

Uncovering Authentic Jamaica

How small business in Jamaica can be best positioned to contribute to the economic, social and environmental wellbeing of the Island

Executive Summary

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Edits and corrections welcome ahead of final publication

The Voices of Small Business Owners in Jamaica

“We don’t have any use for balance sheets. My father has never been to a bank [for our family business].”

“It is easier to do business if you are white: the doors open and there is a sense of entitlement... I can see people denying this to me.”

“If I rise then all boats rise. I want the whole area to become more prosperous.”

“Live within your means, work with what you have to work with.”

“Export, or we die.”

“I consider my colleagues and workers to be the ‘dream team.’ I have very loyal, trusting, hard working people. I work with people who are my friends.”

“One love is not love. We say in our motto ‘out of many, one people’ but we don’t really mean it.”



To prepare this report, our team interviewed scores of small business owners in Jamaica to discover the world through their eyes. The insights here reflect their understanding of the challenges they face, as well as the vision they hold for what is possible.

Our approach is to listen deeply, and turn the wisdom of those who are closest to a problem into new and never-considered ways to take collective action. This is not a report. It is a **call to action** from the business leaders in Jamaica who are ready to step into their true potential.

Executive Summary

Jamaica's story is complex and multilayered. The outside world's narrative about the island vacillates between two extremes: A glossy celebrity presence in music, sports and the arts, versus an international debtor beset by crime and corruption. Inside Jamaica there is another narrative, one rooted in the informal and gift economies, which is awash with abundance and generosity and deeply innovative, resilient and creative. This side of Jamaica is the hidden and underexploited potential of small business. It is an "Authentic Jamaica," rich with possibilities for nation-building as yet unrealised.

After slavery was abolished in the England in 1838, Jamaica developed two distinct social and economic spheres. One was a formal system that superimposed a veneer of England's market structures and norms to support the operations of colonial rule; the other, far larger and more embedded system, was the domain of indigenous people, whose culture favored bartering, gifting, personal trust, and other hallmarks of a rich informal economy.

That combined legacy of the veneer of colonial formal economy and the deeper reality of informal indigenous economy has created an impression of modernisation, while lacking the capacity to participate fully in market systems. This historical bifurcated narrative sets the scene for much of the contemporary experience of small business and was a central theme uncovered in this work.

The objectives of this work were to:

- Survey Jamaican entrepreneurs to identify how small business in Jamaica can be best positioned to contribute to the economic, social and environmental wellbeing of the Island;
- Identify the Barriers and Design Principles that inform how small business operates; and
- Develop Opportunities for intervention to transform the position and potential of small business in Jamaica.

The four barriers we identified were:

1) Capital Market Participation Gap

A substantial gap exists between Jamaica's historic origins of island-culture, indigenous development and its relatively recent trek toward (and collision with) capital market economies. This gap's presence is visible in the ineffectiveness of the evolution of financial systems, cross-sector agencies, education institutions, cultural patterns, societal norms, as well as the lack of the knowledge and skill sets that would traditionally support widespread participation in a strictly capital market economy.

This gap is a structural legacy, not a lack of capacity, ingenuity or resilience.

2) Jamaica's True Narrative isn't Widely Told or Heard

To the outside world, Jamaica is a land of “One Love,” white sand beaches, Usain Bolt, Grace Jones and Harry Belafonte. It also boasts public debt at a level of 123% of GDP and is ranked 83rd (out of 177) among nations for government corruption.

But beyond those polar extreme external narratives, there are other stories. These narratives come from a deeper thread, weaving a story about the incredible resilience of a culture steeped in generosity, a population of inventive entrepreneurs. This is the Jamaica of home-grown honey, taxi services that run on barter, and a place that made meals cooked from scratch a leisurely celebration long before “slow food” was a global trend.

3) Instability and Fragility is the Norm

Jamaican businesses operate in a landscape in which instability and fragility are ongoing threats. This unstable climate presents in various forms. First, across multiple industries, underlying support infrastructure (roads, Internet access, flexible and appropriate finance models, or electricity) is scarce, inefficient, or prohibitively expensive. Second, scarcity of raw materials, often due to large import taxes, is a constant worry. Next, sourcing machinery, processing equipment, and spare parts is a consistent challenge as well. For agriculture, water shortage is of major concern. And finally, the small businesses owners we interviewed indicated that existing banking products are ill-suited to their needs. High interest rates, collateral constraints and difficulty in obtaining start-up capital or simple banking services, a serious lack of transparency in debt financing and underwriting reinforces mistrust of mortgages and other borrowing.

4) Current Legislation Encourages an Informal Economy

Government bureaucracy and inconsistency, coupled with unnecessarily complicated business regulation put a strangle-hold on small business, according to our research. A myriad of these difficulties drive business owners toward participation in the informal, rather than formal economy.

We do not assume that all informal businesses should become formal: but a better understanding of which businesses might be able to grow and thrive in a formal economy could be created if the cumulative actions of government did not serve as an overall discouragement to entrepreneurs.

The Five Design Principles we identified were:

1) Value “Authentic” Jamaica.

This principle subsumes three strategies we observed entrepreneurs employing to generate new value: 1) Create distinct value from a “made in Jamaica” approach; 2) Create narratives that name the value of Jamaica in marketing strategies; 3) Increase the value of their products by shifting into positions in the supply chain in which they can add more value and, therefore, gain better margin.

2) Don't Follow the Crowd.

Successful small businesses are exploiting new opportunities by observing what is being ignored by other businesses, by turning conventional ideas upside down, and by inventing bold workarounds that remove traditional players.

3) Rely on Local Wisdom.

Jamaican small businesses are engaged in what might be called in other contexts, "constant customer research." Except here, it is part of a process that has always been integral to Jamaican business building community. The exchange is personal, and reflective of a history steeped in a gift economy, bartering, and deep connection.

4) Innovate incrementally.

Most small businesses in Jamaica are cash-based, meaning that they fund their activities through their own earnings, rather than by taking loans or investment. While the reason behind this attribute primarily is due to the lack of available financing, that lack forces entrepreneurs to be resourceful. Each new opportunity is thoroughly vetted as the entrepreneur saves, and efficiency becomes a driving motivation. The result is wildly diverse in some ways "piecemeal" companies that combine, for example, the unlikely pairing of chicken litter compost and cocoa, or taxi service and sorrel juice production, or bee-keeping and engineering. These companies, while somewhat unwieldy as business models, are robust and resilient, as they have multiple revenue streams if one should falter.

5) Redefine "Success." The market capitalism emblematic of development schemes has pushed a definition of success that emphasizes financial gain and economic growth. Jamaican entrepreneurs are defining success in ways that give more prominence to other, more authentically native values. These include: Living within one's means; Slow food; Cultivating a culture of saving; Treating employees like family; Living a quality of life that includes leisure; Developing local markets that allow Jamaicans to purchase locally and return value to their neighbors.

Observing how these Barriers and Design Principles interacted in the real world led us ultimately to a set of nine Opportunities clustered into four groups, each with the potential to shift the small business landscape toward greater efficiency and increased impact.

The four Opportunities are:

Opportunity One: Develop of New Doorways to Enter Business

Idea: Create a way for potential entrepreneurs to identify their strengths and choose appropriate businesses to pursue.

Idea: Capitalise on Jamaican's ability to not follow the crowd

Opportunity Two: Develop Support Materials and Programmes That Make Operations Simpler and Success More Attainable

Idea: Develop a mentoring and master class programme led by entrepreneurs who have consistently shown their ability to differentiate themselves from the competition.

Idea: Encourage brokers and intermediaries to take up specialist positions in the world of small business support in Jamaica

Idea: Adapt financial products to fit the realities that small business face

Idea: Develop support systems and non-banking services that reflect the cash flow driven and community centric natures of small business

Opportunity Three: Talent Development

Idea: Scout for the best small business talent in Jamaica

Idea: Create a campaign to reverse the brain drain from Jamaica

Opportunity Four: Rewrite the Narrative of Jamaica to be Authentic

All of these initiatives live in spirit under a national campaign to elevate the stories of Jamaica's small business entrepreneurs. Their accomplishments and underlying values are excellent opportunities to provoke a national dialogue in which Jamaicans can re-claim their informal economy heritage and use it to invent a brighter future.

This report was prepared for the Small Business Association of Jamaica by
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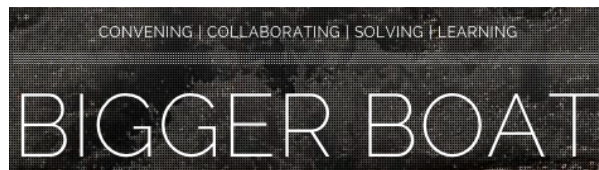
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The views, analyses, conclusions, and recommendations expressed in this report
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By



And

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