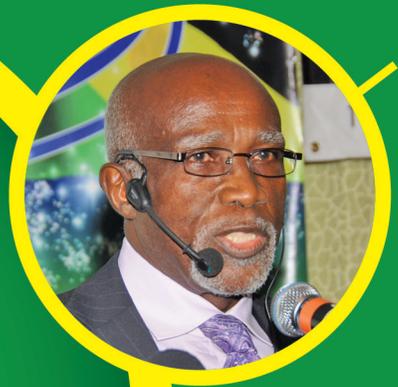


Jamaica at Fifty:
**A BUSINESS
PERSPECTIVE**

**CONVERSATIONS ON
50 YEARS OF BUSINESS**

...with
**Maurice &
Stephen Facey,
Robert &
Christopher Levy**

**At Mayberry Investment
Forum July 2012**





Mr. Maurice Facey
and son Stephen Facey



Mr. Robert Levy and
son Christopher Levy

As part of its monthly forums with the investor community, Mayberry Investments Limited hosted *Conversations on 50 years of Business* July 18, 2012 for reflection as well as looking ahead. The presenters were: Maurice Facey, Chairman, Pan-Jamaican Investment Trust Ltd.; Stephen Facey President & Chief Executive Officer, Pan-Jamaican Investment Trust Ltd.; Robert Levy, Chairman, Jamaica Broilers

Group and Christopher Levy, President & Chief Executive Officer, Jamaica Broilers Group. Moderator/facilitator for the conversation was MSBM Business Review editor and media commentator, Claude Robinson. With the kind cooperation of Mayberry Investments, we are pleased to reproduce an edited version of the conversation.

Claude Robinson: *Let's begin with the perspective of the 'older generation' on the origin, vision and early years of PanJam and Jamaica Broilers.*

Mr. Maurice Facey: I had a good tutor in my father. In summer holidays, I took the bus to Harbour Street to the business where my brother and I really got to know what the Facey business was all about. I worked in the hardware department of the company and that brought me in contact with the construction business and architects. I soon realised the office buildings were totally inadequate to a modern Jamaica in the early 1950s. I went to New York and saw that we had a long way to go in Jamaica to catch up.

Mr. Robert Levy:

First of all this is about family. We grew up in the business; dad was at Levy Brothers [along with other Levys]. We had no extra relationship as far as church was concerned. We went to church on Easter, Christmas, funerals and weddings. However, in 1970 we really came into a personal relationship with the Lord and that started to set a different focus for our business. I don't want to say that the company is a Christian company, because everybody that works in there are not Christians. We value significantly the people that are with us in high management positions that are not Christians. But, there has been a focus or a guiding light at the very top of our company for years asking the Lord to give us wisdom and guidance.

Claude Robinson: *How are attitudes about business transmitted in families from one generation to the next? Was it at the dining table? Was it expected that you would stay in the family business?*

Stephen Facey: I think it was across the dining table. It was a part of what we were

as a family. The business and family life were not really separate. I probably went to study architecture, because my dad brought home the plans and ideas he was having for the projects he wanted to execute. Those were the days my mother was involved in helping draw the plans. So we were all involved in one way or another in what was happening. We all pitched in one way or another. So you learn by example, by osmosis.

Christopher Levy: I remember summer being dropped off at the hatchery and having to work there. Every summer holiday was spent in a different area of the business and eventually you kind of learn it and see how different deals are made and learn the ins and outs of the poultry business, what works what doesn't work; what is important, what is not.

Claude Robinson: *How does the founder or the patriarch deal with the problem of wanting to keep the business in the family but also wanting to bring in outside expertise and know how?*

Christopher Levy: As a son you really do look up to your father in that respect. I think a lot of it is the father bringing the son early and coaching him. Mine is nine (9) years old and he comes to office with me already. That is exactly how I started, just being involved at that age and creating that desire to being in the business early.

Christopher Levy: As a son you really do look up to your father in that respect. I think a lot of it is the father bringing the son early and coaching him. Mine is nine (9) years old and he comes to office with me already. That is exactly how I started, just being involved at that age and creating that desire to being in the business early.



Stephen Facey: PanJam's roots go back to the 1920s when my grandfather started Facey Limited. Through that we have become more of a public company. Today, I don't think of PanJam so much as a family company, but rather as a company in which the family has control through its significant share holding of the company, 40%. But that's spread across three generations of the family. We have demonstrated that we are a family company transitioning to a corporate and public entity. We have in the past had non-family members in the most senior positions in the company. Richard Byles has been the CEO of PanJam for many years. Today I think it is not inculcating in my children or the family children that they are going to be [leaders] but rather presenting them with an opportunity if they choose and if they qualify, if they demonstrate the necessary skills and abilities to deal with the task.

Claude Robinson: *Let us now talk a little about doing business in Jamaica when the country was transitioning from the colonial period into independence. What was the climate like?*

Maurice Facey: I will tell you a little story. I was standing up in the Casa Blanca Hotel at the bar, a very distinguished Englishman came up to me. He said "Mr Facey I see you are getting involved in some ►►

major developments in Jamaica." I said, "Yes, we are newly independent and I feel very bullish about it." He said, "Well, I am doing the reverse, I am selling out" [because] "history proves that when a country becomes newly independent and power passes to unaccustomed hands, the politicians flap their wings. It happened 800 years ago in England, 200 years in US and it will take time for Jamaica to sort itself out". I said, "What kind of time are you talking about?" I was thinking five to ten years but he said "75 to 100 years." But fortunately I took no notice of that.

Claude Robinson: *The year 1958 was significant for both companies: Broilers pioneered the production of chicken in a commercial way and Maurice Facey sold the family business to go into property development.*

Robert Levy: Prior to [the launch of Broilers in 1958] there was no poultry industry. In the 50s dad started to import processed chicken from the States. Jamaica Broilers started by processing 200 chickens a day. I remember we started by putting down some small chicken houses at Spring Village. It took off and grew and grew. The processing plant today is processing 100,000 chickens a day.

Maurice Facey: After my father retired the Chief Executive Officer became Mr. Eric Abrahams, a financial man; I was made Deputy Managing Director. He was conservative and I wanted to tear off at 50 miles per hour. And of course there was a certain amount of tension. So I said to my father, "Do you mind if I sell it?" He said, "If you can sell it go ahead." On the 7th of August 1958 I found a buyer. I think it was the right decision.... There was need for some good quality buildings here and so I charged into it. Fortunately the thing came off quite well.

Claude Robinson: *By the 1960s we had a fledgling stock exchange. Panjam was one of the first to be listed. Why did Panjam go public at that time?*

Maurice Facey: At the time, there was a need for additional capital at the rate I was going. Also, as a listed company [we had to comply with] the rules and regulations involved; that was very important for somebody of my disposition. I was able to introduce proper management, controls,

audit, committees all the sort of thing that are necessary today to make the thing work properly. That was the right thing to do.

Claude Robinson: *Mr. Levy why did it take Jamaica Broilers until 1992 to go public?*

Robert Levy: We had a family company going. But after 1989 with [Hurricane] Gilbert, we got totally wiped out. We had to refinance the company [and went public]. It was a very wise decision for us; it has broadened our name. It has given us a significantly better lobbying position with government. To keep poultry as an industry has taken a tremendous amount of lobbying with both political parties.

Claude Robinson: *Let me now turn to the controversial decades the 70s and 80s, a period of a struggle between a state-led development model, a private sector development model fearful of communism. How was the 70s for you and the companies you were leading?*

Maurice Facey: It was a very difficult period, a dangerous [period] to walk through. Those that survived are lucky in a sense. If you take the banking sector, the government allowed for something like 35 banks. In fact there were persons operating banks without a license of any sort. You can only imagine what was taking place.

[With foreign exchange tight] our company turned to developing agricultural products for export. We launched off with growing anthuriums on a major scale. We developed like a 100 acres of anthuriums and were marketing all the way to Japan and Germany and Italy and so on. In fact, 90% of our production was exported.

The 1970s "...was a very difficult period, a dangerous [period] to walk through. Those that survived are lucky in a sense."
(Maurice Facey)

Robert Levy: [The period] was a good, opportune time for Jamaica Broilers.... We went through the first share participation by employees [in Jamaica]. A lot of people think it was because of what was happening politically. It was what was happening spiritually in the company. And we really felt that there was such a blessing in the company that we wanted to share it with the employees. We actually gave up controlling interest.

However, on top of that we were able to purchase our property at White Marl which was our hatchery. During that time our feed mills was majority owned by an American company. [Because] of what was happening politically [the company] did not want to finance any expansion in Jamaica [although] the broiler industry expanding.... We negotiated a loan from Citibank, New York and that put us in a position to own 100% of our feeding mill. That was one of the significant things that happened in the 70s so to us that was a great time.

Claude Robinson: *Are there ghosts of the 70s that still haunt business in Jamaica?*

Stephen Facey: No, I think that is a long time ago. While I recognize it was a challenging time in many respects. Those days are over and we ►►

have moved on...The important lesson is that we have weathered those challenges and we have prospered as a result of those challenges. I think that sets a good foundation for the next 50 years.

Claude Robinson: *Let us now look at that foundation and the base for building modern businesses and economic growth. Do we have the skills and the right policy mix to drive the key economic sectors?*

Christopher Levy: I think there are some really smart people in Jamaica. When you look at the skills sets coming out of Jamaica you see great depth in terms of the financial sector. But, folks are going to do what they

“From where I sit, we in this country we are at crunch time. As a nation we need to recognize that our leaders need our support to make these changes.”
(Christopher Levy)

like to do because they are good at it and successful at it. Companies will train and invest. At Broilers, one of the things we do is when we get talent in we put them in a management trainee pool [from which managers are ultimately drawn].

Stephen Facey: The government has a responsibility to provide the best possible education. That said, the private sector needs to provide not only the jobs but the proper training and the tools to make it possible for staff to perform.

Maurice Facey: One industry that Jamaica has that is capable of being world competitive is tourism. If you take good care of it, it would deal with all the economic problems in the country. We have the most beautiful island in the Caribbean by far. But we are doing as much damage as we can... including of course, the whole question of crime.

Stephen Facey: In the challenging times of the 80s, we went in it [the tourism business with the acquisition of Sans Souci hotel] because we felt the industry was one we wanted to be in...to earn foreign currency. We had a lot to learn about that business. There was a lot of challenge; the exchange rate moved quite significantly; some

political challenges like the gas riots and those sorts of things which impacted us. I always felt it was unfortunate we made the decision to part with the property. If we had stuck with it we would have won in the end.

Today, we are going back into the business with a little investment earlier this year in Chukka Caribbean and that is our first step in that direction. It is not in the resort business but it is in the attractions and that is an important part of that sector.

Claude Robinson: *What is your outlook the future—for your firms and for the country over the next 10, 15, 20 years?*

Stephen Facey: We are very optimistic about the future of Panjam. To start with, Panjam sits on a very solid foundation built over this past 50 years. We have invested in solid real estate of a high quality with great locations, great tenants, and a great management team to deliver a quality product. That represents about 25% of the asset base in the company. We think that will continue to deliver in the long term.

We also have a very significant investment in the financial services business through Sagikor. We have expanded that investment recently as you would all be aware. It is a great company with great leadership that is going to continue to grow and expand. That base provides us

the opportunity to plant some interesting seeds, which is what we have been doing recently with the acquisition of Walkerswood, [agri-business] Mavis Bank [coffee] and Chukka Cove [attractions]. These are small seeds that we are sowing for the future.

I want to remind you all that back in the 80s we were the founding partner of a little investment bank called Pan Caribbean. It was a seed. In those days we were a minority player. We have nurtured that seed and the results are evident today in the great financial institution that Pan Caribbean has become and now is on the cusp of rivalling some of the larger banks in Jamaica. We did the same thing in the life insurance industry; we acquired a minority of 10% stake in what was then First Life back in the 80s. We have grown that little seed into a 33% stake in Sagikor, the largest provider of financial services in pension management. So we have demonstrated over these 50 years our ability to survive to make the right investments and to grow those into world class organisations.

Claude Robinson: *What will it take to change the economic trajectory of the past 40 years?*

Stephen Facey: It wouldn't take an awful lot to change the dynamics in our economy to develop growth; that is one factor. The other thing is we need to look for new sources of opportunities, new sources of revenue that come on. Tourism is one of those opportunities. Kingston is ripe with opportunities to capitalize on visitors. We have an excellent port and excellent facilities to encourage cruise shipping; we have great culture great history so we need to seize that opportunity.

In the 30 years since I graduated from University and returned to Jamaica in 1981, the world has had phenomenal growth spurt and we have sat on the side lines. I think we have not taken tough decisions, implemented them and reaped the benefits. I think we have always tried to find a way to wiggle through; taxation is one issue; the size ▶▶

and scale of government is another. Those things have been articulated very well but [government] has not made those tough decisions. That is what I think Jamaica Broilers has done, and I think that's what PanJam has done. When there were tough times, we had to make tough decisions. That may have involved letting people go or cutting salaries. It involved doing the things that were necessary to ensure that our companies survived and grew. I don't think Jamaica is any different.

“You take education, for instance we are going to have to start really putting some money into education for our children in Jamaica.”
(Maurice Facey)

Christopher Levy: Well we too are very optimistic. We are seeing some tremendous opportunities before us. I think Haiti is what I would call a medium term investment and I think we are going to see growth there. We are offering a broad range of products there and leveraging a lot of the experience and expertise that we have here over there. We are being well received. And you are playing in a much bigger market. We are also seeing some great opportunity in the US with our production of fertile eggs there. So in what I would call our medium space we are very excited. In Jamaica, [with a relatively small market size] there is a real fight for market share and return [on investment]. So you want to be as competitive as possible, really work on developing new products, develop higher value products and drive profitability here.

The biggest challenge right now that we are facing in Jamaica is that if we, as a country, don't change our energy profile in the next three to five years we are going to have a very different country on our hands.

I think they have started down the road of LNG; also, we have to have coal. The fact that we are not burning coal in this country is absolutely lunacy. On our door steps are the two largest coal deposits in the world, one in Columbia and the other in the US. The opportunity for us to have the cost of our electricity at the best competitive rate in the world is right

before us. From where I sit, we in this country we are at crunch time. As a nation we need to recognize that our leaders need our support to make these changes....

Claude Robinson: *This question to the elder generation: Looking back on your business lives over the last 50 years what has been most satisfying for you? And what do you see as the legacy that you are leaving?*

Robert Levy: Without a doubt, I think being able to take a dream that dad had and carry it further and seeing it develop into something that I doubt he ever dreamt would be this size. For me, the greatest thing is that my son is running the company better than I ran it and therefore retirement has been an absolutely wonderful thing for me.

Just a word about Jamaica, I think we constantly down play our country. Yes we have had growth of 1%. Some of the countries that have had growth of 10 and 15% have suffered more than we have suffered in the downturns.

And you know without a doubt there are some very positive things about Jamaica...We have had a lot of crime and it has affects some of us but listen the quality of life that we have is tremendous. We 'kill' our politicians but I am going to tell you as bad as Jamaica has suffered, some of the politicians in other countries cannot even begin to compare with the dedication and commitment that our politicians portray on both sides. The greatest thing we could ever think of doing is lifting up our politicians, not just criticise them.

Maurice Facey: I must say I have had a wonderful experience all the way through. When you see the figures of PanJamaica it is clear we have done something right and are doing something. I am very confident of the future.

Regarding Jamaica, first of all, the government is broke. That is for sure. They really got a financial problem which in fact leaves us with an opportunity to get involved and manage some of the developments that really should be in there. We have an opportunity because there are really no funds readily available for the government to do it; we are going to have to step forward and take some of it on. You take education, for instance we are going to have to start really putting some money into education for our children in Jamaica. Without proper education [citizens] are unlikely to have proper information to make correct evaluation of people standing for election at our polls.

I feel very happy that Stephen has taken up the task of carrying us through the next 50 years... The company has a very solid financial base on which to develop and continue to grow. I think we have a good chance with coffee and Walkerswood and to create to support for those products, which are branded products. What we have got to do is to run Starbuck out of America! ■

Claude Robinson is Editor of MSBM Business Review, and Associate Teaching Fellow, at Mona School of Business and Management.