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**“Creating new business
activity is the *challenge* of the
CSME”**

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The CSME : Saviour? Curse ? Miracle?

The CSME will be a saviour to those who use their talents well and labour productively in their own vineyards.

They will curse those bearing gifts and granting favours who do not create social conditions and economic infrastructure that allow them to thrive.




Lost decades of wealth generation

- **The number of people who are, or will become, business people and/or entrepreneurs is between 5% and 15% of the population in any country less than 10% in most countries**
- **Social equity requires that state capital should be devoted to creating industries and encouraging innovation and competitiveness - that policy would produce higher returns in social cost/benefit analysis terms and will certainly encourage more entrepreneurs**
- ***Abandon business development methods that did not work***
- ***We need a new Caribbean Business Policy***



New Caribbean Business Policy

- 1. Create new industries by encouraging innovation and opening opportunities**
- 2. Make consumers more important than producers and encourage competitiveness at all levels through productivity and innovation**
- 3. Encourage a wide range of market financing mechanisms to meet all needs**
- 4. Educate communities to support entrepreneurship**
- 5. Integrate globalisation into all business life and train new warriors for battle**



Business Development, especially for SME, is not about access to capital

It is about the development of conditions that create industries in the context of the economic and social freedom of a small number of people to pursue entrepreneurial dreams

It is naïve to think that the CSME will create new business activity simply because of freer movement of goods and services and, it is not true to say that expanding the number of SME automatically creates jobs and increases GDP



The new Caribbean Market Economy

Creating new business activity is the *challenge* of the CSME.

Either wage or employment levels will fall, unless *new business activity* is created



Governments must put the interests of consumers first

In the past, Caribbean countries gave “producers” a lot of attention. It was felt that would create jobs. So the best interests of “consumers” was secondary - in practical terms, this meant that 20% to 40% of our populations was secondary – the poor.



Put the interests of consumers first and allow markets to develop freely

- **There will be more incentives for innovation - firms will become more competitive - this will increase productivity**
- **Consumers will benefit in terms of range of goods, quality and price - business will benefit because expenditure on consumption will be more widely spread**
- **Make consumers better off, especially the poor, by creating new businesses - that must be the purpose of the CSME**



Productivity drives Competitiveness

Micro-enterprises generate rates of return on capital in excess of 25% to 50% per month or 300% to 600% per year – some as high as 1,000%

High productivity of both capital and labour makes micro-enterprises the most efficient businesses in most economies – microfinance in the Caribbean is evolving rapidly



The Possibilities

Once we recognise that growth from within our economies requires various processes of interaction between native “software” and global “hardware”, we will recognise that we must not limit ourselves by a local venture capital industry, or a local micro-enterprise sector or even a local financial sector



Realising the Possibilities

Once we outlive the “*past in us*”, there will be economic and social freedom for any number of people to pursue entrepreneurial dreams. That means leaving behind, business development methods that have not worked – it means looking for entrepreneurs where the Caribbean has never before looked



A new generation of entrepreneurs is emerging in Latin America, East Asia, Italy, Spain

This new generation includes:

- **middle class families**
- **university graduates**
- **entrepreneurial teams who typically, started to think of becoming entrepreneurs at 25 years old and had their first venture at 30**



Five Main Initial Motivations For This New Generation of Entrepreneurs

- 1. To achieve personal fulfillment**
- 2. To put their knowledge into practice**
- 3. To increase their income**
- 4. To be their own boss**
- 5. To contribute to society**

How can we educate communities to support this new entrepreneurship? How do we encourage this 10% and be fair to the 90%?