



# Amazon Caribbean Ltd



This case was compiled by the Arthur Lok Jack Graduate School of Business in collaboration with the United Nations Development Programme (UNDP) Guyana as part of a study of progressive Caribbean businesses.



### Abstract

Amazon Caribbean Ltd (Amcar) has developed and implemented a strategy for the production and marketing of indigenous organic crops, particularly heart of palm and pineapple, which economically empowers rural indigenous Amerindian communities by linking them to the international economy and providing them with an income. Part of this strategy is to train farmers in sustainable organic production in plantations - a project which the company has initiated in partnership with the United Nations Development Programme (UNDP) in Guyana and the Government of Guyana.

### The Company

In 1989 Pierre Saint-Arroman founded the manufacturing and trading company Amcar, which now supplies international niche markets with processed indigenous organic heart of palm and pineapple. The first of its two factories is located in the remote North West District of Guyana (Barima) and the other (built in 1996) is located in Berbice (Rosignol). What makes Amcar unique is the interdependent relationship it has established with the Amerindians in the area in which they operate. Amcar provides direct employment to almost 400 people and indirectly supports over 2,000 people (over 700 families) in these remote areas. Amerindians constitute the vast majority of the beneficiaries.



From the outset, Amcar understood the interdependent relationship that existed between itself and the Amerindians. As the managing secretary at Amcar, Mr. Xavier Richard argues, *"The investment relies entirely on the sustainable partnership between the community and the business. Unlike in many developed countries, the value of the physical production system is nil if one of the parties abandons the project."*

Over its 16 year history in Guyana, Amcar has been able to more than triple its output while simultaneously increasing the standard of living of the many people directly and indirectly affiliated with the region. Amcar's successful partnership with the Amerindians was recognised in 2004 when it received the World Business Awards in support of the Millennium Development Goals, issued by International Chamber of Commerce, UNDP and the International Business Leaders Forum (IBLF).

### The Motivation

Prior to 1989, heart of palm was being harvested in Guyana and shipped to Venezuela for processing and distribution. The idea that Guyana was capable of carrying a processing and distribution facility motivated Pierre Saint-Arroman to found Amcar.

Initially Amcar's business ambitions were similar to those of most other start-ups. Amcar simply wanted to achieve a reasonable return on its initial investment and so in its early stages, its

production practices were not directly tied to social concerns. However, a series of events changed Amcar's management philosophy.

In the 1990s, Amcar began to feel the pressure from outside markets with rising competition. At the time, the company was solely engaged in the production and distribution of heart of palm that was not marketed as either indigenous or organic (although the goods were), and prices for such commodity products were dropping due to increased global competition. Thus, the company realised that it needed to shift its focus to other markets for higher value-added products in order to remain competitive.

Recognising the increasing demand for organic, and especially indigenous organic products, both in France and in other OECD markets, Amcar shifted its attention to these markets. Two major steps were necessary to make a successful shift: getting official organic certification and developing an effective marketing strategy to successfully penetrate the organic (and indigenous organic) markets.

In 1992 Amcar embarked on the process of acquiring organic certification from ECOCERT (a German certifier) for the production of heart of palm. This was achieved in short order. Combined with its marketing strategy, Amcar successfully entered new markets with great growth potential, not only for heart of palm but also for a variety of other indigenous organically grown crops, including pineapple.

In addition to certification and marketing, Amcar identified a third step necessary to secure the long-term success of the business: ensuring that the Amerindian suppliers of heart of palm would not engage in non-organic farming practices. One way to do so would be to improve the organisation of the production of heart of palm by moving toward the use of sustainable plantations owned and managed by Amerindians trained in organic farming.

In pursuit of this goal Amcar approached UNDP Guyana and the Government of Guyana to form a partnership that would benefit all parties. The Government would gain the increased welfare of

some of its citizens, not least because a plantation model would make Amerindian communities less nomadic, thus enabling the development of more physical and social infrastructure. UNDP Guyana would have the opportunity to help the Government achieve its goals and Amcar would gain from a stable, secure and growing supply of organic produce to meet the increasing demand from international markets.

### **Taking Action**

The partnership between Amcar, UNDP Guyana and the Government of Guyana was formed in 2001. The actual project began in 2003 and encompasses ten communities, cultivating 20 acres per community, making a total of 200 acres under cultivation. The project is expected to expand to 1,000 acres in the near future. The partnership provides communities with the means to continuously produce indigenous organic heart of palm in a sustainable way.

Those means include the training of about 500 Amerindians in general farming skills and specifically in organic production, helping prepare the land for organic production, providing seedlings to farmers and in some cases providing basic farming equipment. Together the partnership has provided the finance to support the transition to this new production form.

As a result of the project, many Amerindians are now able to produce indigenous organic heart of palm (as well as other organic crops) in organised plantations and supply it directly to Amcar, which guarantees a market for the produce. This successful model demonstrates good supply chain management, as suppliers to Amcar are provided with the means for sustainable and profitable production. A benevolent, market-driven, multi-stakeholder production cycle has emerged. As Richard puts it, "The Amerindians have great incentives to produce indigenous organic heart of palm for Amcar, and we have access to a growing global market for indigenous organic foods and thus have every incentive to acquire the produce from

the Amerindians." Not surprisingly, the communities have been, and continue to be, very enthusiastic about the project and its potential. All that was needed was an initial investment that Amcar was unable to undertake without support from other parties with a stake in the development of the communities. The investment of about US\$150,000 was comfortably supported by all three partners in the project.

### **Business Benefits**

Amcar has been a profitable business from the very beginning. By moving into the production and distribution of indigenous and organic goods, and by marketing the goods as such, the company has not only managed to overcome the pressures of international competition, but has successfully increased its market size as well as its profit margins. In its first year, Amcar employed thirty people in one factory, exporting thirteen 20-foot containers to France. Today Amcar has two factories, employs almost 400 people and exports over one hundred 20-foot containers annually to all over Europe as well as the USA, the Middle East and other South American countries.

Amcar has also been able to secure a sustainable business while simultaneously helping the development of multiple communities and hundreds of families in the areas in which the company operates. Good community relations have ensured the ability to grow with an increasing number of loyal employees dedicated to the future of the company and thus the future of the communities. Furthermore, Amcar helps the Amerindians to maintain their natural habitat.

### **Vision for the Future**

With the success of Amcar's indigenous organic production of heart of palm, the company has already diversified into the processing of indigenous organic pineapple. With the success of both projects, Amcar plans to both expand its heart of palm and pineapple activities and develop new areas with other indigenous crops. Mr. Richard points out that, *"The fact that we have knowledge of and a reputation in the organic market in France and in other OECD markets gives us a competitive edge and allows us to expand a lot over the coming years."*