

NOVEMBER 2013

Staying Connected

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

YOUR FINANCESYOUR FUTURE

YOUR FINANCIAL
NEWS

Connecting The Dots

The year has been about trying to connect the dots so that we can figure out what is going on and how to respond.



Mind you, it would be pretty easy to connect the dots if the unknown was known - But it is not.

As we move our “pen” across the invisible board of life hoping that our etchings would reveal the right path towards future success, let us reflect on the words of the late Steve Jobs...

INSIDE

Presentations from
The 2013 Business
Symposium and Innovation
Forum

“...you can only connect them looking backwards. So you have to trust that the dots will somehow connect in your future. You have to trust in something — your gut, destiny, life, karma, whatever...it has made all the difference in my life.”

— Steve Jobs



Editor's
Note...

**BUSINESS
SYMPOSIUM AND
INNOVATION FORUM
22-10-2013**

**Welcome Remarks by
Honourable Sir K
Dwight Venner,
Governor, ECCB**

The global economy has been in crisis since 2008 and this has had a severe impact on the economies and financial systems of the ECCU. The crisis, which has been the worst since the Great Depression of 1929 to 1933, has exposed and exacerbated the fundamental characteristics of our economies, that is that they are very small, open and vulnerable. The crisis is still affecting us after five years and counting and has placed great strain on our

government finances, banks and business enterprises.

The response of the governments has been the following:

- Upgrading the Treaty of Basseterre to an Economic Union
- Setting out an Eight Point Stabilisation and Growth Programme

It is clear that all elements of our societies, that is, governments, the private sector, trades unions, civil society and the public at large must make common cause to deal with what can only be described as a monumental challenge for survival and progress. The gravity of this situation can be assessed by the inability of the advanced economies to climb swiftly out of this crisis. The United States of America, which is the most powerful economy in the world and to which our economies are tied, is not achieving the rate of growth

which will pull all the associated economies like ours out of the current recession. The recession will end but no one is calling the time.

What is required is for all countries to clean up their systems so that they can take advantage of the first signs of recovery.

For us in the OECS it means the development of a vibrant and innovative private sector to advance our economic and social development. To do this we must first carry out comprehensive surveys of the private sector to determine the sector's capability to take on the role of the engine of growth.

The private sector in the OECS is comprised of the formal and informal sectors. A census in Saint Lucia indicates that the informal sector constitutes two thirds and the formal sector one third of the private sector. The private sector is also mainly involved in non-tradeable activities - wholesale, retail, real estate, construction and personal services. This structure could not lead the economy. This structure gets involved in the economic process after



foreign exchange is earned in the agricultural, manufacturing, tourism, and export services sectors.

A restructuring and transformation of the private sector is now necessary to propel the economic growth

are important in this case, the aggregation of skills and competences and the penetration of external markets. The aggregation of skills and competences involves the organisation and representation of the private sector by specialisation.

The critical issue would be the value propositions that these associations provide to their members. These should be so valuable that they become as essential as your electricity supply which you pay for at the end of the month knowing that without it your business would not be successful.

It is clear that all elements of our societies, that is, governments, the private sector, trades unions, civil society and the public at large must make common cause to deal with what can only be described as a monumental challenge for survival and progress.

Another area we have been interested in with respect to entrepreneurial development is the establishment of investment clubs. These represent, if well done, an expression of economic democracy and partnership which can make a significant impact on our economic growth.

of our countries. First of all, the structure of the private sector needs to be turned around so that it is two thirds formal and one third informal and to have a more balanced configuration of non-tradeable and export oriented activities. We therefore have a starting point and a long term target. Next we need to identify the areas in which we have a comparative advantage in exports, that we can turn into a competitive advantage.

The big question then would be, how do we put together a cadre of innovative people who can push the envelope and become outstanding entrepreneurs? Two factors

Firms in various sectors can organise themselves into cooperatives to secure economies of scale. These firms can become members of an agricultural association that would promote their interests. The agricultural association could become a part of the national association in which the tourism association, the manufacturing association and other sectors of the business community are represented. The national associations could become members of the OECS association providing a wider representational scope for promoting the interest of our entrepreneurs.

At a more fundamental level the need to nurture entrepreneurship from an early age is critical. There are several vehicles which are available to us. The Junior Achievement Programme is very important and is growing in popularity. The utility of science clubs, 4-H Clubs, and Savings Clubs are good starters for entrepreneurial beginners.

The urgent need for us to think of creating jobs by our endeavours instead of looking for jobs is critical for

our development. This is the age and the time for jumping off into new ventures. Henry James put it this way: *'Until you try you don't know what you can do'*.

I want to encourage you to be innovative and resourceful. We need to create a dynamic entrepreneurial environment which we can all proudly call "EC INC"

This would be a fantastic achievement for little islands. ●

“How do we put together a cadre of innovative people who can push the envelope and become outstanding entrepreneurs?”



L-R: Hon. Sir K Dwight Venner, Governor, ECCB; Mrs Sarah Owen, Head, The UWI Open Campus, St. Kitts Nevis; Mr Denzil Crooke, CEO/Consultant, Quantum Consulting, St. Kitts; Dr. Luz Longsworth, Director of the UWI Mona Western Campus, Jamaica; Mr Rawlinson Isaac, Businessman/Financial Consultant, Nevis

Creative Business Leadership

by Denzil Crooke , CEO/Consultant , Quantum Consulting, St. Kitts

I am absolutely delighted to be experiencing this learning opportunity. When I was asked to participate my initial response was “hmmm you’re so busy” but when I recognise the opportunity to learn and to share then it became quite important to me...

I’m reminded by Eric Hoffer who noted that *“in a time of drastic change, it is the learners who inherit the future. The learned find themselves equipped to live in a world that no longer exists.”* **Vanguard Management, 1989**

Over the past few decades, creativity has become highly fashionable as a topic in both academia and the business circles. That is not to say that creativity did not exist before, but its importance to the continued success of an organisation had yet to be recognised .

Today we live in a time of complexity, diversity and unprecedented change. These characteristics, these truths are creating dependences and interdependences which never existed before. The rapid escalation of complexity may well be singled out as the largest challenge facing business leaders in the region today.

It is this complexity that defines the context in which businesses are forced to function. In addressing the context, I speak about markets which are opening up and barriers which at the same time are being lowered. The context speaks to competition becoming fierce. The life cycles of new products and particularly technologically oriented products are becoming shorter and shorter. The context is also characterised by a growing erosion of stable and predictable work lives. Once when we were employed, it was a question of going from the cradle to the grave. Today

that no longer exists. Businesses are grappling with the growing scarcity of resources and not only has the pace of change intensified but the level of change carries a higher degree of uncertainty, ambiguity and volatility. It seems quite clear that what is certain about the future is that there will be even greater levels of uncertainty and it is in this framework that we are expected to function. It is in this framework that we are expected to do well.

In response to the chaos that has been created by the context, business leaders default to traditional practices and this is quite understandable as we default to our comfort zones. The confusion that’s created by the context triggers witch-hunts to find someone to blame because someone must be responsible for the underperformance and so we engage in disciplinary actions. Management peruses

processes and procedures currently employed in the businesses in response to the context; examines and turns to existing best practices; consults statistical analyses of marketing interactions; introduces product line extensions; engages consultants; and the list of traditional responses continue in an attempt to find the way out as the complexity and the place of change deepens.

After considerable research and some trial and error, a few tested and tried elements for dealing with complexity emerge: -

- ◆ An open mind
- ◆ Respect for others
- ◆ Respect for ideas
- ◆ Respect for differences
- ◆ The collective wisdom of individuals in organisations

Interestingly enough, a close examination of these elements shows that many of them are encapsulated in an applicable definition of “Creative Leadership” that

would form the basis for our discussion today.

The apparent disparate fields of creativity and leadership simply have several characteristics in common and have attracted attention and much discussion among leaders of institutions, scholars and socio-political commentators.

An understanding of the connections between leadership and creativity and how they inform each other can very well enhance the effectiveness of leaders; may help the leaders to meet the demands to deal with increasing and growing complexity; and aid organisations in responding to rapid growth in the global economy. But the very nature and uniqueness of both creativity and leadership make it most challenging to define them.

The implications of both engender a realm of possibilities for the practice of what may be called creative leadership. So for

the purposes of this discourse I have chosen to employ the definition of creative leadership provided by Puccio et al (2011): **“...the ability to deliberately engage one’s imagination to define and guide a group towards a novel goal, a direction that is new for the group. As a consequence of bringing about this creative change, creative leaders have a profound positive influence on their context (i.e., work place, community, school, family etc.) and on the individuals that are in that organization that is in that situation.”**

Very simply stated, creative business leadership speaks to “a flexible, connecting mindset that helps us to deal with a complex and changing world, and that keeps us nimble and adaptable, and employing collective ideas from across the organization”

In 2010, IBM conducted a global CEO study to determine how businesses

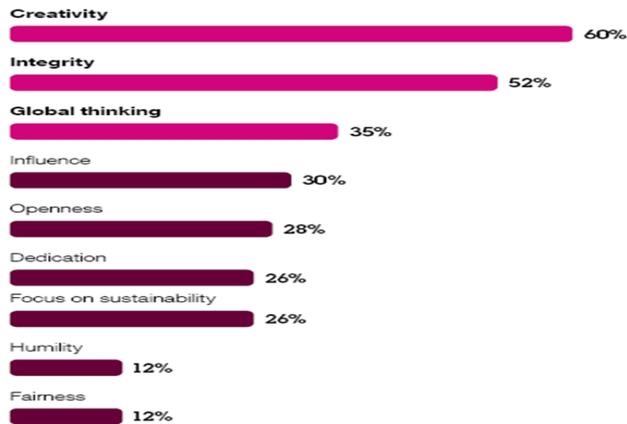
and how business leaders were dealing with the level of complexity and to determine what strategies the more successful organisations were employing in the prevailing context. IBM conducted over 1500 face-to-face interviews with CEO's from companies across the world, some 60 countries, encompassing and representing 33 industries. The study concluded that creativity ranks as number one as the most important leadership quality for business success over the next five years.

While we are concentrating on creativity I would like you to have a close look at the slide and you would recognise that it defies some of the strengths and some of the 'machismo' that comes out in traditional management. The slide speaks to all soft issues - issues of integrity and openness, issues of dedication and a focus on sustainability.

Yesterday while I was talking to Dr. Longworth I noted how very soft my approach

Top leadership qualities

CEOs cited creativity as the most important leadership quality over the next five years.



Source: IBM CEO Study 2010

would be to the whole issue of creativity in business leadership because we need to highlight and emphasise some of the softer qualities. It is not my intention then to posit that the need for creativity in business is something new. Although the recent call for creativity into today's society is now more widely recognised. Those in the field of creativity and creativity studies have been making this argument for more than fifty years. The view or the relevance of creativity to business practice is becoming much more widely accepted as an effective response to accelerated change and increased complexity in the region... certainly in the world.

I argue that creativity should become an urgent concern for leadership of our enterprises and urgently because the shift to a more innovation driven economy has been relatively sudden and does not afford us the luxury of procrastination.

Creativity is different, markedly different from what the traditional world of management has been. Management perceives its role as the initiator of projects and routinely seeks to assign projects to the line for implementation. Creative leaders embrace dreamers across the organisation, distribute creative responsibility and give the dreamers latitude and guidance to apply their creativity in ways that are

best suited to solve the challenges that are emergent in these organisations. The creative leader has a particular mindset, one that encourages creative thought from among the rights of the employees and one that engages in specific behaviors that support creativity.

The perennial obsession of management is immediate results. I declare that this malady, “shortermness” is debilitating and has been the source of anemia and sometimes death among many of our institutions. Creativity forges a connection between apparently unrelated events and fuses them together innovatively over a period of time to achieve sustained positive results in the midst of complexity and change.

Management often seems tied to corporate cultures developed and nurtured in organisations over years of operation, while creative leaders seek to embrace ambiguity and unleash the flexibility that frees

institutions from the limitations and boundaries imposed by corporate culture. Yes, creativity is indeed different from the traditional role of management. Management plays it safe and embraces the status quo while at the same time hoping to return a better result. Creative leaders encourage others to drop outdated approaches, invite disruptive innovations and take balanced risks.

Management focuses on achieving tasks and targets that are set with deference to increasing complexities and enduring change that characterise the context. Creative leaders on the other hand strive to get an appreciation for and a deeper understanding of the context in which the business is operating.

If you now would have concluded that the context has created a crisis then you would have aptly concluded. We react differently to crisis. Whenever some of us are in a crisis we run and hide but

the call is for us to stand up and be counted, history records that out of every crisis emerges positive things. In fact, President Obama in one of his recent speeches quoted Paul Romer, an economist and professor at Stern School of Business at New York University. Romer said and Obama quoted ‘If crisis is a terrible thing to waste let us consider the demand and the need for creative business leadership as emerging out of the crisis that has been created for complexity and change’.

The value of institutionalising an ongoing awareness of the context was implicit in an interview with Howard Schultz, CEO of Starbucks. When asked about the relevance of understanding the context, Schultz responded “If you walked into our Monday morning meetings, you would think this is a company that is still trying to transform itself”.

Traditional management relies on impending disciplinary action to ensure performance and commitment from

reports. Creative leaders are empathetic and act less as commanders and more as coaches, less as managers and more as experiential facilitators, influencing and inspiring others in new ways and directions, building relationships that are vital to the creative process

My intentions here are not to bash or to emphasise the weaknesses of traditional management but rather to point to the promise of sustainability in our institutions in the face of growing complexity through an increased awareness of the potential that resides in creative leadership and a fact that creative leadership skill-sets can be enhanced through training.

As the discussion of creativity in business intensifies, I have found that there may be more of a misunderstanding of the value of creativity in leadership than any real reluctance on the part of managers to employ creativity as a factor of

sustainability. Management's default position is to manage everything, but creativity, by its own inherent nature cannot be managed. However, one's management can be enhanced by creativity. At the end of the day a company's innovation efforts will succeed or fail depending on the quality of its leadership.

A creative leader fosters an environment that supports creativity and drives it by being open to change; by involving others in creative new ideas; by encouraging debates and entertaining different perspectives; by allowing freedom and autonomy to rein in the organisation; and certainly by encouraging risk taking by accepting and embracing failure.

A year ago I had an opportunity to visit The Republic of China on Taiwan and I was very interested in the fact that there were over one million businesses-entrepreneurial businesses, small businesses, substantially

funded by the state. When I asked about the failure rate, talking about failure in its traditional sense, I was told that nine out of ten new businesses fail. So how is it that one million businesses are sustained? Because the directorate, the people who organise and arrange and conceptualise the idea of entrepreneurship have redefying failure so that when a business fails, that business or some other idea by that same person is funded.

My take is that in the region we need to give serious consideration to redefining failure. The fear of failure is one of the primary deterrents of creative innovation and that's because failure is grossly misunderstood. While individuals and organisations have been known to suffer from indiscretion, I suggest to you today that failure is not an event. It does not happen in a moment, failure is a process and that is why creative leaders creatively embrace failure. It is for this reason that creative thinking

should saturate every facet of our communities or families or institutions of learning or businesses and certainly our financial institutions.

I am having a difficulty hiding my excitement by being able to make a point to all the financial institutions represented here today and those who fund businesses. All of our creativity and the innovation that will result from creativity can go nowhere unless they are funded. Creative leadership must be pervasive and it must be allowed to invade the hallways and the offices of our financial institutions in ways that would inspire management to redefining risk taking and risk mitigation.

I issue a call for our banks to return to meaningful relationship banking that is funded on trust and relationships built up over time so that creativity would be encouraged and innovation can be

adequately funded in a timely manner.

Similarly, government and the public sector must seek to increase their awareness of the values and importance of engaging in creative thinking and its supportive mechanisms so that legislation and tax machines would support and encourage and facilitate innovation and by extension more robust economies.

Creativity has become the primary engine of growth and sustainability and the decisive source of competitive advantage and may very well replace raw materials, laborers and capital as resources of economic values. It has been well said that none of us is as clever or as effective as all of us. The discipline of creative business leadership calls for the mobilisation of the collective brain power, will and commitment of each and every business leader in the region. In the proactive effort to engender sustainability in the face of increasing complexity and enduring

change. This in itself will represent a serious but important cultural shift since we tend to see everyone as a competitor; the core is to see each other as a partner.

Ultimately and conclusively, it is not a matter whether creativity can impact leadership it has become increasingly evident that it is not only capable of doing so but it is doing so. The issue then is how to embed creative mindsets and creative skillsets more firmly within our businesses, within our financial institutions and within our institutions of higher learning in order to bring about meaningful and sustainable change. ●

The Financial Information Month **Business Symposium and Innovation Forum 2013** 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. The presentations of the other two featured speakers will be made available in the December issue of *"Your Financial News"*