

B) What are the ingredients required to develop the venture capital industry in the Caribbean?

It is essential that venture capital be utilized effectively to facilitate the development of Caribbean economies. If the process is not carried out accurately, results will be disappointing. For instance, in Jamaica, venture capital has been operating for quite some time. However, no significant results have been observed and the economy is still not performing as well as it should. The main problem is that certain things need to be done differently.

Firstly, West Indians must acquire a state of mind that is open to venture capital. Education of the process that promotes and permits the success of venture capital is one way that people may come to accept it. Visits, by those with sufficient understanding of the topic, to other countries to teach about venture capital, can help spread this information around. So too, can the creation of websites, by knowledgeable individuals. If the young people of today are the leaders of tomorrow, then including venture capital in the syllabus of Caribbean schools is another good way of making sure that the majority of people learn about venture capital. Hopefully, with this increase in knowledge of the topic, entrepreneurs will be more willing to sell some of their shares to venture capital investors, and there will be sufficient individuals and firms willing to place their funds in a 'risky' investment.

Secondly, assuming that people know enough about venture capital and that they have been influenced to try starting their own businesses, there must be avenues for them to find assistance. The government and other agencies created for this purpose have a significant part to play here, in that they must show support to ambitious teams, businesses, and individuals with ideas that have high growth prospects, and they must encourage these groups to turn their dreams and ideas into reality. Products and services with a competitive edge or a unique selling point must also be given a chance on the market, by established businesses, retailers and consumers.

The encouragement of cross Caribbean venture capital funding is also significant. Cross Caribbean venture capital funding refers to Caribbean nations cooperating to source venture capital funding from one another. For example, one CARICOM country may have a desperate need for an exceptionally large amount funding to tap into an underdeveloped sector of their economy. It may be impossible for that country to obtain such a large sum of capital from within that one economy alone. In such a scenario, several other CARICOM countries may be able to pool their funds and relevant managerial, as well as complementary sector expertise, to assist in the development the other country's economy, so that ultimately, the Caribbean as a whole will be in a better position.

A supportive government is important too. One willing to stimulate venture capital incentive programmes, which substantially increase the supply of equity capital, minimize restrictive legislation, provide tax incentives to participating businesses, offer incentives, like subsidies, for greater private sector investment in the areas of need, would greatly benefit the nation, in terms of growth in the number of small businesses formed, and the benefits of such activity.

Private venture capital businesses that focus on other sectors or industries of the economy are also helpful for the development of the venture capital industry in the Caribbean. These firms can target businesses in different sectors of the economy for their ability to diversify the economy, increase exports and replace imports. The right choice of the targeted industry sectors, to generate exports, and displace imports is a truly important ingredient. For example, more focus is needed on service sectors and on developing technology, as these earn a lot of money, and will sequentially assist in the development of primary production, like the extraction of raw materials. In expanding the service industry, there should be increased creation of jobs, and with any luck, more people will be inclined to remain and work in their country after earning their respective qualifications, without the fear of being underemployed and underpaid.

Government must also implement decisive legislation that guards entrepreneurs from losing daily management control of their businesses. Venture capital firms should seek to increase the company's value to its owners, without taking over the business completely. Protection should also be provided to investors, so they will be confident about putting their capital at risk.

Thirdly, there should be proper methods of measuring the effects of the venture capital programme, to ensure it is being helpful to the economy. There must also be regular checks to verify whether the programme is operating as anticipated. If faults are discovered in the system, adjustments must be made to correct these errors as best as possible, since they are damaging to the whole purpose of venture capital.

Lastly, it is important that the process of venture capital funding be updated constantly, to ensure that maximum benefit is being derived from it. It is also important to determine exactly how and where growth and development of the economy is occurring. It is senseless for the additional wealth to remain in a certain circle, as the whole purpose of venture capital is for everyone to see a better and more equal standard of living, from the poorest of the poor to the richest of the rich.