

## **DeLisle Worrell: What is meant by productivity in services, and why it matters for Barbados' economic future**

Opening remarks by Dr DeLisle Worrell, Governor of the Central Bank of Barbados, at the Central Bank of Barbados week of excellence, Bridgetown, 25 February 2013.

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The economy of Barbados is fuelled by foreign exchange. By that I mean that the growth of the economy depends on growing the sectors that earn and save foreign exchange. Three of four of those sectors sell services – tourism, international business and financial services and energy. That is why today I focus on productivity in services.

Foreign exchange markets are highly competitive, and to grow your market share or to grow with the market you have to keep pace with the competition, and find ways to get ahead. The way to outrun the competition in the international market is to improve "productivity", broadly defined.

Before discussing productivity in services, I need to dispel the myth that we can grow tourism and international business by lowering our prices. Barbados commands a tiny share of Caribbean tourism, less than 5 percent, and a miniscule percentage of global tourism to tropical resorts. So long as our prices are right we can sell to our full capacity; if our prices are too high we're out of the market altogether; and if our prices are too low we are offering our customers a bargain at our expense, unnecessarily. If our prices are right, why do we sometimes fall below capacity when global markets contract? That is because we are maintaining our productivity relative to the competition, but we're not improving. The solution is not to lower your prices – in a depressed market that won't get you many more customers, and those that you do get will probably be pinching their pennies. Rather, you want to get ahead by outgunning the competition, through improved productivity. That way you can grow while others are at a standstill, or regressing.

To raise productivity in services we must do all of the following:

- Cultivate the individual customer;
- Aim to exceed expectations, in every transaction;
- Never leave the customer without the product or service they need, or without assistance towards obtaining what they need;
- Always give excellent value for money; you may then charge what price you must in order to give excellent service, and the discerning customer will gladly pay.
- Deal patiently, courteously and fully with difficult customers and problematic circumstances. Even if the customer cannot be satisfied, they must nevertheless walk away having had a pleasant experience.

These might not be what we think of when we think productivity, but they are the real sources of productivity, because they produce improved real value for the same input of labour and materials.

How do private firms and government achieve improved productivity?

- Engage the worker;
- Empower the worker;
- Motivate the worker; and
- Cultivate a community of the workplace, with an emphasis on sharing experiences, teamwork and helping each other to achieve our best performance.

The future of our economy is in our hands. We must figure out for ourselves what is the way forward, led by our own wit and resources. Each worker can make a positive contribution to their own future and the future of our country, by becoming engaged, motivating and empowering ourselves and those that work with and for us, and caring enough for the welfare and prospects of fellow workers that everyone helps out when the going gets tough. When that becomes the pervasive culture of organisations and the society, we will have become a formidable international competitor and a byword for excellence in the Americas, Europe and the rest of the world. That must be our steadfast goal.