

PROJECT STATUS REPORT (FINAL)

JULY 2011 - DECEMBER 2011

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Improving the Competitiveness of Family Businesses through Corporate Governance

Project Number: JA-M1012 - Operation Number: ATN/ME-11576-JA

Result: To incorporate corporate governance and other managerial practices in selected MSMEs in Jamaica.

Country Administrator
JAMAICA

Beneficiary Country
JAMAICA

Group
SME - Small and Medium Enterprise
Development

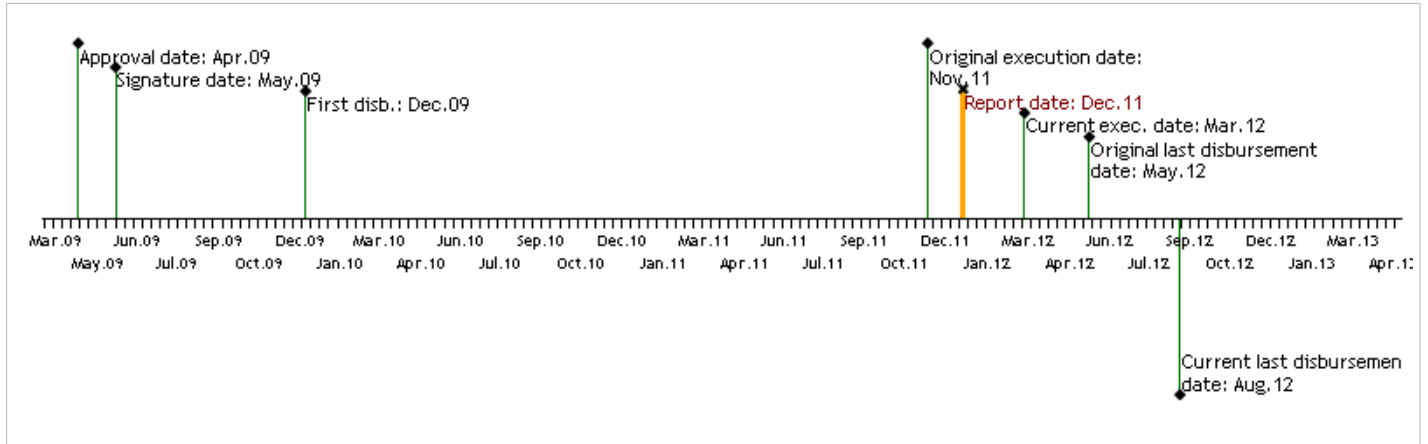
Subgroup
CGFE - Family Businesses

Executing Agency: PRIVATE SECTOR ORGANIZATION OF JAMAICA

Design Team Leader: Otsuka, Nobuyuki

Supervision Team Leader: Beecher, Wayne

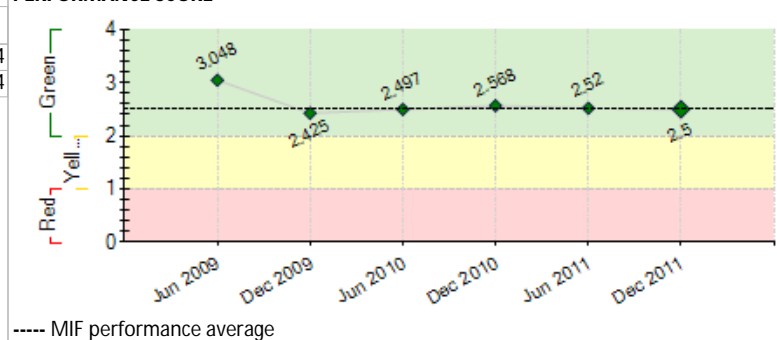
TIMELINE



FUNDS

	Approved	Cancelled	Disbursed
FOMIN	\$526,050.00	\$63,373.26	\$462,676.74
Counterpart	\$0.00	\$212,200.00	\$206,998.44

PERFORMANCE SCORE



SECTION 2: RESULTS AND ACHIEVEMENTS

Performance once project is completed

1.) The objective was to increase the competitiveness and sustainability of family-controlled micro, small and medium-sized enterprises (MSMEs) in Jamaica through Corporate Governance (CG) and share the benefits and lessons learned with the wider public. 2.) During the Project over 1000 persons were directly or indirectly sensitised about the value of CG and related management practices for family businesses (FBs). This was achieved through four components. Component 1- Sensitisation seminars across the island to gather data about the level of corporate governance (CG) and to assess the needs of the sector. Component 2- Twenty FBs were selected for further training to understand family business protocols and to carry out needs assessments. All participants wanted to be among the 10 FBs selected for Component 3 to receive additional technical assistance and access to external resources to address their specific needs. In Component 4 7 case studies including a video case were produced to share the lessons learned and for use in training and sensitising other FBs. The media, business associations and sponsors were used to assist in publicising the project's objectives. 3.) Risks included: lack of commitment by FBs; FBs' unwillingness to document and publicise cases and lack of capacity to benefit from the intervention. To mitigate the potential lack of commitment each FB was required to contribute at least 10% of the cost of their technical assistance and their senior management participation. Non-disclosure agreements were executed among each FB, the Executing Unit (EU) and the assigned consultants. To mitigate the resistance to becoming a case study each FB had to provide a signed statement attesting to their compliance with all requirements and if selected agreeing to publicise their experiences in a case study. The EU also arranged several seminars for FBs to address their managerial gaps identified. 4.) To ensure project sustainability: Participants in Component 3 signed agreeing to the implement strategic and operational plans. Related business associations were involved. Consultants were trained in case writing and produced six case studies with a seventh being done to show the different types of issues FBs face. Some 17 of the 30 participating FBs have already implemented formal boards of directors or advisory councils that were either dormant or not properly constituted.

Comments from the Supervision Team Leader

Overall the project was well executed; having achieved all indicators with only one delay. In addition to the stated indicators the project positively impacted the capacity of local consultants through the transfer of knowledge in family business consultancy and case study writing. This augurs well for continue impact of the program

Final evaluation
ATN/ME-11576-JA

Comments from the Supervision Team Leader

Agree with the Evaluators comments

The project achieved its development objectives

[Final evaluation](#)

<http://mif.iadb.org/file.aspx?DOCNUM=>

SECTION 3: INDICATORS

	Indicators	Baseline	Planned	Achieved	Percentage
Result: To incorporate corporate governance and other managerial practices in selected MSMEs in Jamaica.	P.11 At the end of execution of the project, Formal Boards established and functioning in at least 20 participating FBs	0	20	20	100 %
	P.12 At the end of the execution of the project, strategic and/or operational plans in place and approved by Boards for 10 targeted FBs	0	10	10	100 %
	P.13 Beneficiary FBs report high satisfaction with the results of the project	0	100	100	100 %
Classification: Satisfactory					
Component 1: Promotion and Awareness-raising Weight: 25% Classification: Satisfactory	C1.11 At the end of the first year of execution, 100 FBs sensitized about CG principles and practices.	0	100	100	100 %
	C1.12 At the end of the first year of execution, PSJO website updated with page on FBs and fully functional.	0	1	1	100 %
	C1.13 At the end of the first year of execution, 30 FBs selected to receive technical assistance.	0	30	30	100 %
	C1.14 At 6 months of execution, at least 5 institutions have been sensitized about the importance of CG principles and practices.	0	5	5	100 %
Component 2: Training and Technical Assistance on Family Business Governance and Strategies Weight: 25% Classification: Satisfactory	C2.11 At the end of project execution, 30 FBs trained on family protocol, succession planning and managerial skills	0	30	30	100 %
	C2.12 At the end of project execution, 30 FBs receive technical assistance to improve their managerial skills and incorporate family protocols and succession planning	0	30	30	100 %
	C2.13 At month 7, 30 FBs selected to receive training	0	30	30	100 %
Component 3: Facilitation of External Resources for Family Businesses Weight: 25% Classification: Satisfactory	C3.11 At the end of project execution, 10 FBs that received technical assistance, introduce CG systems and develop strategic and operational plans	0	10	10	100 %
	C3.12 At month 18, 10 FBs selected for development of strategic and operational plans	0	10	10	100 %
Component 4: Dissemination of Outcomes Weight: 25% Classification: Satisfactory	C4.11 At the end of project execution, over 1000 stakeholders made aware of the lessons learned.	0	1000	1000	100 %
	C4.12 At the end of project execution, 3 case studies disseminated within stakeholders (financial institutions, investors, international organizations, etc.)	0	3	3	100 %

Milestones	Planned	Due Date	Achieved	Date achieved	Status
M0 Condiciones previas	1	Nov 2009	1	Nov 2009	Achieved
M3 Creation of PEU and establishment of PSC	17	Nov 2009	17	Nov 2009	Achieved
M3 Deliver 6 awareness sessions with a total of at least 60 participants over all events	21	Apr 2010	100	May 2010	Achieved late
M4 20 FBs are selected for detailed training and TA	19	Jul 2010	30	Sep 2010	Achieved late
M5 -20 FBs receive training and TA. -10 FBs are selected for development of strategic and operational plans.	19	Feb 2011	30	Feb 2011	Achieved late
M6 3 case studies completed.	8	Sep 2011	8	Dec 2011	Achieved late
M7 Dissemination conference for 75 people held.	1	Mar 2012	1	Nov 2011	Achieved

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Executing agency institutional capacity

SECTION 4: RISKS

CRITICAL RISKS MANAGED DURING IMPLEMENTATION

PROJECT RISK LEVEL: Low **TOTAL NUMBER OF RISKS:** 4 **IN EFFECT RISKS:** 0 **NOT IN EFFECT RISKS:** 0 **MITIGATED RISKS:** 4

SECTION 5: SUSTAINABILITY

Likelihood of project sustainability after project completion: HP - Highly Probable

There is a cadre of local consultants available to continue supporting family businesses. In addition the project is being linked with other projects being developed to support SME financing through debt and equity.

CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

[None reported in this period]

Actions related to sustainability which have been implemented:

In addition to having the participants contribute to the cost of the technical assistance and signoff on the type and content of the intervention to resolve their firm specific issue seven cases including a video case have been prepared to show the lessons learned and benefits of incorporating corporate governance and related management practices. The Executing Unit (EU) has involved tertiary institutions at the local and regional level and EduNova Co-operative and Dalhousie University among the participants in the function to launch the cases in the Corporate Governance Volume 3-Selected Case Studies and is in the process of arranging with at least two institutions to use the cases in their teaching instructions. The EU is also hosting an inaugural Caribbean FB and Ethics Conference in Oct. 2012. This will be the first of a series of bi-annual conferences to encourage CG in regional MSMEs and FBs. The core of current participants will be invited to attend and data collection will track their performance and encourage their CG practices.

[Sustainability Plan](#)

<http://mif.iadb.org/file.aspx?DOCNUM=>

SECTION 6: KNOWLEDGE

Lessons learned

1. It is important to be able to evaluate the consultants throughout the project to respond based on feedback from the participants. Especially when handling sensitive matters related to family businesses - the interaction of the family, the ownership of the business and the family members employed by the business. There must be trust for the project to be successful.

2. There are many FBs that have been sensitised about the importance of CG for improved sustainability and profitability but are unable to afford the consulting services to implement the improvements. These firms which include the twenty FBs that could not be facilitated to access the external resources needed could be supported through a similar project for SMEs as some 80% of regional SMEs are family owned and/or operated businesses.

3. The short and medium term gains achieved during the implementation of Component 3 of the project served to increase the commitment of the participants to work through the strategies.

4. The Implementing agency, The PSOJ, intends to host a regional family business and ethics conference next year October. This will go a far way in reinforcing the lessons learned as well as to sensitise other FBs about the benefits of good corporate governance. The region's SMEs are the true engine of growth and this opportunity to consult with trained experts knowledgeable in how to approach resolving their issues and encouraging networking and coaching amongst the cohort has yielded positive results.

Participants at that time should be invited to provide updates about their successes and challenges to better inform the adjustments to the programme. This project is a suitable segue to support for the broader SME sector since some 60-80% of SMEs are family businesses.

5. Of significance for the success of this project was the fact that it focused on aiding each family business in resolving the particular problems of the business rather than a "cookie cutter" slate of FB/SME solutions. The approach to resolving their issues through the implementation of improved corporate governance (CG) and proper management principles demonstrated in a practical way the positive value of CG was for improved efficiencies, communication among primary stakeholders and profitability.

The matter of conflict resolution within the family business was a common thread due to the potential for family members to pull against each other as family issues and relationships filter into the business. The participants recognized that this issue was neither unusual nor unique and needed to be resolved for the benefit of the stakeholders and the survival of the family business.

Relative to
Design

Author
Glasgow, Sandra Alicia

Design

Glasgow, Sandra Alicia

Implementation

Glasgow, Sandra Alicia

Sustainability

Glasgow, Sandra Alicia

Implementation

Glasgow, Sandra Alicia

Indicate which are the main products of the project, where they can be found, and how they could be "shared" with other entities or similar projects.

1. Case Study

Main products of the project

[Nov 2011] Improving the Competitiveness of Family Businesses through Corporate Governance (Case studies)

Author: Various authors

[Feb 2012] Central Printing Company Limited (Case studies)

Author: Jacqueline Peat-Smith and Sandra M. Shirley

[May 2012] Picture of Closing Workshop (Other)

Author: LascellesPage

[May 2012] Wayne Beecher and Erica Houghton (Other)

Author: Lascelles Page

[May 2012] Closing Workshop (Lessons learned/best practices)

Author: Sandra A. C. Glasgow

SECTION 7: DOCUMENTS

28/MAY/2012 [Intermediate Evaluation Report](#)

<http://www5.iadb.org/mif/file.aspx?DOCNUM=36884505>

[Project profile](#)

<http://www5.iadb.org/mif/apps/public/psr/projectprofile.aspx?proj=JA-M1012&lg=EN>