around the world on Innovation, entrepreneurship and leadership. He currently Chairs the Local Enterprise Partnership for Buckinghamshire and is a founding Director of the Barbados entrepreneur Foundation.

FORUM ABSTRACTS

KEYNOTES

DR. AMITAV RATH (POLICY RESEARCH INTERNATIONAL, CANADA)
The Macro and Micro Dimensions: Innovation and Competitiveness

In recent years there has been an increased attention among most countries to the issues of competitiveness and innovations in economic development processes. Macroeconomics is normally concerned with big aggregate issues, while Microeconomics is supposed to focus on concepts that are more easily recognizable in the real world, such as the behaviour of firms. This division is increasingly blurred when we examine economic growth, a macro issue, in which innovation and competitiveness are increasingly seen as important in promoting growth. Yet, innovation and competitiveness are at least equally strongly rooted within microeconomics and business studies and the theory of the firm. This key note points to the convergence of these concepts in new policy tools such as cluster development and how the ideas of innovation systems and cluster competitiveness provide all stakeholders with useful conceptual tools that combine capacity development, research and knowledge creation, with sustainable economic growth processes. It concludes that common to both innovation and competitiveness is an increased recognition of the role of knowledge in various forms, hence of research, which underlines the potential for the new centre on competitiveness, to play a more central role in promoting both innovation and competitiveness, for sustainable growth in the region.

MR. ALEX PRATT, OBE (SERIOUS BRANDS, UK)
Tools for building an internationally competitive business under Austerity Conditions

In 2008 the world was hit by a global economic pandemic. Titanic companies that seemed too big to fail found out they were also too big for the lifeboats. General motors became the biggest bankruptcy of all time. Iceland went bust. Oops.

So much has changed. There are new threats and opportunities. So, have the underlying drivers of business success altered? Where are the new opportunities to exploit? What actually is innovation and how do you get more of it, and what is the difference between enterprise and entrepreneurship? How should we prioritise in this new era of austerity and how can we turn the market and financial turmoil to our advantage?

Practical examples of how to succeed in an era of austerity will be given

"You have to learn the rules of the game. Then you have to play better than anyone else" Albert Einstein

THEME ONE: BUILDING INNOVATION-DRIVEN COMPETITIVENESS MODELS

DR. ROGER HOSEIN (UWI, ST. AUGUSTINE, TRINIDAD)

Dutch Disease, Building external competitiveness and revealed comparative advantage

This paper would develop a model that outlines the existence of the resource movement and spending effects associated with the Dutch Disease in the Trinidad and Tobago economy. The paper would then provide a theoretical trace of the Dutch disease to a compromise of the economy's export diversification agenda, a decline in its external competitiveness and the development of a bipolar structure in its revealed comparative advantage position. The paper would use transition probability matrices to establish the great difficulty these types of economies have in migrating out of situations of comparative disadvantage and then provide some appropriate policy recommendations to improve the economy's external competitiveness.

DR. ANNE P. CRICK (UWI MONA, JAMAICA)

Turning the Titanic Around: Increasing Productivity in Jamaican Organizations

Jamaica like most Caribbean countries is currently transitioning from an agricultural and manufacturing economy to a service economy. Economics dictate that agriculture in the post subsidy era is no longer profitable and in a globalized economy most manufactured products cannot effectively compete with cheaper imports. Jamaica has therefore chosen to depend on tourism as its major source of foreign exchange earnings and to develop a range of services to support that industry and to support the local economy. Shifting the country's economic base has not however resolved a nagging issue – low productivity.

Since 1970 productivity in Latin America and the Caribbean has consistently lagged the rest of the world (IADB, 2010). The IADB rejects the commonly held notion that the challenge that Latin American and Caribbean countries face is insufficient investment and argues instead that the major problem is ineffective use of resources in the economy. In particular they argue that the services sectors are dragging down the rest of the economy. This is well known in Jamaica where the governor of the Central bank reported the depressing news that the overall efficiency of production declined at an average rate of 2.1% every year over the period 1990 to 2010. He also noted that output per worker contracted at an average rate of 0.5% over the same period (Bank of Jamaica, 2011).

In this paper I argue that while there is no shortage of understanding of the problem, the range of solutions has been limited. The spectre of the plantation looms large over Jamaica and it is not surprising therefore that the strategies adopted are similar – push individuals to produce more and

more using coercion in many instances, punish mistakes severely and publicly, narrow the input and discretion of employees, introduce technology slowly and only in a limited way and focus primarily on meeting the needs of those outside of the plantation. Amazingly even with free labour the plantations were unprofitable and today most organizations that adopt similar tactics find themselves unproductive and unprofitable. It would therefore seem illogical to adopt these strategies but those organizations that do are not even conscious of these beliefs since they are at a level that Schein (1992) has described as basic underlying assumptions – unconscious, taken for granted beliefs. These ultimately affect espoused values and management practices. Like the part of the iceberg that is hidden beneath the surface of the ocean, they have the power to sink the Titanic.

They have created what is defined and described in the paper as a spiral of discontent that has been destructive for all of the stakeholders. The spiral begins with the managerial paradigm about employees which affects management practices and policies which in turn have an impact on the emotions of employees and manifests itself in job performance. We will argue that while job dissatisfaction and negative emotions could have been contained within the organization in the manufacturing and agricultural economies, this is impossible in the service economy. Characteristics of service including simultaneous production and consumption make these feelings visible and negatively affect not only production, but customer satisfaction and loyalty. The organization then has to work harder to manage the negative fallout of the negative customer satisfaction.

The paper will focus on two case studies of public and private sector organizations that have broken free of the paradigm and have as a result managed to be more productive and high performing. Jamaica's National Housing Trust is a quasi-governmental institution that is charged with finding housing solutions for Jamaicans. Over its history the organization has had to respond flexibly to changing governments, economic conditions and consumer demands to fulfil its promise 'the key to your home'. We will analyse the trust's human resource practices and the strategies that it has used to become one of the few respected and liked governmental agencies in the country. The second company – Jamaica Money Market Brokers (JMMB) is in the financial services business and has experienced dramatic growth in its twenty year history. The company is well known in Jamaica for its 'vision of love' which guides its everyday treatment of internal and external customers. The focus of the paper will be on how and why these two entities developed these particular paradigms and the direct impact they have had on the organization's success. They will be supported by less detailed evidence from other Jamaican organizations to create a model of how employee practices can be channelled to increase productivity and competitiveness by avoiding the spiral of discontent.

DR. PAUL POUNDER (UWI CAVEHILL, BARBADOS)
PERCEPTIONS ON THE ENABLING BUSINESS ENVIRONMENT IN BARBADOS

This study will look at the policy perspectives and initiatives that Government have put in place to support business development in Barbados. It will investigate the role Government played in creating an innovative and enabling environment as it relates to infrastructure, education, legal framework, trade and investment. The research will identify best practices and offer recommendations that can be adapted by similar sized economies in the Region. The findings should indicate critical success factors, and performance measures. Further propositions for Government will be highlighted along with recommendations for future research.

THEME TWO: INTERNATIONALISATION OF SMEs I

DR. DENSIL WILLIAMS (UWI MONA JAMAICA)
CREATING INTERNATIONAL ENTREPRENEURS OF CARIBBEAN SMES

MR. DENIS NOEL (MD NOELVILLE, GRENADA)
PRESENTATION OF SME BUSINESS CHALLENGE – NOELVILLE LTD.

MR. JOHN ROBIN (MD, BENJO'S DOMINICA)
PRESENTATION OF SME BUSINESS CHALLENGE – BENJO'S SEAMOSS LTD.

PRESENTATION OF SME BUSINESS CHALLENGE – TRINIDAD BUSINESS

THEME THREE: UNLOCKING ACCESS TO FINANCING

Ms. JUDITH M S MARK (CME CONSULTING LTD.)

"Building an enabling Venture Capital and Angel Fund/Investment Model for the Region: A Best Practices approach."

This presentation provides an opportunity to examine the conceptual issues associated with risk capital. It identifies the inputs in developing an investment model conducive to an adequate supply of risk / venture capital for new business creation and growth, while ensuring that the prevailing environment is conducive to a situation of real demand for venture capital by start-ups and existing companies. In putting forward the model due consideration is given to the interrelatedness of creativity and innovation, access to capital and commercialisation, as Caribbean economies seek to enhance their competitiveness within a global context. What then are the determinants of risk/venture capital flows and how can we ensure that a collaborative, harmonious and well-integrated approach is adopted to create the required eco-system? The availability of financial capital is oftentimes seen as a pre requisite in taking novel ideas to markets or in enhancing the market competitiveness of products poised for further growth utilising new technologies. While finance is however relevant, research has shown many instances where, despite an abundance of financial capital and highly liquid financial markets, financial capital inclusive of risk/venture capital has been limited either for business start-up or expansion. This has generally been the situation within CARICOM-member states. There have been different schools of thought as to the reason for the paucity of venture capital or angel funds needed to bring ideas to markets in several jurisdictions at times where in other markets, venture capital has been used to fuel economic growth. One view is the low level of novel ideas or "market-savvy" inventions while another is the inappropriate mix of the capital available. The much-needed connection between capital availability, innovation and people capacity and capability must be established in the model. This requires an adequate supply of innovative ideas and inventions, well nurtured and packaged to attract capital. As such the role of academia, innovation and technology centres, access to networks and information, research and patenting of ideas will be explored. The creation of non-traditional financing options to complement traditional debt funding, is also paramount and as such risk capital, intellectual and sweat capital, corporate venturing, financial market restructuring, state and Public Private Initiatives are also examined in the model put forward. In designing the model the work of Kanniainin, Jeng & Wells and Gompers et al is applicable.

MR. WAYNE DASS (ACCA, TRINIDAD)
A Template for preparing SMEs to become Investment ready for Commercial and Alternative Financing

MR. RAM RAMESH (CEO, TTIFC, TRINIDAD)
Moving Beyond Collateralized Financing: Alternative Models based on Case Studies for the Region's Private Financial Sector

The cost of capital for Caribbean entrepreneurs is relatively high compared to their trading partners. The interest rate differential between deposit rates and lending rates is among the highest in this part of the world. This adversely affects the competitiveness of the companies in the region. While large conglomerates may be able to access financing at internationally competitive rates, small and medium-size enterprises (SMEs) continue to bear a disproportionate burden on their financing costs.

This situation is compounded by much of the banking system still relying heavily on collateralized lending models rather than cash-flow based lending models.

This paper sets out to examine the causes for this situation using a capital market eco-system framework that will scrutinize the issues associated with providers and users of capital, market intermediaries and instruments, and key enabling factors and institutions.

The paper will seek to find some preliminary answers to questions such as:

1. Is the local and regional financial sector ecosystem designed to support Caribbean competitiveness?
2. Is the high profitability of the financial sector attained at the cost of sustainable long-term economic growth of the region?
3. Is capital deployed in the banking system “stranded capital” or “productive capital”? What are the right measures for capital efficiency in the financial system given recent global turmoil in the financial markets?

The paper will also explore some alternate models of capital market development using case studies from Luxembourg, Singapore, China and other emerging markets.

Finally, the paper would seek to provide a possible institutional framework that may help to shift the market from a loan-based, bank-centric model to a bond-based, market-centric model that can create a sustainable competitive environment for the region.

DR. BASIL SPRINGER (CHANGE-ENGINE CONSULTANT, BARBADOS)
The CBET Shepherding Model™

(The intellectual property rights of the CBET Shepherding Model™ are owned by the Caribbean Business Enterprise Trust Inc., legally domiciled in St Lucia).

In order to ensure that the potential contribution of start-up businesses to the sustainable growth of an economy is optimally realised, there are three issues needed to be addressed: (1) Identifying businesses with the “DNA of an Elephant” (potential for export); (2) mitigating the high global rate of failure of start-up; and (3) timely access to appropriate finance. In 2007, the CBET Shepherding Model™ emerged to address these issues.

The CBET Shepherding Model™ has three nodes: Business, Shepherding and Innovative Quick Response Seed/Venture Capital financing. The business idea comes from the “inventor”; the “innovator” packages the idea for sale to the consumer; the “entrepreneur” manages the business of selling the package to the consumer; the “shepherding process” mitigates the risk of business failure. Shepherding is seen as the “collateral” which secures the Seed/Venture Capital Investment.

A pilot project was mounted in Barbados to “Test the Efficacy of The Model”. The results have revealed that there is no constraint to finding businesses with the “DNA of an Elephant”; based on the feedback from the Shepherds, advisers and the Enterprises themselves, there is no doubt, qualitatively, that the hypothesis that “shepherding mitigates the risk of business failure” was upheld; it was clear that start-up businesses take at least two years to establish their business systems before one can expect the enterprise to begin to experience sustained growth; and the major constraint is the difficulty to access seed/venture capital funds in the available financial markets.

The next phase of the Barbados project will, therefore, be to focus on targeting specific institutions to set up individual funds under a franchising arrangement.