

PRESENTATION BY

SENATOR ALOUN NDOMBET-ASSAMBA – General Manager, COK

ON

**CREATING AND SUSTAINING EMPLOYMENT IN
FINANCIAL CO-OPERATIVES – The case of City of
Kingston (COK) Co-operative Credit Union Limited**

**AT THE CARIBBEAN SUB-REGIONAL MEETING OF
REGISTRARS OF CO-OPERATIVES**

AT THE COURTLEIGH HOTEL, KNUTSFORD BOULEVARD, KINGSTON 5

2001 MAY 16 - 18

INTRODUCTION

COK, COGNIZANT OF THE NEED FOR CREATING AND SUSTAINING EMPLOYMENT IN THIS ERA OF REDUNDANCY AND CONTINUED ECONOMIC CHALLENGES, CONTINUES TO OFFER LOANS TO OUR MEMBERS TO START THEIR OWN BUSINESSES. MEMBERS ARE TAKING ADVANTAGE OF THIS FACILITY, ESPECIALLY THOSE WHO HAVE BEEN MADE REDUNDANT OR THOSE WHO HAVE A BUSINESS IDEA AND NEED FUNDING. THESE MEMBERS ARE IN TURN ABLE TO EMPLOY OTHER PERSONS, THUS INCREASING THE WORKFORCE.

OF PARAMOUNT IMPORTANCE IS THE DEVELOPMENT OF STAFF AND SO WE HAVE ALSO EMBARKED ON A TRAINING PROGRAMME FOR ALL STAFF MEMBERS, WHICH INCLUDE BOTH INTERNAL AND EXTERNAL TRAINING.

WE ALSO OFFER TRAINING TO MEMBERS IN THE FORM OF PUBLIC FORA AND NEW MEMBERS' MEETINGS.

THIS PRESENTATION, THEREFORE, WILL FOCUS ON JOB CREATION FOR MEMBERS AS WELL AS STAFF.

BRIEF HISTORY OF COK

REGISTRATION

- COK was registered on October 26, 1967.

Number of Members at Inception

- 12 Male + 1 Female who signed up at the 1st AGM

FOUNDING MEMBERS

The following persons signed at the registration of the credit union.

FATHER GERARD MCLAUGHLIN, SJ – FOUNGING MEMBER

MR ALBERT MORRIS –FOUNGING MEMBER (FIRST PRESIDENT)

MR KEN LACRUISE –FOUNGING MEMBER (FIRST TREASURER)

MR HENRY FULLERTON – FOUNDED MEMBER (FIRST VP)
MR ROY ANDERSON (deceased – FOUNDED MEMBER
G HIND
D FOREMAN
J EBANKS
A HUTCHINSON
H SMITH
ANTHONY WOODS
PAUL CHAVANNES

The only female member, Ms Vinette Foster, signed up at the First Annual General Meeting.

1st AGM –

- JCCUL Offices, November 24, 1967

Shares

- 60 Pounds (JA\$120)

COK WAS FOUNDED BY OUR PRESENT VICE-PRESIDENT, ALBERT MORRIS, AND WAS REGISTERED ON OCTOBER 26, 1967. AT THE INCEPTION THERE WERE 12 MEMBERS (ALL MEN) WHO SIGNED ON REGISTRATION OF THE COMPANY. THE FIRST FEMALE MEMBER JOINED THE TEAM ON THE DAY OF THE FIRST ANNUAL GENERAL MEETING HELD IN NOVEMBER OF THE SAME YEAR IT WAS REGISTERED (ONE MONTH LATER). THEY WERE THE FIRST 13 MEMBERS OF THE CREDIT UNION WITH SHARES AT THAT TIME OF 60 POUNDS (JA\$120).

MR CHAVANNES, DURING THIS TIME PERFORMED VOLUNTARILY AS SOLE OFFICE WORKER, SERVING AS CLERK AND GENERAL ALL-ROUNDER, FROM HIS DESK IN CUNA MUTUAL'S OFFICE AT 2A MANHATTAN ROAD, KINGSTON 5. THIS CONTINUED UNTIL FEBRUARY 1969, WHEN COK HIRED ITS FIRST EMPLOYEE, WHO WAS GIVEN MR CHAVANNES DESK FROM WHICH TO WORK EXCEPT FOR ONE DRAW IN WHICH MR CHAVANNES KEPT HIS BELONGINGS. COK LATER WENT ON TO BECOME THE FIRST CREDIT UNION IN JAMAICA TO HAVE A LOAN OFFICER.

BY THE BEGINNING OF THE FOLLOWING DECADE, COK HAD OUTGROWN ITS OFFICE SPACE, AND SO, ON MARCH 1, 1970, LEFT ITS HUMBLE BEGINNINGS IN CUNA MUTUAL'S OFFICE AND RENTED A ROOM FROM THE JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE AT 2A MANHATTAN ROAD, KINGSTON 5. GROWTH WAS RAPID, AND THIS OFFICE SPACE WAS SPEEDILY OUTGROWN, SO, WITH THE LEAGUE'S PERMISSION, THE THEN EXISTING VERANDAH OF THE BUILDING WAS ENCLOSED, IN ORDER TO MAXIMIZE ON THE AVAILABLE SPACE.

THE CREDIT UNION CONTINUED TO OUTGROW ITS ACCOMMODATION, AND SO IN APRIL 1973, ANOTHER MILESTONE WAS REACHED, WHEN IT PURCHASED PREMISES AT 27 BEECHWOOD AVENUE, KINGSTON 5. THREE MONTHS LATER, AFTER REFURBISHING, COK OCCUPIED ITS NEWLY ACQUIRED OFFICES.

THIS MATTER OF GROWING SEEMS TO BE A WAY OF LIFE FOR COK, BECAUSE, FOR YET ANOTHER TIME, RELOCATION BECAME NECESSARY DUE TO INADEQUATE ACCOMMODATION. IN DECEMBER 1979, COK REMOVED TO OCCUPY PREMISES IT HAD PREVIOUSLY PURCHASED AT 66 SLIPE ROAD, KINGSTON 5, ITS PRESENT HEAD OFFICE.

PRESENT POSITION

- Number of Members
139,711

- Shares
- **Over \$1B**

- Staff Complement
- **161**

- COK now has 3 branches

SOME OF THE FOUNDING MEMBERS AND FRIENDS AT THE FIRST ANNUAL GENERAL MEETING

EFFORTS MADE TO RETAIN SKILLED EMPLOYEES

Staff Training & Development

Objective of Training

To elevate competence levels of all staff and to fill gaps

Internal & External Training

Cross Training

Training Budget

The table below shows the amount budgeted for Training for **1999 and 2000.**

YEAR	AMOUNT BUDGETED \$	AMOUNT SPENT \$
1999	2,500,000.00	1,633,204.40
2000	2,500,000.00	1,964,943.48

NUMBER OF STAFF TRAINED

LAST YEAR A TOTAL OF 101 STAFF MEMBERS RECEIVED TRAINING FOR AT LEAST 2 DAYS EACH AND 89% OF STAFF RECEIVED INDIVIDUAL TRAINING. WE ARE CONTINUING TO TRAIN STAFF, AND SINCE JANUARY OF THIS YEAR, WE HAVE DEDICATED WEDNESDAY AFTERNOONS SPECIFICALLY FOR STAFF TRAINING. THIS IS PROVING TO BE VERY BENEFICIAL.

EDUCATION COMMITTEE

Role

THIS COMMITTEE APPROVE LOANS FOR STAFF WHO ARE INTERESTED IN UPGRADING THEIR SKILLS. THE NUMBER OF STAFF WHO HAVE BENEFITED UNDER THIS FACILITY DURING 1999 AND 2000 IS SHOWN ON THE TABLE BELOW:

NUMBER OF COURSES ATTENDED

YEAR	COURSES
1999 68 Courses	2 Masters Degrees 35 First Degrees 2 Professional Qualifications (AAT, ACCA) 16 Diplomas 6 Short Certificate Courses 7 Certificates
2000 26 Courses	2 Masters Degrees 12 First Degrees 2 Short Certificate Courses 7 Diplomas 3 Certificates

IN RECOGNITION OF ITS HUMAN ASSET TO THE ACHIEVEMENT OF ITS STATED MANDATE, COK CONTINUES TO INVEST IN TRAINING, ORGANIZATIONAL DEVELOPMENT AND OTHER HUMAN RESOURCE AND PERSONNEL SERVICES WITH A VIEW TO ELEVATING THE COMPETENCE LEVELS AND IMPROVING THE PERFORMANCE OF ALL STAFF MEMBERS.

BASED ON THE RESULTS OF A TRAINING NEEDS ANALYSIS, SEVERAL TRAINING PROGRAMMES ARE IMPLEMENTED TO UPGRADE STAFF CAPABILITIES AND ALSO TO FILL GAPS.

FOR THE LAST YEAR, A TOTAL OF 101 STAFF MEMBERS WERE EXPOSED TO TRAINING OF NO LESS THAN TWO DAYS EACH, GIVING EACH STAFF MEMBER WHO WERE TRAINED AT LEAST 16 HOURS OF TRAINING FOR THE YEAR. OVERALL, MEMBERS OF STAFF PARTICIPATED IN 54 TRAINING COURSES.

MEMBERS

I HAVE CHOSEN JUST A FEW (7) OF OUR PROJECTS TO SHOW HOW OUR MEMBERS ARE PROGRESSING IN THEIR BUSINESSES, INCLUDING THE EMPLOYMENT OF OTHER INDIVIDUALS.

1. BUSINESS - **Dentistry**

Loan Type or Purpose

- COK Special

Benefits of the Loan

Background of the Business

Staff Complement – 7

Financials

Driving Force behind the Business

THE BUSINESS STARTED OVER EIGHT YEARS AGO AND HAS BEEN AT ITS NEW LOCATION FOR OVER THREE YEARS.

IT BOASTS THE LATEST TECHNOLOGY, WHICH IS EMPLOYED IN A MODERN HYGIENIC ENVIRONMENT.

LOAN TYPE /PURPOSE

COK SPECIAL -- THE LOAN OF \$5M IN 1999 WAS USED TO PURCHASE THE BUILDING THAT NOW HOUSES THE DENTAL PRACTICE. THIS ENABLED THE BUSINESS TO MOVE FROM A RENTED LOCATION TO ITS PRESENT LOCATION.

BENEFIT OF LOAN TO BUSINESS

THE MAIN BENEFIT IS THE PEACE OF MIND OF KNOWING THAT THE BUILDING IS OWNED AND NOT RENTED.

THIS LOCATION IS EASILY ACCESSIBLE TO MOST OF THE CUSTOMERS.

THIS IS EVIDENT BY THE SIGNIFICANT INCREASE IN THE NUMBER OF CUSTOMERS. ESTIMATED AT ABOUT 40 - 50% INCREASE.

THE PRESENT LOCATION IS ABOUT TWICE THE SIZE OF THE OLD LOCATION. THIS HAS ALLOWED FOR THE UPPER FLOOR TO BE RENTED.

BACKGROUND ON THE BUSINESS

THE SETTING CREATED BY THE BUSINESS IS ONE WITH THE CUSTOMER BEING WELCOMED TO THE COMFORT OF HOME, THE COLORS AND BACKGROUND MUSIC SETS THE TONE FOR COMPLETE SERENITY.

AFTER RECEIVING THE LOAN, THE MEMBER WAS ABLE TO INCREASE THE STAFF COMPLEMENT TO 7, WHICH COMPRISES 1 HYGIENIST, 1 ACCOUNTING/CLERK, 4 DENTAL ASSISTANTS AND THE DOCTOR/DENTIST.

IN ORDER TO SATISFY THE DEMANDS OF ITS CUSTOMERS NEW OPENING HOURS HAVE BEEN INSTITUTED. THIS ALLOWS CUSTOMERS TO VISIT ON A MONDAY AND THURSDAY AT 7:15 AM IN ORDER TO BE AT WORK BY 9:30 AM. STAFF MEETINGS ARE HELD ON TUESDAY MORNINGS, WITH THE OFFICE OPENING AT 1:00 PM TO 6:30 PM.

FINANCIAL

THE BUSINESS IS COMPUTERIZED AND ITS ACCOUNTS ARE FULLY AUDITED AND UP-TO-DATE.

THE REVENUE HAS INCREASED BY 50% (\$8M TO \$12M PER ANNUM)

DRIVING FORCE BEHIND BUSINESS

HONESTY, PROFESSIONALISM AND INTEGRITY ARE THE HALLMARK AND SECRET TO THE SUCCESS OF THE BUSINESS.

BUSINESS - **PLAZA**

How started

- **As a Meat Mart**
- **Became a Limited Liability Company in 1993**

How COK assisted this member

Number of Shops - 32

Number of persons in employ

- **Over 60 persons**

Monthly Income - approximately \$2m

IN 1996, THE MEMBER APPROACHED COK WITH THE SOLE INTENTION OF EXPANDING HER MEAT BUSINESS AND ALSO TO LIQUIDATE AN EXTERNAL DEBT. WHILE BEING INTERVIEWED FOR THE LOAN, SHE MENTIONED THAT SHE WAS ALSO BUILDING A SHOPPING CENTRE. SHE WAS TOTALLY UNAWARE OF COK'S CAPACITY AND ABILITY TO ASSIST WITH THIS EXPANSION.

IN JANUARY OF 1997, COK SUBSEQUENTLY APPROVED AND DISBURSED A LOAN OF \$8 MILLION. A TOTAL OF \$4 MILLION WENT TOWARDS THE COMPLETION OF THE BUILDING.

IN JUNE OF 1997 AN ADDITIONAL \$4 MILLION WAS AGAIN APPROVED AND DISBURSED WHICH WENT TOWARDS COMPLETING THE BUILDING.

TO DATE, COK HAS DISBURSED OVER \$22 MILLION TOWARDS THE COMPLETION OF THE PLAZA WHICH PRESENTLY HAS OVER 32 SHOPS, GENERATES AN ESTIMATED MONTHLY INCOME OF APPROXIMATELY \$2 MILLION MONTHLY, AND EMPLOYS IN EXCESS OF 60 PERSONS.

BUSINESS – MANUFACTURING (CHILDREN’S CLOTHING)

Inception of Business

- Started in 1992**

Total amount financed by COK

- Between 1993 and 2001 is \$800,000**

Staff Complement

- Increased from 2 to 5**

Experience at COK

Pleasant Atmosphere

Feeling of Relaxation and being at home while talking to the Credit Officer

IN 1992 THE MEMBER APPLIED TO COK FOR A LOAN OF \$60,000 TO PURCHASE A PLOT OF LAND.

TWO YEARS LATER SHE DECIDED TO START A SMALL BUSINESS FOCUSING ON CHILDREN'S CLOTHING. OPERATING FROM HOME WITH LIMITED RESOURCES AND SPACE, SHE ONCE AGAIN APPROACHED COK FOR ASSISTANCE. BETWEEN 1993 AND 2001 COK FINANCED A TOTAL OF OVER \$800,000. OVER THE YEARS THE STAFF COMPLEMENT HAS BEEN INCREASED FROM TWO TO FIVE.

WHEN ASKED WHY SHE CHOSE COK HER REPLY WAS "NOT ONLY IS THE ATMOSPHERE PLEASANT, BUT SHE FELT RELAXED AND AT HOME WHILE TALKING TO THE CREDIT OFFICER."

BUSINESS – **CONSTRUCTION**

Loan Purpose

- Development of 8 two-bedroom townhouses

Staff Complement - Member was able to employ 10 persons

Progress with completion

- **2 Units have been sold and the loan balance is under \$1m**

BETWEEN THE PERIOD AUGUST – SEPTEMBER 1999, \$3M WAS APPROVED AND DISBURSED BY COK TO ASSIST WITH THE DEVELOPMENT OF 8 TWO-BEDROOM TOWN HOUSES.

AS A RESULT, HE WAS ABLE TO EMPLOY 10 PERSONS.

HOWEVER, THE MEMBER'S DREAM FELL SHORT BECAUSE HE WAS ALSO IN NEGOTIATION WITH ANOTHER FINANCIAL INSTITUTION FOR AN AMOUNT OF \$2M WHICH NEVER MATERIALIZED.

IN AN EFFORT TO RESCUE THE PROJECT WHICH WAS 90% COMPLETE, COK APPROVED AN ADDITIONAL \$4M WHICH ENABLED HIM TO COMPLETE ALL 8 UNITS.

TO DATE TWO UNITS HAVE BEEN SOLD AND THE LOAN BALANCE IS NOW UNDER \$1M.

BUSINESS – MANUFACTURING & DISTRIBUTION OF FOOD ITEMS

Food Items Produced

- Banana Chips

Reason for approaching COK for Financing

- **Machine using was outdated and insufficient to carry out the necessary functions and needed a loan to purchase a new one.**

Effect on Staff Complement

An Additional 3 persons were employed

THIS IS A WHOLLY OWNED JAMAICAN COMPANY INCORPORATED TO CARRY ON THE BUSINESS OF MANUFACTURING AND DISTRIBUTION OF FOOD ITEMS - BANANA CHIPS.

THE BUSINESS HAS BEEN PRODUCING BANANA CHIPS FOR OVER TWO YEARS; HOWEVER, THE MACHINERY BEING USED WAS OUTDATED AND INSUFFICIENT. AS A RESULT COK WAS APPROACHED WITH THE INTENTION OF PURCHASING A NEW MACHINE. IN ACQUIRING THIS MACHINE, NOT ONLY WOULD EFFICIENCY BE IMPROVED, BUT THIS WOULD GIVE THE COMPANY THE OPPORTUNITY TO DIVERSIFY ITS PRODUCT LINE BY MAKING CHEESE CURLS.

A LOAN OF \$700,000 WAS APPROVED AND DISBURSED ON FEBRUARY 15, 2001. THE COMPANY WAS ABLE TO PURCHASE THE NEW MACHINE, EMPLOY MORE PERSONS ON A CONTRACTUAL BASIS IN ORDER TO INCREASE PRODUCTION. PREVIOUSLY CUSTOMERS WERE TURNED AWAY BECAUSE OF LACK OF BANANA CHIPS.

ON INSTALLATION OF THE NEW MACHINE, AN ADDITIONAL THREE SALES PERSONS WERE EMPLOYED. EACH WAS DESIGNATED A SPECIFIC AREA OF THE ISLAND WITHIN WHICH TO OPERATE AND PAID ON A COMMISSION BASIS.

BUSINESS – **Manufacturing (Furniture)**

Purpose of Loan

- **Expansion of Business**

Number of Locations - 3

Staff Complement

- **Employs 24 full-time workers**

THE OWNER OF THE BUSINESS WAS INTRODUCED TO COK IN 1991 BY A FRIEND. HE, KNOWING THAT SOME DAY HE WOULD NEED A LOAN, BEGAN SAVING TOWARDS THAT GOAL.

AT THE TIME WHEN HE BEGAN HIS BUSINESS, HE KNEW LITTLE ABOUT THE RUNNING OF A BUSINESS BUT KNEW HE COULD MAKE A GOOD PRODUCT AND SELL THE FURNITURE HE MADE. BUSINESS BEGAN TO THRIVE AND SO THE NEED FOR MORE MATERIALS AND ADDITIONAL EQUIPMENT AROSE. IT WAS THEN THAT HE VISITED COK FOR HIS FIRST LOAN – JA\$56,000 (US\$1,443).

HE VISITED COK AGAIN WHEN HE NEEDED A LOAN FOR WORKING CAPITAL WHICH ENABLED HIM TO FILL GREATER NUMBER OF ORDERS AND STORE THE PRODUCT DURING CONSTRUCTION AND BEFORE DELIVERY.

THIS BUSINESS IS NOW A THRIVING BUSINESS SUPPORTING 24 FULL-TIME EMPLOYEES, WITH THREE PRODUCTION LOCATIONS. HE PRODUCES FURNITURE FOR FURNITURE STORES AND INDIVIDUALS IN JAMAICA.

HE ALSO SERVED ON COK'S CREDIT COMMITTEE AND SAID **"HE AND COK HAD AN EXCELLENT RELATIONSHIP FOR THE PAST EIGHT YEARS AND HE BECAME INVOLVED ACTING AS A LOAN COMMITTEE MEMBER, HELPING OTHERS AS THE CREDIT UNION HELPED HIM"**.

BUSINESS – Service Industry

Nature of Business – Core Functions

Motor Vehicle servicing and Repairs

Highly Trained Staff specializing in Benz Repairs and parts supply

Second Largest repair shop of Benz in Jamaica

Inception

1973 at Chisholm Avenue

1974 Business removed to Hagley Park Road

1974 purchase property housing business at Hagley Park Road

Staff Complement – 12

Benefit of Loan to Business

Increase in working capital and hence more vehicles can be serviced

His 10 Service Bays

Financial

- Most recent loans with COK values \$3.7M

CORE FUNCTIONS

MOTOR VEHICLE SERVICING AND REPAIRS

HIGHLY TRAINED STAFF SPECIALIZING IN MERCEDES BENZ
REPAIRS AND PARTS SUPPLY

BUSINESS STARTED IN 1973

IN 1975 THE PRESENT LOCATION WAS BOUGHT.

EMPLOYEES 12 PRESENTLY

IT IS THE SECOND LARGEST REPAIR SHOP OF MERCEDES
BENZ IN JAMAICA.

BENEFITS OF LOAN TO BUSINESS

INCREASE IN WORKING CAPITAL AND HENCE ABLE TO
SERVICE MORE VEHICLES IN HIS 10 SERVICE BAYS.

FINANCIAL

- MOST RECENT LOAN WITH COK IS \$7M.

CREATION OF NEW JOBS

Workforce Development Consortium (Members)

HEART Trainees (Staff)

POSITIVE LESSONS

NEGATIVE LESSONS

**TO OTHER SOCIETIES THAT MAY WANT TO CREATE NEW
JOBS.**

2001 MAY