



A Fertile Business Environment

An Interview with The Honorable Michael Lee-Chin, Chairman and President, Portland Holdings

EDITOR'S NOTE Michael Lee-Chin is widely regarded as a visionary entrepreneur whose philosophy of "doing well and doing good" has resulted in extraordinary business success and inspiring philanthropic initiatives. In addition to his current role at Portland Holdings, Lee-Chin is also Chairman of Jamaica's National Commercial Bank. He was awarded the Order of Jamaica in 2008 and the Order of Ontario in 2017 and was also appointed Chair of the Economic Growth Council by the Jamaican government in 2016.



The Hon. Michael Lee-Chin

COMPANY BRIEF Portland Holdings Inc. (portlandholdings.com) is a privately held investment company which manages public and private equity as well as having a direct ownership interest in a collection of diversified businesses operating in sectors that include financial services, consumer goods, waste management, tourism, insurance, agriculture and media. Portland Holdings is based in Burlington, Ontario, Canada.

Will you provide an overview of Portland Holdings and the key areas of focus for the firm?

We are an asset management company. We started off managing our own proprietary mutual funds. We continue to manage public and private equity funds, and we also own a securities dealer in Canada with advisers who work with clients at the retail level.

In addition, we are a major shareholder that owns close to 65 percent of National Commercial Bank of Jamaica. We have other holdings as well in real estate, communications, tourism and waste management.

What are your views on the investment opportunities that Jamaica offers?

When I enter any country, there are some gates I have to pass through before I get really excited. The first is that there must be a difference between perception and reality; the second is that there must be a lack of equity capital going into the region, country or industry; and the third is that there must be inefficiencies because outsized wealth can only be created when these three conditions are met.

When we bought National Commercial Bank of Jamaica from the government in 2002, we took it out of conservatorship. At the time, it had a 24 percent market share and had made \$6

million the year before. If you fast forward 16 years later, we will make \$200 million and now have a 44 percent market share.

Another important criteria for us is that there must be a stable, predictable legal framework. Jamaica has that. We don't take that for granted because there are many countries in the world where one would not feel comfortable standing in front of a judge. Since Jamaica has a British legal framework, we feel comfortable.

I also continue to invest in Jamaica because it is in a turnaround. Five years ago, its debt to GDP ratio was 149 percent. This year, it will be under 100 percent.

The Jamaican government has taken the management of the macroeconomic fundamentals very seriously including some of the initiatives that the Economic Growth Council (EGC) came up with which are now embedded in the current IMF agreement for the first time.

Today, Jamaica is a poster child for meeting IMF tests and passing all of the milestones as defined by the IMF.

How strong is the talent pool in Jamaica?

Initially, there was a dearth of management talent at the executive level, so we embarked on a program entitled "Come Back Home" to recruit expatriate Jamaicans to come back to Jamaica and work for National Commercial Bank. At the same time, we tried to recalibrate to international standards, which was very successful.

We brought employees back to Jamaica who had experience at various financial institutions throughout the world and we then upgraded our requirements for staff – a university degree was mandatory for the majority, so we started our own in-house university.

The talent is there, though it can be better, and we are working with the universities to improve it because we need well-trained people. For instance, National Commercial Bank is currently looking to hire 240 software engineers.

What more can be done to build a better international understanding of the strengths of Jamaica that you highlight?

We have to look at the experience of a select few entities that have invested seriously in Jamaica and who have created a lot of wealth from those investments. Dennis O'Brien started

DigiCell in 2001 and competed successfully in Jamaica. It is now in 22 countries throughout the world and the company is now worth billions.

In 2005/2006, John Risley, another Canadian investor, and myself cofounded a business in Jamaica called Columbus Communications. We sold that business in 2013 for US\$3 billion.

These are just two examples of foreign investors who saw opportunities and invested and realized a high level of wealth creation.

Those entities that take the time to look will see a fertile business environment and will realize Jamaica is not just a place for sand and beach; it's a place where there are phenomenal, unbounded business opportunities. They will also see the competition is not yet that great, so the margins are good.

Have you been happy with the impact that the EGC has had in driving economic development in Jamaica?

The EGC was founded in April 2016. I made a speech at the inaugural event during which I predicted that, over the next four years, Jamaica would have a GDP growth rate of 5 percent, which was 25 times higher than the 10-year average at that time. That is the impact that the EGC can have.

Within six months, we conducted 90 interviews with stakeholders of Jamaica, which included many ministries, departments, agencies of governments, private sector organizations, unions, the IMF and World Bank. We collated what we learned from those interviews and distilled out the issues that needed to be addressed and what the solutions were. We chronicled those solutions as eight growth initiatives and 111 sub initiatives, which we distributed throughout the country as a supplement in the national newspapers so every citizen could review it. Those initiatives became the legislative agenda for the Jamaican government.

We are in phase two of this work and continue to conduct interviews. To date, we have held more than 340 stakeholder interviews. We realize that there is a trust deficit between the public and private sectors in every country. The public sector is the enabler of growth and the private sector is the implementor of growth. The EGC's job is to work with the various ministry departments and agencies to address their most urgent issues and give them access to any resources we may have. In doing this, we're minimizing the trust deficit and we're making the government bureaucrats a lot more efficient. ●