



Entrepreneurial Development: A Subregional Workshop for Cultural Producers

(Creators, Entrepreneurs, Enablers and Associations)

Report of Meeting

Guam, 8–11 October 2012



European Union



SPC
Secretariat
of the Pacific
Community

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Compiled by the Secretariat of the Pacific Community

Secretariat of the Pacific Community, Suva, Fiji, 2013

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Entrepreneurial Development: A Sub-regional Workshop for Cultural Producers (Creators, Entrepreneurs, Enablers and Associations)

DAY ONE

Official Opening

1. Monica Guzman, Chairperson of the Board of Directors for the Guam Council on the Arts and Humanities Agency (CAHA), welcomed the participants and especially those who had attended the 25th anniversary of the Guam Micronesian Island Fair (GMIF) and stayed to participate in this workshop. Leonard Iriarte from Guam offered an opening chant 'to remember our ancestors,' before Heinrich Stevenson, a delegate from Pohnpei, offered a prayer in his native language.
2. Remarks were read on behalf of Christine Calvo, First Lady of Guam, by Telo Taitague, Special Assistant on External Affairs and Guam's SPC representative. Calvo, unable to attend because of illness, extended her gratitude for this opportunity. She remarked that this was an exciting time with limitless potential. She felt confident, comforted and energized with the prospects for the future, especially with the legacy left for our children to carry on. Taitague, speaking for herself, earnestly hoped that the governments represented at the SPC ensure that SPC maintains the culture program, adding 'that this continuity is important for cultures to stay alive and to be passed on to the future.'
3. The Vice-Speaker of the Guam Legislature, Benjamin J Cruz, recounted in his remarks that he, along with other local artists, had participated in the incorporation of 'Pa'a Taotao Tano' (a Chamorro non-profit performance arts organization). He had hoped that by now it would be self-sustaining. Although Pa'a has received funds from the Association of Native Americans (a large federal grant agency of the United States government), it still is not self-sustaining. Part of the problem, he asserted, is persuading hotels to realize indigenous dance is something to promote and to pay these performers living wages, so that the performance of cultural dance does not have to be their third job to support themselves. As it stands, most hotels on Guam do not showcase indigenous dance, or they offer a glamourized version that includes fire-dancing—which is not Chamorro. Cruz, furthermore, suggested to the workshop participants the idea of extending the Micronesian Island Fair to something that could happen 365 days a year. Envisioning something akin to the Polynesian Cultural Center in Hawaii, Cruz proposed a cultural centre showcasing the different peoples and cultures of Micronesia. Such a centre could boost Guam's tourism economy while helping to promote and perpetuate Micronesia's distinct cultures and arts. Cruz also sees this centre as a significant attraction for the forthcoming Festival of Pacific Arts (FOPA) that will be held on Guam in 2016, as well as responding to tourist desires for more cultural attractions.

Overview of the SPC Cultural Industries Program

4. Elise Huffer, SPC Human Development Program Advisor (Culture), sketched in some background. Planning for the Entrepreneurial Development workshop had started about five months previously; the planners, hoping to hold it in Guam with everyone present, considered that the GMIF provided a good opportunity to do that. Huffer works in the SPC's Human Development Program, which focuses on issues of gender, youth and culture. She spoke briefly on the history of SPC, explaining the connection between SPC and culture by relating the history of the festival, which was established by the then South Pacific Commission. The commission changed its name in 1997 as a better reflection of the wide membership of the organization, which includes countries north of the equator. The festival, which had been initiated in the mid-1960s, was first held in 1972, and happens every four years. The 11th edition was held in Solomon Islands in July 2012, and the next one will be on Guam in 2016. In order to monitor and ensure the quality and continuity of the festival, the Council of Pacific Arts was created in 1975. Now known as the Council of Pacific Arts and Culture, this council has oversight of the festival, but is also responsible for carrying out cultural policy at the regional and national levels. The council meets every two years in sessions convened by SPC. The position Huffer holds was established in 1996 as The Cultural Affairs Bureau, the role changing to Advisor (Culture) with the establishment of the Human Development program in 2006.

5. In her work over the past few years, Huffer has sought to encourage people to shift their thinking and recognize culture as a 'sector' that should be treated like other sectors, such as transport, agriculture, fisheries and tourism sectors. People tend not to think of culture as a sector, but just as something people or communities do without requiring support. But culture and the arts can also be seen as contributing—and perhaps making a more valuable contribution—to the economies of countries and the well-being of communities. The creation of frameworks to support cultural industries will assist countries in supporting the sector. With funding from the European Union (EU), SPC embarked on a 5-step program for improving cultural industries. The first step provided a situation analysis to help define what 'cultural industries' actually *are* in the Pacific context. This led to an important understanding: that the traditional knowledge and skills people draw on, the very core of the cultural industries, belong mainly to communities and families rather than individuals. Next, in 2010, a regional consultation brought together different actors concerned with cultural industries to establish a platform for the future. The next step focused on development and marketing, looking specifically at cultural sub-sectors such as performing arts, visual art and fashion, and at the support needed at each of the steps from creation to distribution. The last two steps were two sub-regional workshops, the first hosted in Fiji in February 2012, and the second on Guam in October 2012, to assist cultural producers and entrepreneurs in the Northern Pacific.

Overview of the Pacific Islands Forum Secretariat (PIFS)

6. Glynis Miller, Trade Development Officer at the Pacific Islands Forum Secretariat (PIFS), pointed out that Guam is a member of SPC but not of PIFS (formerly the South Pacific Forum). Founded in 1971 and based in Suva, PIFS is a political grouping of 16 independent and self-governing states that partner with other regional and multilateral organizations. Leaders come together once a year to discuss policy that affects the region. The responsibility of PIFS is to implement leaders' decisions, with the goal of stimulating economic growth, providing policy guidance and doing technical work in partnership with other organizations. The four PIFS programs include Economic Governance. One activity of the Economic Governance program is the Pacific Islands Trade and Investment (PT&I), which works with islands to boost business or industry. PIFS and PT&I work with exporters and organizations involved in tourism investments, as well as facilitating and marketing cultural products to other places. After introducing her colleagues, Ruth Choulai from Sydney and Robyn Ekstrom from Geneva, Miller asked participants to be thinking as the workshop progressed about how they could tap into the services provided by PIFS and PT&I. She gave the example of making use of Japan's Pacific Islands Trade Exhibition, which is held every three years in Tokyo, with which PIFS is a partner. She underlined that such events help promote people, products and services and enable them to gain access to larger markets.
7. As a further example, Ruth Choulai mentioned Maketi Ples, which was begun in 2010 as a program to provide an opportunity or platform for exporters of creative products to reach the Australian market. Miller added that PT&I helps make connections for trade development and to assist exporters such as artisans to grow their businesses, whether domestically or for export, while helping them to maintain traditional aspects of their products.
8. Participants were given the opportunity to introduce themselves. About 50 people representing different island communities throughout the region in a wide range of trades and professions were present at the workshop.
9. Participants were gathered for a group photograph.

SESSION 1: Business Readiness

This session examined the business entity through the Value Chain.

Overview of the Value Chain Concept

10. Glynis Miller opened with a brief discussion about business readiness and asked who among the participants had heard of the idea of the value chain. Only a handful of individuals had heard of the term.
11. Robyn Ekstrom gave an overview of the value chain and supply chain concepts. She stated that both concepts refer to the network of all the parties involved

directly or indirectly in the sequence of processes and activities (hence ‘the chain’) that begins with raw materials and leads to products and sales. The distinction between value and supply chain is based on how one looks at the chain/movement of goods, with the supply chain being one element of the value chain.

12. A value chain is an umbrella view of the multi-layered flow of materials and goods and value-adding activities from producer to buyer (supply), with cash flows (demand) and information flowing both ways up and down the chain. In other words, it is a way of looking from ‘above’ at all the steps from creation to consumption and brings together all the elements of supply and demand—the creator supplies, the customer demands—with the added elements of cash flow (back down the chain) and information (which ideally flows up and down the chain). It provides the whole picture of the process: producers develop designs, receive raw materials as input, add value to the raw materials through various processes, and sell finished products to customers further along the chain. Through information flows from their chain partners and the fact that their product sells, they know what to make and how their product is faring in the market. The objective is to achieve the highest customer satisfaction and value while exploiting efficiencies in all the parts of the supply chain.
13. The artist’s or practitioner’s role in the value chain can be understood in different ways according to context. In the Pacific, Miller showed that the artist/practitioner often takes up numerous roles in the value chain; in fact, they often are entirely responsible from design concept, through raw material sourcing and production, production or construction, quality assurance, transport, to wholesale and retail. Such arrangements are prevalent in the Pacific region, where everyone tries to be everything. This is one of the biggest downfalls of small business operators in this industry. In contrast, the Western concept of the value chain is that every link specialises and does what ‘they do best’ to remove costs, increase efficiency, streamline product movement and output, and ensure customer satisfaction.
14. The value chain concept highlights the need for cultural producers in the Pacific to identify and communicate with all links in their chain, especially distributors and customers, to increase value, learn what kinds of products work and who will buy them, and to identify new opportunities. It also allows producers to follow, step by step, where they best fit in the value chain, i.e. where they can best position themselves, and where their weaknesses lie so that they can address them better.

The Supply–Value Chain Concept—North Pacific Context

15. Rodney Webb, from the Guam Chamber of Commerce, in a positive and practical talk, suggested that participants conduct a self-analysis of their business readiness. He discussed first what it is to be an entrepreneur and how the

participants could reflect on their abilities and attitudes, and decide how those might affect their efforts as cultural producers. Anyone could be an entrepreneur at any time, Webb assured them. Entrepreneurs are found in every occupation and career and at all levels of education. People may become entrepreneurs through their lives and experiences; they are not born ready made. They display a great diversity of personal characteristics; the one held in common is that they are willing to take measured risks for reasonable profit.

16. Webb distributed a 30-question handout to help participants reflect and assess whether they would consider themselves entrepreneurs, as well as to give them a sense of what entrepreneurs grapple with before embarking on a business venture. He described the pros and cons that have to be weighed before deciding to go into business. Pros include the increased opportunity to exercise creative and personal freedom. Although this is challenging, the increased freedom often leads to higher self-esteem and a greater sense of control over one's life and future. The potential for great (financial) success also holds appeal for would-be entrepreneurs. The cons include the fact that businesses never sleep, and entrepreneurs may need to be on-call 24/7 to respond to problems or inquiries. In addition, entrepreneurs need to remember that their business is strictly business and that sometimes they need to make tough or unpopular decisions. Natural disasters and changes in the economy may have an impact on business, leading to a potential loss of investments and assets. In other words, people need to be able to balance the risks and rewards of starting a business. Entrepreneurs have to be comfortable with ambiguity and able to make business decisions, sometimes without perfect information. They must also be able to learn from experience and move on from their mistakes. They need to be persuasive and passionate about their business idea, and able to convey that passion to the customers of their products and services. Having the support of family helps tremendously, as do the physical stamina and financial resources to undertake business ventures. In addition, aspiring entrepreneurs must aim high and consider how their ideas and success can lead to economic contributions for the community or environment. Webb emphasized that all businesses begin with an idea, but aspiring entrepreneurs must know if their idea makes sense and is realistic. And his final advice: 'If you can't make money, it's just a good idea.' The best way to test the feasibility of your idea is to talk and seek advice from others who know more; and to ask yourself, how is your business idea different? What is your competitive edge?

Group Breakout Session—Identifying Value Chain Strengths and Weaknesses and Ways to Overcome Gaps in the Value Chain

17. Miller led a group breakout session allowing participants to explore how their business activities sit within the value chain. Participants were asked to consider their roles in the value chain, noting that they might sometimes carry out multiple roles. In the Pacific, people often think it better if they carry out every single link in the value chain themselves. However, this often puts strain on the operation of the business. The purpose of the exercise was to give participants a chance to think about the different links in the value chain and to

examine their roles, as well as using the value chain concept to consider the strengths and weaknesses in their business operation.

18. The participants were divided into five groups:
 - Group 1: crafters (weaving, carving, jewellery)
 - Group 2: visual artists
 - Group 3: performing and recording artists
 - Group 4: educators
 - Group 5: tourism operators and service providers.
19. The participants, in groups, talked around these key questions: Where do I fit in the value chain? Where do I best fit in the value chain (strengths)? Where are the gaps (weaknesses) in my value chain? Miller forewarned that the groups might find a lot of commonalities as well as of variations. Groups would present their findings on Day 2.

SESSION 2: Distribution Links in the Value Chain

This session examined the distribution links in the value chain, focusing on transport, and customs and quarantine.

Logistical Arrangements in Moving Products

20. Paje Butler of Dependable Global Express commented that although Guam has only a small number of exports, he hoped the participants would help change that. The different ways to export products include ocean freight, air freight, postal services and exports through the tourist industry. Butler defined some common terms that participants should be familiar with and consider before choosing a particular means of transporting goods:
 - Exit Works: The customer makes all arrangements for shipping—the business worries only about manufacture of goods and lets the customer worry about transportation. There is no cost to the seller or worries about logistics, as the customer handles these.
 - FOB (Free on Board): Transportation services to the closest airport or sea port. The business is responsible for the product up to transport, then the buyer assumes responsibility for freight costs and liability, i.e., the buyer takes over all transportation costs.
 - CIF (Cost, Insurance and Freight): The business ships all the way to the customer, covering all shipping costs until the customer receives shipments. These costs are generally added to the selling price of the product, or added to the freight cost.
 - DAP (Delivered at Place): Products are transported directly with all import duties paid for by the importer. (Formerly known as DDU.) The shipper pays for shipment to the customer's door, and the customer pays duties.
 - DDP (Delivered Duty Paid): The shipper pays for all duties including import duties.

21. Butler also described the pros and cons of each shipping option. Ocean freight is the slowest way to transport products. The term FCL (full container load) covers the situation where the seller fills a container with their products only and ships them to the customer. The term LCL (less-than-container load) refers to the situation where the shipper uses just whatever space is needed for shipping to the customer, within a container that is shipping other goods as well. Because LCLs are generally small amounts, the transport company may well want to fill the container before shipping, which will therefore increase shipping times. Air freight, on the other hand, is ideal when a product needs to get to a place quickly; it is also used to transport high-value items or if one wants to get a product sooner, to sell on to others. This mode of shipping, though, can be expensive. Sometimes, if one is moving very small LCL at minimum prices, this method can be competitive with air transport. Butler also discussed the US Postal Service (USPS) stating that this represents the most economical way to move shipped goods that are small in size. He cautioned, however, that the postal system can be risky, often with no tracking system to Guam, and its transit times can be inconsistent. Lost claims can take time to be honoured and businesses need to pay charges in advance.

Factors when Products Cross Borders

22. Officers Jason Paulino, Derrick Guerrero and Ed Lupuebla from Guam Customs and Quarantine (C&Q) discussed some of the factors related to customs when shipping items off-island. Guerrero provided a brief overview of the activities of the C&Q office, including their role in biosecurity, preventing illicit drugs, overseeing imports and exports, issuing permits, and implementing CITES (Convention on International Trade of Endangered Species) regulations. Their office facilitates processes for federal and local agencies. Biosecurity essentially involves preventing diseases and pathogens from coming into the island. C&Q also prevents the importation of illicit narcotics; protects local flora and fauna from imported pests and diseases; prevents the importation of communicable diseases; facilitates trade and commerce; and provides overall border protection. Guam does not have any tariffs that are enforced on the part of the US: Guam is exempt from the Tariff Act of 1930; additionally, the Organic Act of Guam (1950) gives Guam sole authority for customs at its borders. Contact information in case participants want more information was provided (Phone: (671) 642-8071/8072). The floor was opened for questions.

23. The first question was what one should do if they want to take plants off-island from Guam to the mainland US. C&Q answered that to transport plants to the US mainland, for example California, the sender would need to find out what that state's laws are regarding importation and make a call to the state's agricultural department to find out what their requirements are. This would include having a biosanitary certificate stating the plant is free of pests and diseases, and that there are no signs of disease or insects. If plants are being brought to Guam, C&Q needs to find out what kind of plant is being transported—its scientific name as well as its common name—in addition to sighting a permit, to make sure the

plant does not fall under any regulation. Furthermore, there should be no insects. If any insects or pests are present, the exporter will be responsible for removing them at their own expense.

24. A participant asked if it was necessary to have a certificate to import plants from Hawaii, such as those being sold at the airport, or plants prepared for shipping to 'mainland' United States, including those plants prepared for propagation. C&Q responded that the Department of Agriculture, in this kind of situation, does require a permit to import. The office in Tiyan, Guam, has an inspection station for cuttings, roots, seeds and leaves. Even plants that are cryopackaged need to be inspected.
25. Another participant asked about the confiscation process. As a delegate for the recent Guam Micronesian Island Fair, this individual had had ferns and carved shells confiscated without explanation. C&Q replied that their office facilitates for a lot of agencies, including Fish and Wildlife Services (FWS). Because Guam is outside of US borders, C&Q also carries out federal enforcement. Shells usually require a permit. If shell is coming from a foreign port and not from interstate travel, a permit is required. C&Q performs a dual type of enforcement for both the US Department of Agriculture and the Guam Department of Agriculture. Some shells, such as endangered species, fall under CITES and may also be regulated by other federal statutes, so the best advice would be to contact the Guam Department of Agriculture.
26. Another participant wanted a broad explanation of local Guam customs laws, federal customs laws and laws from FWS regarding Guam's classification as either domestic or international. C&Q responded that their federal counterparts basically handle the immigration side of customs on Guam; everything else Guam C&Q handles. Regarding national and international designation, anything from the US and territories and insular areas is considered domestic, but Guam lies in international waters. Exports that leave Guam, including mail, are considered domestic. Travel, however, is considered foreign. So someone flying from Guam and landing in Hawaii, or at the first US port of entry, is subject to international regulations.
27. Participants also asked about the federal guidelines regarding shipping from Guam to the other islands of Micronesia, including Palau and Saipan (CNMI). C&Q replied that to ship from Guam to the outer islands, exporters need to find out what their laws and regulations are. To export out of Guam, especially agricultural goods, the exporter needs to acquire from the Department of Agriculture a customs certificate of prior possession, verifying that the exporter has listed the items and that they intend to take these items abroad and intend to bring them back. For example, if one is going to export from Guam to Pohnpei, and then going to bring the item back, that is fine. Importation from the islands to Guam, however, will depend on the items. For example, if one is bringing clam shells from Palau to Guam, there needs to be a certificate from the Palau government stating that the shells come from a culture farm, then the exporter needs a Fish and Wildlife Service permit to come to Guam. To the question of

whether these regulations cover transporting shells to and from CNMI, C&Q replied it depends on whether the species is endangered. If the species is not known, C&Q will hold the item until they find out what it is, deferring to other agency specialists.

28. Another participant asked for an explanation of CITES. C&Q explained CITES is the acronym for Convention on International Trade of Endangered Species. CITES country parties work together to regulate and protect endangered species in their countries and abroad. The US is a party to CITES. For example, orchids are protected under CITES, and a permit is needed to transport orchids from Hawaii to Guam. The permit needs to include an invoice with the plant's common name. To see which countries participate in CITES, one can consult the CITES website.
29. Participants requested clarification regarding items confiscated by C&Q. C&Q responded that if the item is all-out prohibited then it will be destroyed. For example, to import turtle shell, one needs an FWS permit and a document saying they have owned this item since before 1972. In some cases when an article has come through, it will go through a process to check if it meets all requirements. The priority is to safeguard borders. C&Q's evidence office takes care of what happens to articles. If, during the process, the items are found to be questionable, then they can be held, clarified and released, or seized and forwarded to a regulatory entity. If the item is not allowed, it will be processed for destruction and the importer will be notified. C&Q also took the opportunity to point out that there are civil penalties that can be imposed on violators. If you travel, these items must be declared verbally and on the customs form. This helps safeguard an individual from being issued a fine, but C&Q tries to remedy situations whenever possible.
30. A participant asked, for purposes for planning, when one applies for a permit, what is the turnaround time on average, and how far ahead should one apply for a permit? C&Q explained that most permits last about 30 days, some a year, depending on the agency. Import permits for agriculture last 30 days, and there are some permits that can be used over and over again, depending on the agency. Additional information about C&Q regulations can be found at their website, www.cqu.guam.gov.
31. Called back to the floor to answer questions, Paje Butler explained the term 'exit works' again, and gave advice about exporting to places like Japan, with regard to costs and time considerations. If one is shipping something that takes up a single palette, it could be shipped LCL, but it would be best shipped as air freight based on weight. While LCL ocean freight can vary, to export from Guam there would need to be enough being shipped to fill a container in order for the palette/container to ship, or the exporter will have to pay for the full container weight. Butler noted that Guam is not a big exporter, and the number one export from Guam is scrap metal. To ship a 20-foot container to Japan would cost about US\$4,000 but one must also bear in mind fees, customs formalities and port fees, and Japan has expensive trucking costs as well. Shipping to Europe is a different

story because one would need multiple carriers, as there is no direct shipping from Guam. Generally, three different carriers (travelling from Guam, to Southeast Asia, then to Europe) would be needed, and the estimated cost would be about US\$6,000 to US\$8,000. A 40-foot container would be about double that amount.

32. Webb added that shipping costs to a major international market like Japan can be prohibitive for some businesses. Therefore, these issues need to be thought through before entering any contracts. Butler added that Guam is considered 'domestic' for items coming into the island, but 'international' for shipping out from Guam to the US. Guam is protected by Guam Customs and Quarantine, but US Customs protects US borders. Other differences relate to Guam having no tariffs or duties, but items going to the US will be subject to import fees and taxes. It should also be noted that C&Q will examine what is being imported—an inspection will have to be done, or a satellite inspection will be done until Customs shows up, then the shipping container will be sealed and taken to its place of business. There is a US\$25,000 fine if this seal is broken.
33. For small exporters, Butler suggested that businesses use the US Postal Service (USPS) in order to minimize transportation costs as much as possible. He advised participants, 'Go for exit works terms to have the buyer handle that responsibility and then figure out how much you can sell your items for.'
34. A question was put to the audience to see how many were already exporting products and by what method. A participant from the Marshall Islands declared that she uses USPS to ship to Japan; a participant from Kiribati ships to New Zealand using DHL (courier services); another from Chuuk ships to the US via USPS; another participant from Chuuk ships to the US using USPS flat rate boxes directly to customers.
35. Pointing out that this discussion concerned the end point of the value chain, i.e., distribution, Miller asked those talking about their experience in using USPS across the border what they were sending, what was the average weight they were sending, and what were the average costs. The following responses were offered:
 - A participant from RMI said her average shipment from RMI to Japan costs about US\$150. If the items are needed within two weeks, she sends them by Express Mail, and costs are covered by the buyer. An invoice is sent first and the customer pays for everything, paying full price before the item is sent out. It was noted this is similar to E-Bay, using PayPal services.
 - Another participant, shipping from Guam to Japan, said that to use a courier service like DHL, for example, one has to have an account with the courier—they cannot just go there and expect to be able to ship their items immediately. This is the kind of hidden impediment that producers need to know about. For shipping from RMI to the US mainland, Micronesia or New Zealand, one participant found the easiest way was to check with the post office, using Priority Mail, where you could easily find out about postage and insurance costs. She added that with Western Union and moneygrams, it was easy to

transact. Shipping 50–60 pounds (23–27 kg) costs about US\$20–\$45 and may take about three days to ship, although it sometimes takes two weeks to other parts of the Pacific.

- A participant from Palau said that Palau had recently stopped Priority Mail services (about two months ago), and that shipments over one pound have to remain open in order to have them inspected. She added that being unable to send flat-rate boxes has really hindered business.
- A participant from the Marshall Islands said that an agreement between USPS and RMI now limits the weight that can be sent out. If a shipment exceeds that weight, it will be stopped. Because the government was ending up having to pay for the extra weight, export regulations were put in place, which have affected businesses. Sometimes exporters are not informed about this kind of agreement between the government and the postal service.

28. A participant from RMI suggested that good connections are important and that one should travel and meet people to establish those connections. She added that she has her children assist with mail orders while she is travelling and that the Internet makes communication and business much easier than before. Miller added that producers need to make the most of opportunities to be at exhibitions and fairs to showcase their products and services, and to consider engaging in e-commerce, now established as a successful trend, as well as Facebook, which is also effective for reaching a lot of customers.
29. In her closing comments, Huffer highlighted that the participants' questions and feedback made it obvious that trust is a key element in cultural production and distribution. Success is based on knowing your customers—as well as those assisting you—personally. This is in large part because cultural products, unlike many other products, are so personal and community-based. Ekstrom reinforced the importance of trust and knowing the people involved in the chain. In addition, she suggested to participants that it is important to 'formalize your story—don't just sell your handicraft or performance, but sell your story and what makes your product unique.' The story is an asset, regardless of the kind of product or how it goes through the value chain.
30. Huffer also reminded the group of SPC's biosecurity and trade division, which can help in addressing quarantine issues. She gave as an example the 11th Festival of Pacific Arts, when SPC coordinated with all the participant countries to ensure that products brought in were fumigated to prevent pests from entering Solomon Islands. In addition, SPC's trade program deals with promoting exports, including horticultural ones. SPC is working on a manual covering handicraft export and circulation in the region and beyond, which will assist cultural producers to understand import and export biosecurity regulations and to be better able market their products.

DAY TWO

Value Chain Exercise: Group Feedback

31. Glynis Miller opened the session, with the five groups from the preceding day ready to provide feedback from the Value Chain exercise focusing on their issues or challenges, strengths and weaknesses.
32. Group 5, consisting of individuals working in tourism, thought they probably fit best in the promotion and distribution aspects of the chain. Their biggest challenge or gap is being able to decide which services and products they actually can market. Ideas for products or services are many, but direction is lacking about where to start or how to market these items. Lack of capital to begin business projects is another conspicuous gap, as also is sustainability of supplies of raw materials, which is not guaranteed. Quality assurance is not consistent. For example, trying to market and distribute a product like traditional coconut oil is difficult to monitor in the absence of accepted rules regulating how different businesses or individuals produce the oil—they may use methods or shortcuts that affect quality or purity. The lack of copyright laws or intellectual property laws also makes it difficult to control the production of cultural objects while simultaneously ensuring their authentic qualities.
33. Group 5 also admitted a weakness in not knowing or being familiar with the rules and regulations for overseas distribution of cultural products. This affects the kinds of items visitors can take back with them, because they may be prohibited from taking some items to their home country or to other destinations. Many cultural products are partly or wholly made of natural or raw materials such as plant fibres or shells for which strict regulations may prohibit their movement across borders. Another gap involves an item of local Chamorro cultural behaviour referred to as the “*pare*” system, wherein individuals have a very informal or casual attitude that could result in delayed- or non-payment for goods and services. In addition, the lack of marketing support in the form of distribution networks can affect efforts to move culturally produced items.
34. Group 4, comprising educators, saw themselves as fitting into the value chain as creators and producers. Their ‘products’ are knowledge of Chamorro culture and Chamorro language. Their group presentation focused more on the challenges or gaps they face in their value chain. The first gap is the lack of raw materials to produce items they use for teaching. Another gap is the lack of trained staff to assist them so they do not end up doing all the work themselves. They recognize their need to be more comfortable with technology; and of course they experience a need for capital or money to produce their materials. For example, one of the members, who runs a Chamorro language immersion daycare, needs money to translate educational materials into Chamorro, to hire employees and make certain purchases. Like Group 5, they also recognize the potential for conflicts between cultural behaviours and expectations, and the

rules, regulations or standards in the area of education. Balancing expected cultural norms of respect and humility with the competitiveness of business and marketing can be difficult.

35. The performing artists in Group 3 saw themselves as individuals who input the value chain primarily as designers, creators of content, choreographers and composers, but they also use social media to market themselves and participate in cultural festivals as forms of distribution. One of the challenges or gaps the group pointed out is the varying approaches and attitudes artists have toward sharing or passing on cultural knowledge and skills. Some artists are comfortable sharing knowledge, while others find it more difficult. They do share the belief, though, that finding people to entrust with cultural knowledge is important for ensuring the perpetuation and preservation of cultural practices. Another member observed that being an artist—in his case, a recording artist—is a very difficult life, and requires commitment to the art, yet one also realizes that one needs to make money to survive. Instead, performance art is often seen as a 'service' for which there is—and need be—no pay. Another gap in their chain is that the performance arts do not represent all members of the community. 'Invisible' sub-communities include children, who often do not see themselves as participants in performance.
36. Group 2, the visual artists, are also creators and producers in the value chain. They described the main challenge they face as a creative one—thinking about what product they could make that customers will like. They do not want to be perceived as 'sell outs,' i.e., only making things they will be able to sell. Instead, they want, ideally, to take their merchandise to a gallery or special event. As artists they each have their own individual style, but they can speak to people to help generate ideas of what customers might want. Another challenge has been maintaining their unique styles as artists while making products with more mass appeal. Additionally, creating cultural or culture-based art forces artists to do research to know more about what it is they are producing and to make their pieces genuine (authentic) and educational.
37. Group 2 also identified the lack of capital to purchase materials and to produce quality prints or reproductions of art pieces as another challenge for them from a production standpoint. Capital is also needed to purchase technology and software. Art guilds may have a viable infrastructure for established artists, but if one is just starting up, finding capital will be a problem. Another challenge is having sufficient time to produce art pieces. Some objects take longer to produce than others. Visual artists tend to work as individuals, unlike performance artists, who tend to work in groups. This can leave an artist with the burden of carrying out multiple tasks and responsibilities, which can affect their work or creativity. But artists can find opportunities to work with other artists and benefit from each other. This does not have to be collaborative but more of a sharing of knowledge and technical problems that can strengthen individual skills.

38. The carvers in Group 1 are another group who are primarily creators and producers in the value chain, but they also want to take their products and promote and distribute them in the tourist market. They expressed their belief that cultural arts and crafts are integral to Pacific Islands cultures, but a challenge for them is to find ways to take carvings to the market place, as well as to explore tourism opportunities. Coming up with designs for their carvings is another challenge, but ideas can come from potential customers or from the carvers themselves. Further down the value chain, the carvers have different options for distributing their products, but there is no real certainty their items will sell. Although their products may be unique they are not always appreciated, especially when it comes to pricing. For example, blacksmith products are one of the most important, unique cultural crafts on Guam, but customers complain they are too expensive. Some customers do not understand the time it takes to produce a piece or the complexities of the process of production. Indeed, the production cost is often prohibitive and carvers do not do much to promote their products to customers, using instead a 'traditional marketing tool'—advertising through word of mouth. This is useful when selling in the domestic market; however, advertising for the global market is costly. Their products can be distributed in various ways but they are usually small-scale operations and based on individual customer orders. Cultural fairs provide free opportunities for most carvers to come and sell their products. They can also seek more information by going to national private sector organizations to ask for business development funds, which may help market their products. Another important point they raised about distribution is the critical importance of being truthful, especially about how long it will take for a piece to be completed and delivered.
39. The weavers and craftspeople, also of Group 1, are likewise producers and creators in the value chain. Their strength is their creativity, but also their stories. As craftspeople, in addition to their pieces, they need stories to define their products and make people interested in them. For example, one of the group members, the owner of a local Guam t-shirt and accessories business, said her store and even the company logo has a story behind it. The story contributes to her store being a unique place for customers to want to come and shop there.

Value Chain Exercise: Issues and Suggestions

40. Over the course of the discussion, the participants raised several issues and concerns and offered suggestions. One of the issues the educators group brought up was the disparity among the different islands in Micronesia and the effect of that on their capacity to market cultural products. Guam has many visitors and tourists who represent an important market, but other places throughout Micronesia receive fewer tourists, resulting in fewer opportunities for these island communities to showcase their culture or market their products directly. Another participant, noting that Micronesian artists as a whole are not organized, proposed that artists organize themselves and use the uniqueness of Guam as the market. These artists can still produce different kinds of cultural

art—but working together and doing business together, such as providing designs and producing artworks, and then selling them on Guam.

41. Pricing and marketing art emerged as another issue for two of the groups. Art is difficult to price and the necessary markups mean some pieces will not move much or as quickly. In addition to pricing, marketing and promotion also present challenges to cultural producers. Some artists must decide whether it would be better to sell their work directly to customers or through a retailer. Retail stores charge high markups, which make it difficult to give away 50% of the value of a product just to sell it. Also, artists are usually not able to deal with the challenges of distribution and sales of their work. They need to know how this is done, and how to communicate with dealers and venues that sell art locally and internationally.
42. Discussion among the participants also considered the area of finding support and places to sell cultural products. Chamorro Village in Hagåtña was brought forward as an example. When the village was built it was supposed to be a venue for the sale of Chamorro products, but then it became an international market. The original concept of Chamorro Village had been to encourage people to produce something unique to Guam and the Guam Product Seal program was initiated to have local producers register their products, but this program was not enforced. In addition, some items were mislabelled, indicating they were made on Guam when, in fact, they were produced elsewhere in countries like China or the Philippines. Other items could not be identified as having been manufactured on Guam at all because there were no standard or certification requirements.
43. The Group 1 member with the t-shirt business has a store located in Chamorro Village, and she offered her informed insights for doing business there. She reiterated the value of having a story to go with the business, as well as the importance of creating a comfortable atmosphere for customers. Passion for one's work is necessary. To promote the local production of her items, she designed and registered her logo and trademarked her business name. It took time to do the research and go through the process, she agreed, but it is worth the trouble and is something that can be done without the expense of lawyers. She offered advice about taking the time to package items neatly and in a way that will appeal to customers. She said, 'It's surprising what a little raffia can do!' Tags also help, especially when they explain the story behind the product or the business. They may add to the production cost, but if done well they bring the product to the next level. It is also important to keep products safe, including the packaging, to ensure that customers do not get hurt or injured. Quality and consistency are important in a business, as well as good communication with customers and pride in the goods and services one is providing.
44. Another Group 1 member recounted her experiences of presenting her handicraft products at fairs and coming to realize the amount of time required to prepare high-quality pieces to keep up with the demand. She was fortunate to have support from other weavers, to help make sure her products were of good

quality. Now people appreciate her work. Another weaver, also from RMI, offered her insights regarding distribution and sales. People who produce handicrafts from the Marshall Islands (which often include shells) have to take extra care to ensure before mailing these out that no sand or animals remain in the shells. In places like Australia and New Zealand, this is usually the first thing they check for when inspecting such products. She also suggested that marketing through Facebook is a good place to find customers. Indeed, it seems a lot of people are more likely to connect and place orders through her Facebook page than through her personal or business websites.

45. A participant questioned the educators' group about how the classes are set up within their Chamorro language immersion programs, specifically, whether they teach the language in a traditional classroom or a Westernized setting. A Group 4 member replied that they teach in both traditional and Western settings, and are working towards creating a traditional school for grades from Kindergarten through to 12th Grade. They plan to take the students outside of the classroom as well and give them opportunities to gain hands-on experience and learn as young Chamorro did in the past. They encourage parents to participate in speaking and teaching Chamorro to their children when they leave the school and return home; furthermore, they offer language classes for parents who do not speak Chamorro so they can continue speaking to their children and helping each other. These language services are free of charge. A member from the performing arts group said that he and his wife have operated a Chamorro language daycare for 14 years. Sometimes parents and grandparents need to be reminded that when their child is in the daycare and using the language, they still have to reinforce language use outside the daycare. If no one in the family reinforces the language, by the time the children start going to school, they are going to lose it. They advise parents to have someone in the family who knows the language to reinforce in this way what the school is doing. Still, they find, many parents that think learning the Chamorro language will 'injure' their child's learning in school.
46. The question of understanding and dealing with legal matters was of concern to many. One participant gave as an example the need to be careful about products like traditional herbal medicines, which can be found for sale at cultural markets and festivals. If someone purchases and uses any of these medicines and something bad happens, such as an allergic reaction to the medicine or some ingredient, how can the producer or seller protect themselves legally? She urged that people who make these kinds of products must do their research, including familiarizing themselves with local laws.
47. Intellectual property rights issues also claimed some attention: a carver was concerned about protecting rights to his designs; a cultural performer about copyrighting his music compositions. Another participant, commenting that ownership is a very sensitive issue, especially with cultural products, pointed out that sometimes islanders become victims of exploitation, where outsiders take cultural products, learn how to reproduce them and sell them for profit, leaving the islanders with nothing. To prevent this from happening many

traditionalists refuse to share their knowledge and keep it secret. *Suruhanu* (Chamorro traditional healers), for example, will not readily tell others about the manufacture and administration of traditional medicines for fear of this kind of exploitation. Another example is noni juice, a traditional medicine made from the fruit of the noni plant (sp. *Morinda citrifolia*) that is now being sold commercially. It was suggested that the workshop participants as a body should think about and pay more attention to these issues. Another participant commented that this 'piracy' is nothing new: certain pharmaceutical companies spend millions of dollars for research on local medicinal plants, then take the information and produce the medicines elsewhere without benefit to the indigenous people. She recommended the introduction of some kind of regulation, perhaps charging companies for permission to use traditional knowledge.

48. Discussion moved to the sharing and outsourcing of cultural knowledge. A member of the group of weavers and craftspeople asserted her belief that cultural knowledge should be shared. One performing artist agreed, but felt that outsourcing culture could lead to loss of art or knowledge of the creative process, especially if artists rely on others to produce or manufacture things they can do themselves. However, he also saw outsourcing as a kind of exchange between cultural groups. For example, his group uses plant fibre skirts and in the recent Micronesian Fair, rather than having his group make the skirts themselves, he commissioned someone else from a different culture to make them. Although he would need to modify the skirts for his group, he saw this as an opportunity to assist and support another cultural producer.
49. Nevertheless, problematic aspects of the appropriation of culture on Guam also emerged. One of the performing artists described Guam as a melting pot with people from all over the world, and that mixture of cultures is already represented in performance art. People on Guam love the other cultural performance arts. But, he noted, dance moves or instruments or styles are often appropriated in ways that can reduce these performances to mere entertainment. Used outside their original cultural context, these performances can lose their sacredness or their meanings because they are not used appropriately. One participant suggested that performers should show respect and possibly consult with other practitioners, to create better understanding for their use of elements that belong to a different cultural group. Another participant emphasized that people should appreciate the differences between cultural dances because these differences are what make each culture unique. She added that this kind of borrowing from other cultures is bittersweet—'bitter because they want to copy you, sweet because you know you have something good to share.'
50. Ekstrom wrapped up the session noting how all the groups had come up with their own analysis of the value chain—and even though each was making different products or offering different cultural services, the commonalities of issues, strengths and challenges were obvious. Common issues included concerns about the transfer of knowledge, cultural appropriation and

misappropriation, and respect for culture. Regarding marketing, she noted the importance of marketing and promotion for the value and sale of these products, and said again that telling the story and selling the story and culture give value to cultural products. She stressed the importance of delivering on time and above all, of not making promises that cannot be kept. Educating customers and the community on the value of these products presents a good approach. Ekstrom concluded that now that the participants knew where they fit in the value chain, they could start to think about who else they could cooperate with to make the process easier and more effective, and to address outstanding issues.

SESSION 3: Business Plan Development

This session looked at some of the essential components of a business plan or business development plan.

Advantages, Purpose and Fundamentals of a Business Plan

51. The presenters, Fred Granillo and Denise Mendiola-Hertslet, University of Guam Small Business Development Center (SBDC) were welcomed and introduced to the participants.
52. Fred Granillo gave a brief background of SBDC and its importance, purpose and how it could assist entrepreneurs. He noted that the groups had already briefly discussed the purpose of preparing a business plan, including using a business plan to obtain capital from banks. He explained that many who come to SBDC for help are those who need bank loans to start up their business. Because the bank requires a business plan, SBDC helps them prepare it. Money for business comes from two sources: owner/investor and banks, but the money from the bank will be debt money that has to be repaid—money that has to be given back, with interest, to the bank. This is different from capital, which is money that comes from true owner investment or from other investors.
53. According to Granillo, SBDC can assist by providing a basic business plan outline. A business plan is a statement of what the business is, how it operates, how it is managed, how it interacts in the marketplace, how it functions financially, and its strengths and weaknesses. The executive summary is usually written last, after the planners have gone through and developed their whole plan. A good executive summary is a condensed but powerful description of the entire business plan that creates a first impression in a reader's mind about the applicant and the business itself. It describes the unique opportunity presented by the product or service offered. The applicant should show that they are truly vested in this personally. The executive summary will also include the amount of financing needed, and describe how loan funds will be used, as well as the collateral that will be offered to secure financing. Most banks expect a minimum of 20% equity investment from the owner.

54. The business description will include the history of the business, mission statement and goals, and the owner's passion. Granillo emphasized that this passion has to shine through because if one does not really have interest or experience or knowledge, it is going to be difficult to translate that into the plan. The business description also provides detailed information about products and services. The mission statement lays out the 'marching orders' of the business. Everything the business does should be consistent with the mission. It can address quality, ethical practices, role in the community, employees, customers, shareholders, profitability, and/or the environment. Business goals should be summarized for one to three years, and reference specific financial and organizational goals.
55. The marketing plan is the meat of the overall business plan and requires sound research, with statistical data to support the plan. The market analysis and target markets identify the industry an owner wants to be involved with, and indicate where that owner is going to fit in that industry. The plan also indicates the size of the industry, such as volume of sales as well as growth trends and the product/service outlook for that industry. Additionally, the market plan describes the customers that are most likely to benefit from and therefore purchase the company's products and services. This entails looking at information like demographics. Demographics can help identify customers based on village, gender, or income. In addition, target customers, those who are going to be demanding the product, need to be clearly identified. Granillo emphasized that this section of the plan cannot be vague or general.
56. Another part of the marketing plan is the competitive analysis. It is important to know who the competitors are and how to compete against them. This analysis also helps identify a potential niche for a business within which products or services can be differentiated for the target market. The competitive analysis describes the uniqueness of the business and the ways in which the products or services may stand out from the competition, such as having higher quality, better customer service, quicker responsiveness, being safer/healthier, more attractive, more convenient, or of lower cost.
57. The marketing plan should also mention Key Success Factors—strengths that will help the owner identify their ability to succeed, including assets and experience. The key success factors will be different for different industries, and include industry knowledge, a fast turnaround time, having a high quality product and an aggressive marketing plan. In essence, the marketing plan overall helps identify the business strategy, such as educating customers in the value of the product and building awareness. The next step is to develop an action plan to achieve that strategy.
58. Granillo explained that the management plan describes the day-to-day operations of the business. It includes descriptions of key officers and management personnel as well as their skills, qualifications, responsibilities and functions. With performing artists they need to be clear as to how they distinguish between employees and contract workers. There are clear distinctions to be aware of regarding how to treat

them and account for them, especially for records and taxation purposes. The plan should also break down in detail the processes of production, services, and distribution methods, as well as outline time and materials because these will all affect costs of the business.

59. Another important aspect of the management plan is quality control. There needs to be consistency; indeed, development toward complete quality is an ongoing process and is important for the long term. Specific quality control measures and safety plans should be described. Granillo explained, customers get used to seeing a product over and over at a consistent quality level. In addition, suppliers and facilities are critical for the consistent flow of materials. Consideration of terms and conditions agreements is necessary to keep that supply consistent so that the owner can complete the production process for their customers. Also, facilities—property or other leases should be considered for numbers breakdown because they may affect pricing. For businesses, billing, collection policies and record-keeping need to be constant and well-established because they provide a kind of scorecard to see how a business is doing—for the business owner and for the bank or investors.
60. Granillo also described financial plans and shared that SBDC has templates to help clients break down the numbers. He mentioned that banks need a three-year projection and descriptions of balance sheets, income statements and cash flows. The owner also needs to identify sources of the numbers they provide and to be able to support them with documentation or reasonable estimates, otherwise the numbers will not have value for the owner or the bank. Banks can tell if one is just pulling numbers out of the air. Also, it will help the owner to do different risk analyses, i.e., worst and best case scenarios for their business. The plan should also include mention of initial required funds and sources of funding, a pricing strategy and gross profit margin, a break-even analysis, project financial statements, assumptions risk analysis and alternative plans of action. It is important as a business owner to understand your business and each section of business, so that you have a better chance for a successful operation.
61. Granillo closed by stating that the SBDC program is run out of the University of Guam (UOG) and has been around 16 years on Guam. He added that there is a whole network of SBDCs throughout the US, Mexico and Canada, whose mission is to help small businesspeople get in business and stay in business. SBDC can help people access finance. They provide tools and templates to complete the business plan; provide training, education and seminars; do outreach to the community, some with the Guam Economic Development Authority (GEDA); and also provide a library of business books for review, as well as computers and resources for business persons. The only requirement to access these resources is to be an SBDC client.
62. Granillo suggested that the local restaurant Proa could be considered a success story of a small business located in Tumon that is now expanding to a second location. The floor was opened for questions.

63. A participant from the RMI asked where she could go to get help. Although there is an SBDC in RMI they have not provided good help or feedback and she has not been able to access capital for her business. Granillo said they will look into this, but added that their network extends to Yap, Kosrae, Palau and CNMI. The SBDC is funded by the US Small Business Administration.
64. Glynis Miller then asked if anyone present had business plans, and about six participants raised their hands.
65. One participant asked how Granillo determines a business is 'successful,' going on to comment that people think a business is successful because they branch out to other places. She was of the view that being successful does not necessarily mean one has to be established in many different places. If one is established and strong in that one place, then that could be considered a successful business. Businesses that are placed elsewhere accrue other expenses, such as extra rent, extra employees and utilities. Granillo replied that if one can be profitable in all those locations, then that could be considered successful. The drive for success is also about employment, paying taxes, and being in compliance. When a business does that, they are creating commerce, which has a multiplier effect in the economy.
66. Another participant commented that a business like McDonald's, which does not necessarily have great quality, is successful because it creates familiarity. Maybe if one builds familiarity with their products and can employ a trusting team at their different locations, people will go to these other locations because of their familiarity with the brand. Granillo responded there are many factors that constitute success—background, knowledge, experience, and deliverability. If a business is consistent, then there is a good chance it will be successful.
67. The participants who own the local t-shirt business in Hagåtña said that they have a quality product and there is 'authenticity' about their product. It is one thing if a business has a product that is mobile, like food, but their company is different because it is located in Chamorro Village and that setting cannot be replicated. Granillo replied, these kinds of business are very specific and there are no guarantees of success. But when a business expands, they are usually duplicating their processes.
68. Elise Huffer made the point that a business can also be considered successful if it has a social or cultural function. The region has many examples of businesses where the investors are family and community members who raised the initial money. An example is the Mucunabitu Iron Works in Fiji, where family members contributed and helped to raise money for the business and could be considered as investors. Businesses have social and economic functions beyond profit-making. She added that many of the participants had businesses that had a strong cultural and social function, as well as an economic function.
69. A participant from Pohnpei SBDC pointed out that theirs is the only SBDC that operates outside this network, and they have a different mandate. As he works with people in entities in the Micronesia region, they always talk about helping with

small enterprises. In his experience, most of his clients are people within the subsistence economy, and most artists are grounded in this economy as well. Most of the funding, therefore, goes to small individual enterprises. That is a challenge for Pohnpei, and he would like to know how the Guam SBDC handles this because it is difficult to find funding for people at this level. Granillo replied that Guam has the same challenges: a host of people at a low-income level. He named the Pacific Microcredit Institute as providing small business loans to low-income folks at a better rate than another institution would normally extend to them. His colleague Denise Mendiola-Hertslet is also involved in Guam Soup Stock, which contributes cash to help micro-oriented businesses.

70. A question was raised about price setting for cultural products—particularly for establishing the price per unit. How would each artist come up with prices for their products? What if consumers want cheaper prices for these pieces of art? Granillo responded that, without considering the intrinsic cultural value, pricing is very subjective and different for everyone in the room. He advised the participants to consider core costs and develop pricing from that. Look at raw materials, time and effort; come up with that information first, and then develop what profitability level you want, and the markup level that would satisfy you. Identify the cost of the core structure and then identify related costs. He said, however, he did not know how prices could be controlled, especially for cultural items; it can most often be hard to determine objectively if one item is more valuable than others of its kind.
71. A participant asked if SBDC assesses existing businesses. Granillo replied that SBDC looks at specific aspects of businesses; they do not help just with start-up but also with aspects like buying or selling—depending on needs.

Approaches to Business Plan Development for Cultural Producers

72. The next presenter from SBDC, Denise Mendiola-Hertslet, began by pulling up the Pacific Islands SBDCN website. The PISBDCN is a network in which each island provides information about its individual centres and about the islands themselves for people who want to trade or bring things to market there. The site also has start-up tools, as well as business plan and financial plan templates that are downloadable. These forms can be emailed to consultants who can provide online assistance. She reiterated that the SBDC in Pohnpei is operated by the FSM government. Every island nation that establishes an SBDC is a host, so they have to provide some space, some sort of technical assistance and partnerships. SBDC Guam is part of a different network called the Association of Small Business Development Centers that has some 1500 members.
73. Hertslet then demonstrated how to take an idea for a business and put together a business plan. Using herself and an idea for a mango honey business, she explained the steps and considerations for developing a viable business plan. First, she describes herself as a senior business counsellor but also a master food preserver. She has an idea for a business—a food product she has created, something she is known for in her family and in small local circles—and now she wants to sell or

export her product. She has a potential customer/consumer base: very broadly, 'everyone who eats.' The idea of putting the business together is important but she wants to do something personal. She wants to show that her product means something to her customers, again emphasizing the point of 'telling your story.' She offered: 'Adding value to your local harvest adds value to your life.' The fact that her mango honey is derived from local fruit gives her product special meaning, especially for the customers she hopes to attract.

74. In the business description, she explained, little hints of the personal story will turn up on the product. A business owner should 'have a vision for where you want to see your product or how you see it being used.' In her example, she envisions her product on tables in every home and restaurant. It is a product that will allow the buyer to 'take home a taste of Guam.' This indicates she is interested in selling to consumers and businesses, and in the future, she wants to export this product, or do carry-on exports with tourists.
75. Business owners should also be knowledgeable about what they need to run their business—things like equipment or supplies, because a business needs to be properly outfitted. She added that a list of start-up costs is important. Equipment is generally considered to be assets, so if a business goes under, the bank will take the assets—including the equipment. She noted that an essential piece of equipment should include technology—a computer, printer and Internet access for labels, information and networking. For food businesses, recipes cannot be copyright protected. She also noted that the way the business plan looks—from design and format to typeface and font size—helps to hone familiarity and branding of the product. Pictures or images of the product also help.
76. Businesses also need to establish their methods to make sure that they are compliant with rules, guidelines or associated industrial regulations and with standards of public health. For example, on Guam, food businesses need to have a separate commercial kitchen (not a home kitchen) where products will be made, and clean, sanitized equipment and supplies will be used. Food products should have a pH below 4.6 to ensure safety. The details of the process of preparation and production are also important parts of the business plan: this information will be taken to the bank or investor. For financial and marketing plans, the applicant should do the research. Even before completing an application, the applicant should be sure all details are compliant. For example, things like having an approved delivery vehicle (one that does not have rugs or carpeting) are important considerations. Applicants should make allowances for other costs, such as fees for licences, manufacturers or pedlars, which can run to about \$100 a year; sanitary permits, health certificates, and so forth. These costs add up but an applicant will not know this amount until it is written down.
77. For marketing, Hertslet recommends the 5 P's to help an applicant work out the different aspects of their marketing plan: Product (including designs, labels); Place (direct or indirect distribution, with wholesalers or retailers); Promotion (how to get to customers, such as displays and signage); Price (the cost of goods, expenses, price margins, brand and perceived values); and People (consumer, business,

federal government; age, gender, location, demographics are important, but also consider lifestyle consumers, like vegetarians; or other categories such as residential, tourists and the military). Businesses need to consider their potential customers. In addition, working from home is a good place to start for small businesses because they can allow for more profit with fewer costs (such as utilizing tax breaks and not paying rent). Cash flow is also important. Consumers may pay directly but this provides only small amounts of cash. Businesses pay larger amounts but their payments may take time to process. Governments pay even more for products and services but these payments take longer and require more paperwork. So, to have cash on hand always, a business should vary its customer base.

SESSION 4: Domestic vs Export— Which is Best Suited to Your Business?

This session looks at particular characteristics of each market and studies the influencing factors that drive both markets.

Overview of the Guam State Trade and Export Promotions (STEP) Grant Program

78. Representatives from the Guam Economic Development Authority (GEDA) Greg Sablan, Business Development and Marketing Assistant Manager, along with Carl Quinata, Industry Development Specialist, and Natalia Faculo, Industry Development Specialist, had been invited as GEDA representatives to talk about the Guam State Trade and Export Promotions grant program (STEP) funded by the US Small Business Administration (SBA). Sablan described tourism as Guam's number one export, both in the form of selling packages to hotels, and in the form of products and services purchased by foreign dollars. Everything that a tourist can buy in a store and take home is a carry-on export, almost like direct marketing. This also applies to services. In response to the earlier question on how to define success, Sablan described it as both tangible and intangible. 'Intangible success' is embodied in an owner who is happy with what they do. 'Tangible success' is economic in nature—related to profit, being able to pay employees, bills and other expenses. Also, success could mean being able to expand, maybe not by actually leaving and establishing a business in another location, but expanding into another market, or selling abroad.
79. The STEP grant was awarded through the US Jobs Act to help stimulate the export industry on Guam. In 2011, GEDA was awarded US\$130,000. With this funding, they devised a plan to develop small business on Guam by helping owners develop their products and services. In addition, GEDA would do outreach, conduct trade missions, and then organize the Guam Export Trade Show (GETS) to showcase export products and services.
80. Faculo described the STEP program authorized by SBA as a three-year pilot program initiative to double the amount of exports in the next five years and to increase the number of small businesses that export. In addition, the initiative would help to increase the value of exports for small businesses currently

involved in exporting. The traditional definition of exports refers to items that are sold abroad, but the SBA defines it as well to mean products or services purchased by foreign buyers (dollars). The STEP program is designed to meet the specific international trade development needs of state and local small business communities. STEP grants also help carry out programs that assist small businesses that engage in foreign trade missions, foreign market sales trips, subscription to Gold Key Services, trades show exhibits, and also participation in workshops.

81. In 2011 GEDA received a notice of award from SBA for US\$135,927. More recently, a STEP grant outreach event was held in February 2012 for small businesses interested in extending their products and services to foreign markets. With the recent passage of visa parole authority for Russian tourism on Guam, a GEDA delegation travelled to Vladivostok, Russia in May 2012, to promote local products and services to the Russian market. (Guam's visa parole authority allows tourists to enter the island on a case-by-case basis without the need for a visa.) Through STEP, GEDA was also able to fund a trade mission to Japan and Hong Kong with representatives of Grow Guam and Guam Customs and Quarantine. During the trip they found that entry into certain foreign markets is not difficult.
82. The Guam Export Trade Show (GETS) aimed to promote and assist local businesses interested in exporting their products and services into foreign markets. About 50 presenters were given free admission. The main approaches in the trade show involved education and training. A trainer helped discuss how to get products into foreign markets, and held a roundtable discussion to award the Gold Key Matching Service, a program offered by the US Commercial Service. The Gold Key Matching service assists with finding potential agents—distributors, sales representatives and business partners and investors—abroad in target markets. It also offers customized market and industry briefings with US Commercial Service trade specialists. Four eligible companies were offered the award. In 2012, GEDA received a second-year STEP grant award of US\$227,445 to continue assisting local businesses, support tourism and for the Guam Product Seal program. Faculo added that supporting small local businesses is important for growing the local economy and creating jobs on Guam. Small businesses benefit as well from the expansion of exporting opportunities, the development of tourism in new markets and the promotion of 'Made on Guam' product development. The floor was then opened for questions.
83. A participant asked about the selection process of small businesses to participate in GETS. She was of the view that the businesses participating in GETS are already established, and that it seems the same people and businesses were allowed to participate. Additionally, she expressed personal disappointment that the same artists and artisans always get to go to trade shows, when there are other people who should be allowed and encouraged to participate. Sablan replied that this is the first time GEDA received the STEP grant for Year One, and the aim was to help small businesses. They had partnered with the SBDC for the trade show. They also started by looking for businesses registered with the Guam Product Seal list and the Buy Local Guam program (these programs will be described in more detail

later in this report). Unfortunately the Guam Product Seal program is in transition and recently transferred over to GEDA. For Year Two of the grant, GEDA put US\$50,000 aside to fund new programs. GEDA had made an appeal to businesses in Chamorro Village, as well as to CAHA, UOG and SBDC, and ran advertisements and promotions to fulfil a requirement to sign on a certain number of businesses.

84. Sablan explained that only businesses eligible for the grant could be included—there must be a business licence and a product that is available for export or resale. Food items have to meet the guidelines from Guam’s Department of Public Health and Social Services as well as the Guam Department of Revenue and Taxation (Rev & Tax), and then there are specific regulations for commodities, souvenirs or services. But, he emphasized firmly, not all the companies that participate in GETS are the same. For example, Grow Guam, a hydroponic farm, was able to participate. They are not a Guam Product Seal member, but they are a client of SBDC. Guam Coffee and CoCo Joe’s were included and have products they are already exporting. For Year Two GEDA needed to sign up 15 more Guam-based companies to take advantage of the grant. Sablan said he was not sure about the other Micronesian islands and their eligibility to participate, but the US\$227,000 they received is for Guam-based companies only. He reiterated there are eligibility criteria and there was no bias.
85. A participant asked about the ‘Made in Guam’ product seal. Sablan answered that the program began with the Guam Department of Commerce, which is now defunct and was taken over by GEDA. Then the program was transferred from GEDA to Revenue and Tax, where one individual was in charge of accepting applications, but there was no enforcement. An executive order transferred the program back to GEDA and placed it under the SBA grant to fund it. The program needed to be revamped, though, including the logo and guidelines, as well as to address companies buying off-island goods and selling them as local or from Guam. Sablan said that to ensure businesses participating in the program are compliant, they would need to be certified by GEDA in order to obtain a business license. According to the Guam Product Seal law there are labeling requirements, and FDA labeling standards apply. Sablan believed Customs and Quarantine should do this but they do not have the incentive to enforce these standards.
86. A participant asked about the criteria for small businesses for STEP besides the business licence. Sablan drew their attention to the website, www.export.gov, with a 10-point checklist. A business that scores 70% would then be eligible for the grant. He offered that any businesses among the participants that are interested in STEP should contact GEDA, set up an appointment and find out how to submit an application. To learn more about this program, Sablan offered the website url: www.investguam.com.
87. A participant expressed interest in learning more about data on Russian tourism on Guam. Sablan said the Guam Visitors Bureau website has all their statistics on tourists. For GEDA, after some businesses had gone to Russia, they did see an increase in business among Russians tourists. At GETS, there were some optional tours being offered, and these, too, can be considered exports. For small

businesses, any increase in tourism is good for Guam, and the Product Seal program is also good for Guam.

88. Miller, surprised at how many programs seem to be available for small businesses, asked if the other Pacific Islands countries have similar services. A participant from Pohnpei replied that it was interesting for him to attend the workshop because in Pohnpei, they do not have programs of this kind. The previous presentation had, however, opened his eyes because he had not known that they are eligible for small business development programs under the Compact agreements with the United States government. So, he and his colleagues will push for these programs in their home state. A participant from Kiribati commented on the good luck of the people on Guam and the other Micronesian countries. Because her government provides so few funding opportunities, she wants to get cultural producers to stand up and help each other so they can get assistance, too, with either presentations or workshops. She was glad to be at this workshop to see what she does not have back home in Kiribati.
89. The participants were reminded that even though they are located in outer Micronesia all these websites mentioned at this workshop have helpful tools and plans and templates that can be downloaded.
90. It was announced that those with samples of their cultural products would be able to display them at the workshop the following day.

Understanding Domestic and Export Markets for Cultural Producers

91. This session on domestic and export markets, facilitated by Robyn Ekstrom and Ruth Choulai, began with a general question from Ekstrom to the participants: Consider that Robyn is an exporter from Switzerland who has some products from Switzerland she would like to sell on Guam or FSM. Are these items something they would like to buy or do they know someone with whom they could market them? Would the sale of these items be successful here? The two items were a miniature traditional cowbell and a traditional handmade wooden pull-toy. Both are popular sale items at tourist spots and the airport in Switzerland. Each item would probably sell for about US\$20 in Switzerland. Participants' responses varied:
 - I would not buy the cowbell because there are no cowbells on Guam. Maybe if it was a carabao (water buffalo) bell ...
 - maybe if it was a husband bell
 - I would buy Swiss chocolates instead
 - I would buy the toy before the bell. The toy has more use
 - Both items are useful as Christmas ornaments; both are exotic here.
93. Ekstrom asked whether the price would be something tourists in Tumon would pay and what other things might be needed to market these items on Guam. Again, remarks varied: these prices might be too high for art objects, but if the customers had an appreciation for them, they probably would buy them; tourists would buy

them if they were sold at the Duty Free shops or at the airport; Robyn would do well to advertise that these items are from Switzerland, as the country of origin; trying to sell a Swiss product on Guam is a problem, unlike buying these items in Switzerland, where they are given credibility and authenticity; these objects may in fact be under-priced for their actual production costs; and marketing them as Christmas items may be a better way to sell them on Guam. Ekstrom pointed out that the participants are now thinking in terms of specific purposes for the items.

94. One participant said she would sell the product for Oktoberfest on Guam, or modify the toy to make it more of a 'Guam product.' Another participant said that as a collector, she would pay for the items at this price because she cannot go to Switzerland. Ekstrom pointed out that one has to think about and look at the type of market they are in and how it works. Objects have cultural relevance and can be reminders of a place. She believed she would have a hard time selling items of this kind on Guam unless she found a way to make them appropriate for the market. Regarding pricing, Ekstrom explained that while the cowbell may be appropriate for sales at the Christmas holiday, the rest of the months need to be considered, too. If the items are placed in storage for the other months of the year, those costs could add up and be prohibitive.
95. Another participant commented that she would make the cowbell into something she could hang on her door and use year-round. This participant is now looking at a different application or use of a traditional product but as Ekstrom explained, for some products it is taboo to use them inappropriately, and that is something else to keep in mind. In other words, sellers/producers need to look at the characteristics of their products when tapping into a domestic or export market. If the plan is to export something, then they have to test the market, perhaps lower prices accordingly and then see how it sells in markets in other countries. Another aspect would be to consider the cost of production: what is the minimum price an object can be sold at so that the seller can recoup costs and not lose money? In some—perhaps most—cases, a seller will not be able to enter the market at all, if there is no prospect of making a bit of profit.
96. Ruth Choulai said that success lies in satisfying the basic requirements of consumers; the consumer, however, is not only the person one is trying to sell to, but also the person who will be the user of the product. Ekstrom added that the product has to be fit for a purpose. For example, blacksmithing tools must be of a certain quality. If these tools break after their first use, the consumer is unlikely to buy them again. The basic strategy of successful entrepreneurship is to determine what the buyers want and need and to meet those needs efficiently: 'If you say (you will deliver) in one week, then deliver in one week.'
97. Choulai then discussed some of the specific characteristics of both the domestic and export markets. Both rely on having the 'right' product, an affordable price, a convenient place to purchase, and effective promotion. Some characteristics that people rarely pay attention to are research and development or product development and modification, which can influence success in international and domestic markets. Producers need to think about the consumer and the end user,

whether they are going to buy a product, and how they are going to use it or apply it. Modifying a product involves considering the materials that will be used. As one participant commented, weight restrictions for travelling must also be kept in mind when determining which products to sell, to which Ekstrom agreed, saying as an example that it makes little sense to make a carving like a canoe for someone that is flying back to Japan.

98. Another characteristic of the domestic and export market, said Choulai, is that it is critical to build goodwill by servicing the needs of customers in an efficient manner. Creators and sellers need to be accommodating and friendly, and they have to engage with the buyer. They have to show they know the product and can tell its story. Customers always ask questions, some of which a producer may not always be prepared to answer. Sometimes the same questions come up but are expressed in different formats or different ways. Therefore, producers need to have a barrage of answers for all the questions. She suggested, 'Show you know the product, believe in it, and are prepared to talk knowledgeably about it.' Ekstrom added, 'You're not just selling a cowbell, but rather the Swiss experience. You are selling yourself, your tradition. Your product is an employment of that, especially in the domestic market selling to tourists.'
99. Shifting the focus to consumers, Choulai pointed out that the earlier presentations from GEDA were focused on business plans for start-ups, while this session is from the point of view that the participants are already entrepreneurs selling things, ready to move forward. So the question of who is the consumer needs to be worked out. Consumers are divided into segments, usually based on having common needs (and/or common desires), or having a common application or usage for goods or services. A producer may have made something with a specific purpose in mind, but a consumer may pick it up and use it in a different context. Ekstrom added this came up in an earlier presentation when Herslet had offered suggestions of how to use her product. This was a very good marketing tool because it can stimulate thought about the product. So sellers need to think about all these aspects for both domestic markets and for export.
100. Once the consumers have been divided into segments, you can consider how to serve their needs. Choulai presented images of different ways of placing a product, explaining that because product placement affects consumer perceptions, it affects the selling price. In one image, a woven basket was shown in an informal setting (at the monthly market), in the other, in a high-end gallery display. The contrast was clear. So many products crowd around each other in the informal display that you cannot really see the beauty or value of each item. However, in more formal exhibition/retail displays, the object in formal presentation assumes a completely different face. In the recent Micronesian Fair, for example, Choulai noticed that vendors displayed their pieces on tables, in contrast with other market places in the Pacific, where they often make do with placing the objects on a tarp on the ground. The relegation to ground level tends to devalue the art objects whereas elevating cultural products physically seems to give them more value. Ekstrom asked the participants if their perception of the basket and its

value changed depending on how it was presented and then added that the basket in the marketplace sold for about AUD200 while in the gallery it sold for AUD500.

101. If an object is displayed in an ordinary market, a participant commented, consumers may haggle for it, so a retail space would be a better placement choice for a high-end item. Another participant remarked, though, that it will cost more to display it in an exhibit or retail space. Miller explained that the key point of this example is that it illustrates the extent to which perceptions affect the value of a product. In the first image, displaying a product informally carries no cost difference and there is nothing to say there is something 'wrong' with doing it. Indeed, it suits a particular purpose in the general market sense. But taking it to the next level, a gallery draws a totally different market segment, which tends to be high-end and makes different demands on and has different expectations of the exhibitor. The market will not be able to provide the context for a formal display, so locating the same product in different places can show the differences in the price an object can have within totally different markets. The example demonstrates possibilities of increasing the price (and income) from the same product. Producers moving into a gallery setting need to know what they are getting themselves into, and how to connect with their consumers. The gallery owner will provide the tools to exhibit the product. The message here is to look for opportunities within different markets. These opportunities also exist within the producers' domestic markets: the same item can be sold at markets, but also in higher-end places like hotels or luxury retail stores.
102. Choulai said that when she and Ekstrom travel in different countries they usually shop around looking for what is indigenous. Since arriving on Guam, they have found one product in two hotel shops—and it was from Saipan. She asked, 'Where are all the products?' Choulai then described some domestic market opportunities, especially in the tourism market. Guam as a tourist hub attracts divers, shoppers, adventure seekers, culture buffs and so forth but it seems the tourists are shopping only in the duty free shops (DFS). A participant interjected that the DFS do not seem to be interested in local products. Another participant's experience was that when her business came up with a logo, she was encouraged to go to a DFS, but when she finally made a presentation to them, the first thing she was told was that her products were 'too cultural.' Now that DFS wants cultural items, she commented ironically, they want them cheap, but she was quick to add that producers should not settle for anything below their own expectations.
103. As Choulai said, other domestic opportunities to market goods include cultural exchanges (such as traditional observations for births, deaths and marriages) and niche markets. Corporate gifts, modern celebratory events, festivals, fairs, public community events, and weekly or monthly trade markets are also good domestic opportunities. Guam has no cooperative gallery for the arts community and forming a co-op with artists is difficult because of schedules, but things can get done in other ways. If the domestic market can be saturated, a business can do well.

104. The next question for participants to consider was whether they are ‘export ready.’ International markets provide multiple environments in which to work. An export ready checklist with the following components was discussed: assess your company’s export readiness; build an export plan; research and select your target market; create an export marketing plan; determine the best methods of delivering your product to your target market; develop a sound financial plan; and understand the key legal aspects of international trade, such as border control and trade agreements. Businesses also have to consider fees and rates, as well as the possibility of not getting paid right away.
105. Choulai described Maketi Ples as a way of creating opportunities for Pacific Islands–based fine artists and artisans. The program, developed by Pacific Islands Trade and Investment (PT&I) is concentrated in Sydney, Australia. The criteria for an artist to participate in Maketi Ples include the following. They must: reside and create within Pacific Islands communities; have a proven sales record in the domestic or international markets; have a sellable product in the international market; be able to fund travel to Sydney for a duration of a minimum of seven days. This is not something that will apply to everyone. Travel to Sydney is needed because consumers in Australia want to talk directly with the producer. According to Choulai, meeting face to face with the creator is part of the selling process.
106. Maketi Ples is a creative arts program that allows Pacific artists to have an exhibition in a formal gallery space. All pieces must be ready for exhibition, though an artist may perform a live demonstration. Public relations costs will be covered, as well as costs for the pre-viewing or opening event. Presentation costs of the artist’s works, including hanging, framing and mounting, are also covered. Project management of the exhibition, help facilitating meetings and appointments, as well as a private viewing of the Pacific collection at the Australian Museum and/or the Macleay Museum (at Sydney University) are all included. Expected outcomes for exhibitors include opportunities for direct sales (meaning less gallery commission) and insight into the consumer purchasing habits of the Australian market. Exhibitors can get direct feedback from the end-consumer market and take advantage of opportunities to engage with potential importers, designers and other commercial groups, as well as with other Pacific Islands community creators. Choulai may be contacted at ruth.choulai@pacifictradeinvest.com for more information.
107. Miller added that turnover at Maketi Ples has been phenomenal; Maketi Ples is an excellent opportunity for cultural producers because it is designed specifically for Pacific artists and artisans. Australia may be foreign, but it may be worth participants’ while to explore Maketi Ples as a way to test their products in the Australia market.
108. Choulai confirmed that US Pacific territories can participate in Maketi Ples, which is not a year-round event since at present it takes place only over a three-week period beginning around the third week of February. However, she hopes it will continue as an annual event, and customers’ willingness to pay competitive prices

for some of the pieces confirms the value of the ‘positioning your product to the high-end art form’ concept.

109. A participant asked if the Secretariat (PIFS) would be able to provide funding for exhibits. Miller answered that each island’s National Private Sector Organization—which is the equivalent of the Chamber of Commerce or a manufacturers’ association—may have a business development fund that can be used. The website www.pipso.org (Pacific Islands Private Sector Organization) also provides information about finding funds for exhibits, with different categories and even applications available for download. Although PIFS does not provide funds, there are other facilities that do. According to the PIPSO website, its mission includes providing direct financial assistance for projects. It does not matter what industry is involved, as long as there is a product or service. PIPSO can help fund market research, exploration visits, exhibition or conference participation, and so on, although the applicant country has to be a member of PIFS (unfortunately, this does not include Guam, CNMI or the French territories).
110. Asked about the European market’s potential for the workshop participants, Ekstrom described it as a cultural high-end market, but one that is currently entirely dominated by African and South American products. Pacific products are new and will require development work, but there may eventually be a Maketi Ples in Europe somewhere along the line. A good opportunity for unique products suitable for use in Europe may become apparent. It would need to be examined carefully, but the creative industry, Ekstrom believes, can find opportunities in Europe.

SESSION 5: Breakout session—Working Groups by Industry

In this session participants worked in groups according to their sectors. Each group selected a product then worked through a scenario for that product.

111. For this session, participants remained in the same five industry groups, under instructions to pick any product common to the group, such as coconut oil, canoes, or a kind of handicraft. For educators and trainers, tourism was considered a product. Using the information provided earlier, each group took their product through the process of assessing whether it is suitable for export or as a domestic product. Questions: How would you develop a business plan for the domestic market and export market? What pricing structure would you use—what are the elements of the pricing structure to be able to price the product? What sort of business structure would you propose for that one product that would best sell that product (for example, merchandising, retail, wholesale, online, e-bay, etc.)?
112. Participants were asked to keep in mind Huffer’s point that business is not just about finance and economics, but it also has social and cultural functions. She added the following questions for consideration: To what extent is your business or production motivated by economic, financial, social (family, community cohesion) or cultural factors? To what extent do you draw on traditional

knowledge—the skill and knowledge of the community—and take it into another sphere? How do you acknowledge the traditional knowledge dimension in your business or enterprise?

Group Feedback

113. Group 5, the Tourism group, selected raw coconut oil as their product. The group would like to take advantage of both domestic and export markets and revitalize the virgin coconut oil industry in their home islands/countries. Each member already produces coconut oil by traditional cooking methods. The domestic market focuses on traditional users of the oil while their export market focuses on cosmetics manufacturers in Asia, Australia and the US. The group determined it would cost about US\$81 to make a gallon of oil, including the price of coconuts and a 0.5% commission for the producers. To ship out a 55-gallon drum would cost about US\$3,000. Group 5 will take advantage of people who already know how to produce coconut oil, but they will bring their product to a higher level by training the producers to make virgin coconut oil and to encourage replanting to have a sustainable supply of coconuts. Virgin coconut oil is waterless and a superior product. Traditionally, when the coconut is boiled and processed, the oil is brown in colour. In the virgin oil process, the water is removed from the coconuts by dehydration without applying direct heat. The coconuts are then pressed and the oil is removed. It is a time-consuming process to clear the coconut oil and some people try to speed up the clearing process by adding water. Their business plan would be structured for a small company relying largely on the help and contributions from their families. Coconut oil is a prime commodity on the world market, and with this business, they will improve the traditional ways island families produce coconut oil and contribute to economic development of their community.
114. The educators in Group 4 chose to open an international cultural academy, which will represent different island cultures and include a multicultural arts school. Primarily to be marketed domestically and target local islander groups, it will be a sole-sourced business, and it has no competitors yet. The management plan includes an executive director and fifteen instructors, all part-time. Although they want the staff to have some kind of certification, they realize it will be difficult to work through who would be certified and outlining the standards they would use. Nevertheless, they want the teachers at least to be indigenous to the culture of the students they will teach. Group 4 has a 3-year financial plan, with anticipated costs of about US\$315,000. They would eventually like to expand and by the third year to have 300 students, about 20 students per ethnic group. Factoring in costs of materials, equipment and supplies, rental, utilities and so on, they would be able to charge students \$100/month. As a for-profit institution, they will use money from stockholders to pay for whatever tuition and student fees cannot cover.
115. Group 4's motivation for starting the international cultural academy reflects the idea proposed by Vice-Speaker Cruz in his opening remarks when he encouraged

building a cultural centre and having Micronesian cultures presented 365 days a year. The school project will rely on the knowledge of indigenous people in the community, who will be paid for their work. These instructors in turn will pay taxes, which will go back into the local economy. Group 4 ranked in order of priority culture, social and economic factors for the motivations that drive their project. They will recognize holders of traditional knowledge and insist that the school's instructors be versed in indigenous culture and language. Eventually, they hope to 'export' this indigenous knowledge through the children who will keep their languages and cultures alive.

116. The recording artists in Group 3 selected a line of 'cultural attire' as their product. They will focus on the domestic market and showcase their attire locally at cultural fairs, exhibits, bazaars, markets, hotels and the airport. Their line of attire could be advertised in indigenous guides for tourists, making the clothes a carry-on export. They also would like to market their attire for export by travelling to other islands and featuring them in cultural dance performances and exhibits, regional festivals, hotels and airports abroad, as well as tourism trade fairs. The price structure includes a start-up of US\$200,000 for things like raw materials for jewellery, export documentation, travel fees and living allowances. To obtain this money they will need to do research and development, decide on their terms of trade, come up with a business plan and research legal documents, then apply for a business loan. Group 3 prioritized culture as their motivation for their business. They will acknowledge traditional knowledge holders by seeking their advice for different aspects of their line of cultural attire.
117. The visual artists of Group 2 want to market a specific image/acrylic painting of a palm tree under the moonlight. They would begin by creating a working list of places to sell the painting and prints of the image for the domestic market on Guam. The list would include the galleries at CAHA and the Inifiti showroom (in Tumon), but also hotels, art shows like the DAX Exhibition (in Tumon), other local fairs and festivals including GMIF, and other temporary but high traffic events. Retail stores and DFS could carry a postcard version of the image. Also, Group 3 would take advantage of private showings in particular homes and invite friends and colleagues in these more intimate settings. They also want to network and be able to sell the image indirectly. The export version of their project entails attending international fairs or festivals, e-commerce, taking advantage of foreign trade missions and using opportunities to network with agents and suppliers. The price for the original painting will start at US\$600, with prints selling for US\$10-\$30 at stores or fairs. To enhance the value of the painting, the story or meaning of the painting, along with information about the artist's background and personal story, will be included in packaging or stickers on the prints.
118. Group 2 felt their first priority might be more social than cultural or economic, but that ultimately it would depend on the individual artist. Huffer, however, commented that what Group 2 is doing has cultural value. It is not something generally measured in economic terms. In telling the story, however, they are transmitting the cultural importance, which then transforms into economic value

and people will want to buy it more—she explained, these are the linkages between cultural and economic values.

119. The carvers in Group 1 want to produce traditional Micronesian canoes for sailing, as well as model canoes. Canoes will be of different styles and sizes. The model is one product, the education about the canoe another product. As a cooperative or association, they would have a board of representatives from the different source islands of the canoes they build, including managers and master carvers, and the carvers will be the owners of the association. The initial focus will be to concentrate on domestic opportunities to market their canoes, targeting hotels and schools for the larger models, while smaller, more portable models will be marketed to tourists.
120. To attract commissions for construction of the canoes, a demonstration area to feature the different styles of canoe and actual construction activities would be advantageous. Witnessing the construction process or seeing models on display at markets or in hotels may arouse tourists' interest in purchasing them on commission. Another marketing strategy could be to attach their work to some other activity, for example, to link with a business that can help take people out for rides on the sailing canoes. For schools, the canoe could be used as a teaching tool, or the group can set up an area for educators who want to learn how to make a canoe or sail one, important features of Micronesian heritage that we should be unwilling to lose. Some organizations on Guam already teach sailing.
121. Prices for the canoes would range anywhere between US\$5,000 and US\$40,000 depending on size. The costs would cover labour, materials, tools and maintenance. Additional costs—although these may be hard to quantify—may be added to the price because of the cultural value and uniqueness of each canoe, as well as the quality of the canoe builders' skills and workmanship. Start-up capital for their business would be necessary and the group already has experience as an asset. Materials and lumber can come from local woods or imported woods from other islands. The deposits for pieces that are done on commission may be used for partially offsetting some of the materials costs.
122. The carvers' group explained that ideally, the product or canoe is an extension of an experience. When one sees a carving presentation, that experience brings the designer to mind. Each canoe built by the association would be created by a different island master following traditional values and knowledge. Affixing the title of 'master' to the names of the designers and builders will give the customer the idea that this particular canoe is from a particular island as well as give recognition to the builder for their knowledge. The group would tell the stories of their canoes and translate them into different languages so more people can understand them and come to recognize the uniqueness of each island represented in the association. Choulai suggested that part of the research and development process could include giving back to the island, consulting with the elders, and following the protocol to allow reproduction of objects.

123. The handicrafters and weavers in Group 1 settled on jewellery for their product. They would focus on domestic markets, particularly on local customers of all ages from all walks of life. Although the group members are from different islands, they wanted to use materials that reflect the natural resources of their homelands. For example, some of the jewellery could feature Palau beads, which traditionally are passed down from one generation to another. Jewellery from the Mariana Islands and Kiribati would use seashells available on those respective islands. The group would like to attract tourists to their products as much as possible, as well as business travellers and even local performers, who often wear island jewellery. The group expected promotions to be fairly easy and low cost, accomplished mostly by word of mouth, but also by messages on shopping bags and tags, online advertising, newspaper and radio advertisements. Pricing is very important but would depend on demand, labour, design and the kind and availability of materials. The business would require attention to competition as well as time and labour costs to determine prices. Group 1's jewellery would be sold at hotels, military outlets, gift shops, booths and special events, mostly by direct selling. The group would like to export some of their pieces but would need to learn more about their customer base. They could sell their jewellery online or through E-bay, but sites like these have certain rules to follow, and require a PayPal account or similar service. Other cost considerations are packing, shipping, inspection fees, insurance, communication and information, Internet access and faxing, all of which make it hard to determine exactly what prices they can afford. The group mentioned the most important priority for their jewellery is cultural because that is where much of the inspiration for their pieces comes from, but also social because they have to know what people like.

Breakout Comments and Q&A

124. A participant asked for suggestions to motivate artists in Saipan to create, showcase and market their work. As a member of the arts council she expressed the view that not enough art is being produced in the CNMI. She believes this is partially due to certain people in the Asian market who duplicate and exploit local islander art and compete with local artists. Huffer responded that this is something that will be addressed in session 9, when they discuss organizing the culture sector and producers and talk about associations. This is a common issue around the region. Customs cannot really do anything, especially if there are no regulations. It is a long process but arts councils have to be active in advocating with trade and commerce areas of government.
125. On a related note, Guzman mentioned that on Guam the local vendors at the Wednesday Night Market in Chamorro Village were competing with others who were importing items from places like Bali or the Philippines and Indonesia. Although Chamorro Village was supposed to be an incubator system for native products, it has been a challenge to keep everyone in compliance. Emphasizing this impossibility, another participant commented that if Chamorro Village insisted on 'Only in Guam' businesses and goods, it would be a 'ghost town.' Another participant, lamenting the changes at Chamorro Village and the influx of

people selling non-indigenous products, suggested that vendors be granted some kind of recognition to indicate that they are indigenous artisans and creators.

126. Choulai suggested that Saipan consider having an annual art show. The participant explained that Saipan does have the Flame Tree Festival every year, where they invite other Micronesian artists, and they also have a street market comparable to the Wednesday market on Guam. She explained that these events were designed to showcase local art and dance. At one time many people were involved, but then little by little they stopped participating. The local arts council was encouraged to do outreach programs, going out to classrooms and teaching once a month, as every artist has an obligation to work with the community. But enthrusting artists to participate in these events is difficult; and interesting tourists in anything else but eating at these market events is well-nigh impossible. Choulai suggested the possibility of a particular show that happens once a year—an event specifically for indigenous artists in CNMI, with prizes as incentives so it becomes a prestigious event and they will want to participate. This will bring a small collection of artists out of the woodwork to be on show for a week or two.
127. In the Marshall Islands, commented another participant, they do arts and crafts and one way they survive is by making sure everybody works together, especially families, and by ensuring their work is identifiable as coming from the Marshall Islands. Another member said she notices tourists want brand names like Coach, and when it comes to the night market they look down on the locally made items because they do not have 'labels.' Another participant suggested considering how Japanese tend to buy things individually packaged. If local items were packaged that way, he thought, perhaps it might influence tourists' buying behaviour. Another suggested that when there is an item that is unique or bound to one culture, it becomes more sellable when there is something to talk about, such as who created this item or what ethnic group it belongs to, or if it is a personal piece. This kind of information helps the shoppers know what they are looking at, and then there can be a higher markup.
128. Ekstrom commented that packaging is about presentation—how an item is put out to the world. In Europe packaging has to be reusable. It is about coming back to simplicity and cleanliness. For cultural items there is no need to package an item and seal it as if the item is perishable. As was mentioned earlier, raffia and a story are packaging, too. In reference to the comment about Coach, Ekstrom added that these are customers who are very brand conscious. 'They will never be your customer. You are looking at the wrong people.' She suggested a business do the best it can for the customers who are interested in their product, just accepting that not everybody will be.
129. Ekstrom indicated that the next session would be looking at the development of a business plan. The www.export.gov website provides information online, no matter the country. She said, 'Business plans are all about a road map in your head that is presented on paper. It talks about who you are, what you want to do, and where you want to go, because you have to know where you are going,' adding

that a business plan is a plan, and there is no need for producers to get anxious about it. But getting started and putting ideas together is the hardest part. There is no right or wrong. Those with a business plan probably have not looked at it since they wrote it, but they have done the thinking and set their path. Business plans are organic—they grow and change.

130. The breakout session ended and copies of CNMI musician David Peter's LP album were given to the different island representatives as gifts from the musician.

DAY THREE

SESSION 6: Country Situation Analysis

This session presented real-life experiences of the creator as a micro-entrepreneur.

131. Huffer opened the third day of the workshop with about 30 attendees present. Two scheduled speakers, Parker Yobei and David Peter, both of CNMI, were unavailable for their presentations. This session focused on five individual creators who talked about their life experiences and explained what worked for them, as well as the specific challenges, issues and other factors that have helped or hindered their work in their countries.

Frank Rabon (Guam), Pa'a Taotao Tano'

132. Frank Rabon described his work as the founder of Pa'a Taotao Tano', a Chamorro cultural performing arts group. He started Pa'a in 1983 in an effort to re-establish lost aspects of indigenous Chamorro culture through songs, dance and chant. The Chamorro people, he explained, have a long history that goes back about 4000 years and are descended from Austronesian-speaking tribes from Formosa. However, the arrival of Western visitors on Guam in 1521 and 300 years of colonialism have led to the loss of Chamorro culture. Rabon founded Pa'a Taotao Tano' with three goals in mind:

- to create awareness, for today's generation of Chamorro, of the existence of the indigenous people of the Mariana Islands prior to Western contact, and to re-establish—not authenticate—through songs, chants and dance the indigenous ways of life prior to the influences of Spanish and American songs and dance
- to influence the tourist industry, especially hotels, to showcase authentic cultural performances representative of the Marianas and Micronesia
- to influence the building of a cultural centre to perpetuate, preserve, educate and promote the language and culture of the Chamorro people to the island community and visitors to Guam.

133. Rabon explained that Spanish colonialism and Christianity greatly affected the Chamorro language, which incorporated many borrowed words, and the Chamorro people, who adapted to new cultural practices. As a result, some aspects of Chamorro traditions and culture were either lost or changed, resulting in a

confused, fragmented identity for Chamorro today. Rabon said two of his most enduring obstacles are the fragmented Chamorro identity and the misrepresentation of cultural performances within the hotel industry. With the formation of Pa'a as a non-profit organization, however, he has had success in receiving federal assistance geared toward Native Americans. These grants have helped him ensure the continuity of the Chamorro cultural renaissance that began over 30 years ago.

134. For Rabon, his biggest successes have been the flourishing of cultural houses (or *guma*) that have been set up to educate and promote Chamorro language and culture and address social issues that plague the Guam community. Another success has been the willingness of the Sheraton Laguna Hotel and Resort as the only hotel showing Chamorro culture (and not generic Polynesian culture), and employing Chamorro cultural practitioners. A third success has been the implementation of standard performance fees that give financial support to cultural houses that provide performances for the people of Guam. These fees help with sustainability and give continuity for cultural knowledge and practices. Rabon said much more work still needs to be done, especially to dispel the commonly held idea that performing cultural arts is a lucrative business venture. Nevertheless, for Rabon, being able to address social issues within the community is more rewarding than any economic or financial benefit these performances may have. When he began performing in the early 1980s, Rabon said, he was on a beginning salary of \$8,000/year to come into different schools to teach cultural dance. Even back then this was below the poverty level, but Rabon persisted. Today, Pa'a Taotao Tano' employs 64 people working on several cultural projects. It has been a long battle but he has had some success re-instilling a sense of identity for the young people who will be future leaders.

135. A participant asked whether Rabon had any problems interesting children in his teaching and what kinds of techniques he used to reach children. His reply was that he has had children who are difficult, mostly because of their attraction to Western influences and technology. But his philosophy is that to reach children, he needs to get a hold of their hearts first, and then their minds and bodies will follow. Another participant asked if Rabon includes people with disabilities, such as deaf people, in his programs. He currently works with three individuals who are deaf, he responded, emphasizing that even if people are physically challenged, they do not have to be dancers. There is much they can do, things that do not necessarily involve having to move the physical body.

Lucia Guavis (Marshall Islands), Elefa Handicraft Shop

136. Lucia Guavis is the owner of a handicraft shop she started almost ten years ago while an employee for a national airline. She sold Marshallese handicrafts out of her living room, and then after she resigned from her job, she began working full-time as a business owner. She incorporated other ideas in creating her handicrafts, adding colors or using recycled materials (for example, video tape ribbon) to create new and interesting products. Guavis added that she always tries to make

sure she has a well-stocked inventory of raw materials, especially seasonal ones like young coconut leaf.

137. Guavis initially began her business with two employees, and then increased that number to four. She currently receives a lot of orders, especially from Japan. In 2009, she participated in a Pacific Islands exhibition where she met the owner of a Japanese company that sells accessories to Japanese groups that perform Pacific cultural dances like hula and dances from Tahiti. Guavis supplies this company with young coconut leaves and accessories, such as headbands and items made of hibiscus. During the last three years she has seen an increase in the volume of orders, which means that sales have been increasing. Although no contract has been signed between her and the Japanese company, she said both are able to trust each other, and there have not been any problems so far. She makes sure everything is paid for before transport, including shipping and handling fees. Guavis suggested that small businesses in Micronesia use credit card machines for big sales so that when people order, there is no need to wait for payment. Moneygrams are more expensive and one has to pay charges for them. She finds that using credit cards is a plus for her company.
138. Guavis pinpointed one of her challenges as marketing because she feels she does not speak or express herself very well. However, she joined different groups like the Chamber of Commerce so she could apply for grants, such as the one explained earlier by Glynis Miller. She used the grant to participate in the PIPSO's Trade Pasifika 2012 which was held at Nadi, Fiji. Recently, she was invited to attend a two-day business forum in London, which was funded by the EU and some Caribbean countries. Guavis sent her daughter to the forum as Elefa's marketing manager. This represented a big step for her daughter to go abroad and market the company, and to learn something about business from different countries. Besides being a Chamber member, Guavis is also involved in the Marshall Islands Association of Handicraft Businesses and other NGOs and she has just become a member of the Pacific Asia Trade Association (PATA) Micronesia chapter.
139. Asked if she has ever raised her prices with the Japanese company, Guavis said that even when she receives bulk orders the price is generally the same, although shipping or postage rates may increase. The shipping fee is incorporated into the price of the product. The company in Japan sells her items in Tokyo, she repeated.
140. Miller interjected that she has known Guavis for over 10 years because of her work in RMI and because she works closely with the Secretariat. An important point about promoting someone or their company, said Miller, is that the person needs to get out there in the public eye so others will take notice. One of the strengths of Guavis's company is that she is very proactive; she makes a concerted effort to find out what is happening in the region and who is doing what. Miller explained that regarding the Japan market, PIFS has a trade partner in Tokyo at the Pacific Islands Centre where they host the Pacific Islands Trade Exhibition every three years. The Japanese market is very competitive and difficult to enter. So as facilitators PIFS provides a platform to introduce Pacific Islands products into the Japanese market. The Trade Exhibition is a week-long event. Participants receive

airfare and freight costs to bring their goods to Japan and to have them set up professionally so they can display their work for four days. The third partner in this exhibition is JETRO (Japan External Trade Organization, which is equivalent to a Chamber of Commerce). JETRO brings Japan businesses to the exhibition so the participant does not have to find interested partners to talk with. Over the four days of the exhibit, visitors and participants are on their feet every day from 8:00 am to 8:00 pm as appointments are lined up for them. Through this process Guavis was able to work out a contract with a Japanese company to sell her items.

141. Miller also pointed out that a challenge for Pacific Islands producers is to work closely with Japanese companies to modify their products to suit the market. Guavis's products, for example, may not be attractive to the Japanese market or certain market segments, but she is able to penetrate the market at different levels. Negotiations over her products were carried out for several months until the Japanese partner became satisfied. Guavis may have had to go through a change in the design of her products to meet the needs of the Japanese buyer. In this particular case, the Japanese buyer is a retailer who may buy Guavis's products as finished items that can be displayed in her shop, or as accessories on another piece. While it may sound good that Guavis was able to sign a contract with a Japanese buyer, it took effort to get to that stage. Miller reiterated strongly that it takes commitment, but to make use of opportunities, a producer needs to know first what opportunities are out there.

Tadao Waguk (Kosrae), Carver

142. Tadao Waguk, a canoe carver from Kosrae, described for the participants his vision for his business and his philosophy of canoe-building. When Waguk decided he was going to build a canoe for this business, he wanted to build the best one he could. He pointed out that in Kosrae, when he is about to build a canoe, the builder needs to look at himself and see if he is strong enough to complete it. When selecting wood for the canoe, the builder must stand beside the tree and communicate with it, asking the tree, 'Are you light and fast? Are you happy or slow?' According to Waguk a builder can feel the tree respond if it is good or bad for canoe-building. He added that the tree most commonly used in Kosrae to construct canoes is the *ka* tree (sp. *Terminalia carolinensis*), which stands over 100 feet (80 m) tall. According to Waguk the *ka* tree is found only in Kosrae and is similar to an almond tree. The tools used in canoe building must be sharp, and a builder must know how to use them properly, otherwise the tools can be deadly or dangerous, and the canoe will never be completed.
143. Waguk's most recent canoe measures about 32 feet (10 m) long—which, he joked, can accommodate eight Japanese people, but fewer Americans, and maybe three Samoans. He had the idea to put a motor on the canoe and take tourists into the mangroves and sell them his 'product'—a tour of the mangroves. So he took his motorized canoe to a hotel resort, and offered to take tourists on a boat cruise. Waguk found that on his cruises, tourists are very interested in everything, constantly looking around and asking questions about the plants and animals.

Stopovers at some of the beaches would lead to discussions of local medicines, especially with reference to the local plants. He could also talk to the tourists about other plants and animals, especially birds, which are used by local fishermen. He charges the tourists US\$20 per person for a 2½ hour trip, plus tip. He is motivated by his desire to pass on information about the natural environment to the younger generations of his island.

Matennang Atauea (Kiribati), Handicraft producer

144. Meta Atauea sells handicrafts. The organization she represents, the Catholic women's organization Teitoiningaina Women's Group, is one of the biggest in Kiribati with about 10,000 members. The other large organization, Reita n Aine Kamatu, the Protestant Women's Fellowship, has about 6,000 members. Women from both of these groups make up the handicrafts industry in Kiribati. From these two groups another organization was formed in 2005 with the help of the PIFS. It was called Nibarara, after a mythical old lady on the moon named Nei Nibarara, who is considered an ancestor of the I-Kiribati and who creates handicrafts every day. Handicrafts, like dance, represent culture in Kiribati, and every woman is trained early in life, so from the time they are teenagers they know how to make handicrafts and how to dance, said Atauea.
145. She then recounted how the NGO Trade Aid New Zealand was asked to do a workshop for the women in Nibarara, but because of internal problems the organization dissolved in 2012. When Atauea became an executive member of Teitoiningaina, she saw an opportunity for handicrafts producers. She invited Trade Aid New Zealand to conduct a four-day workshop in August 2012 focused on topics like selling, pricing, quality control and the process of production. Atauea described the participants as mainly uneducated and older women (in their 30s or older), so she asked other women to join the group to help them. Trade Aid offered computers to help process orders, so some of the women had to learn how to operate them. Trade Aid, though, was very generous, Atauea said, and they became their distributors for the group's products. Starting with some new orders, Trade Aid told them what they wanted and Atauea's organization matched samples and sent them out. Once a price was agreed upon an invoice was sent. Half of the order price was paid, and additional duties and shipping were charged when the order was complete. Atauea added that transport was expensive as it was done by DHL (courier services), and cost about US\$300, but they have had no complaints, so far. Because of this project, they now have master samples that they work on so orders are consistent. Currently they are working on orders for the Christmas holiday season.
146. A participant asked about the impact or influence of Westernization on the young girls learning how to do the handicrafts. Atauea replied that there has actually been little change in how they raise their girls, especially in the outer islands. Unlike Tarawa, the capital, the outer islands are still very traditional.

147. Another participant asked if a person has to be indigenous to learn Kiribati handicrafts. She also asked about the specifics of shipping, such as weights and prices. Atauea answered that as a person from Kiribati, she is proud of her culture, but she recognizes that these kinds of skills are starting to fade among her people. She mentioned that to teach foreigners to do handicrafts is something they are proud to do—it is like a privilege for them. Regarding shipments, to send about one kilogram costs about US\$100, and she will spend about US\$300 for a single shipment. But she does not find this prohibitive because her objects are light.

Pauleen Brechtefeld (Palau), Pure Palau

148. Brechtefeld operates a business called Maiden Palau, part of a larger company called Pure Palau. Pure Palau started less than 10 years ago in a friend Leah's kitchen, as part of a project supported by the Institute of Sustainable Living to revitalize the coconut industry in Palau. The industry has a long history dating back to the German and Japanese colonial administrations in the late 19th and early 20th centuries, who grew groves of coconuts in the islands. The grant from the project was used to create Pure Palau.

149. Brechtefeld said Palauans use coconut oil for many reasons, including the traditional hot bath ritual during the first birth ceremony, when the woman's body is anointed with oil and yellow ginger for several days. She suggested that embracing culture and trying to protect natural resources promotes agriculture and preservation of the natural environment. To this end, she emphasized that her company is trying to get people that are already producing coconut oil to think ahead and not just to use but also to protect natural resources. Although they are a small company (even her children are involved), they are slowly trying to revitalize the industry. Brechtefeld said Pure Palau emphasizes the quality of the coconut oil they produce and their other products. The label took a lot of time to come up with, she said, but the aim was to market the products at the high end. Her company, Maiden Palau, offers cold-pressed virgin oil, but they also supply other products like candy, soaps and body scrubs. Brechtefeld explained that even the processed coconuts are reused for other purposes: the pressed coconut is ground into meal and given to the duck farms for feed; ash from the husks and leaves is used to make natural lye for soaps using rainwater; and the coconut oils can be further processed to make infused oils and pure cooking oils. Currently, her company is also looking to make flour for baking.

150. At first, her company produced virgin coconut body oils, and packaged them in three sizes—two, four and eight ounces (c. 60, 125 and 250 g / ml). The small sizes were easy for tourists to take back to their homes, although the locals preferred the bigger sizes, since they had so many uses for the oil. Brechtefeld's company now also makes creams. A lady who produces local honey provides beeswax to thicken the cream. Brechtefeld said they try to do everything locally if they have a supplier in Palau. Pure Palau also makes coconut honey scrubs, with honey produced in the outer islands. Brechtefeld explained that the process to make coconut honey is similar to making Chamorro *tuba* (a fermented coconut drink),

but instead, they cook the coconut juice and thicken it until it becomes a syrup that can be used over pancakes and toast, but also in sugar scrubs. The honey used to be packaged in old wine or beer bottles that washed up on shore, but now a liquor company provides bottles that can be used for packaging. The company makes three different soaps, which take about 30 days to process, and contain super fatty virgin olive oil.

151. Brechtefeld emphasized that they try to hold on to traditional aspects of coconut oil making and research, but they also want to help others to create a sustainable coconut industry. They encourage other local makers to supply them with virgin coconut oil or their nuts, and eventually would like to help these producers set up their own processing facilities in their respective states. Palau comprises 16 states, and there is already a coconut mill in the capital. Her company, working with the Palau Conservation Society, recently received a package to build a mill in the northernmost island of Palau, which had a problem with rats eating the coconuts there. Unfortunately, this particular island grows small coconuts, but they are usable. It takes about 65–80 regular-sized coconuts to make a gallon (4 litres) of oil, and about 12–18 hours to process. This requires a lot of grating. Although they could have bought a motorized husker, instead they actually have someone who can husk 300 coconuts an hour for a quick US\$20. Currently The company buys coconuts at US\$0.05-0.10 per coconut. Coconuts delivered directly to the mill are bought at US\$0.20 a piece. She realizes the price is rather high, but it gives incentive for people to work. In fact, by hiring people, she enables them to enter the workforce and develop a sense of ownership. She noted they actually do not make a lot of money right now, on average maybe about US\$2,500, per month but then there are expenses. As a small company, they are taking baby steps to expand. Brechtefeld can be contacted at www.maidenpalau.com, a simple website she created herself, or by phone at (671) 788-7640 or (680) 488-7282 (fax) 488-1165.
152. A participant asked about the minimum wage in Palau. Brechtefeld's reply was that it is set at about US\$2.75. She added that a gallon of gas is US\$5.54. Another participant offered a suggestion that her company could start having tours to show how they make their product, as this might provide extra income.
153. When asked if her company has trademarked their brand names, Brechtefeld said not yet. One of their challenges now is making everything uniform. Brechtefeld asserted there is no trademark statute in Palau. Huffer added though that Palau introduced a new copyright law in 2003 in preparation for hosting the FOPA in 2004.
154. A participant asked if there is government intervention in the private sector or in development in Palau. Huffer responded that SPC has a land resources division that has people working specifically on promotion for coconut and byproducts of coconut.
155. Miller asked where the company sources its packaging. Brechtefeld replied that packaging is done locally. The glass bottles are blown locally and they are working

on getting a mould to do this more efficiently. The unit cost of the oil is US\$10 each, with US\$0.50 for the bottle alone.

156. In closing, Huffer commented that the session ranged from non-profits to small businesses, and in thinking about what was presented, there is a lot of crossover into other sectors, or into other companies and activities. The last example showed a company that is really a 'social business' because it plays a social function in the private sector. She explained that Pacific businesses often are offshoots from non-profit organizations. In other words, what may start off as a non-profit may branch out and become a business. Huffer admitted she was not sure if that was true in other sectors, but she found that it does occur in the culture sector, and these examples demonstrate that.

SESSION 7: Role of Business Development Agencies (BDAs)

Business Development Agencies (BDAs) are extensions of governments that play a role in facilitating national efforts for SMEs growth. In this session, several BDAs talked about their role as facilitators in the private sector.

Casey Jeszenka, Guam PISBDC Network

157. Casey Jeszenka is a director from the Pacific Island Small Business Development Center Network (PISBDCN), whose mission entails assisting growth and offering free counselling for economic development in the Pacific Islands. The program is in every state and territory. It was started about 32 years ago by an act of the US Congress. The network first came to Guam in 1995, then spread to the other islands in the network. They provide one-on-one counselling and assistance to clients in developing business plans, as well as provide financing, accounting and training programs. They have computers in each of their centres, and they also perform village and community outreach to let people know about their programs; as well, they conduct employee or group training at different places of business.
158. The different programs of the PISBDCN include how to start a business, how to write a business plan and financial statements, and how to use software called 'Profit Master.' The Guam office has computers with Internet access, sample business plans and a resource library. Online resources include a virtual advisor with different workshops on topics like patents and trademarks. PISBDCN partners with as many people as possible in the private sector, especially the Small Business Administration, as well as local host agencies. Mainly, Jeszenka explained, the PISBDCN helps their clients to develop business plans and obtain start-up assistance, in addition to helping them with managing, marketing or expanding. Their website is www.pacificsbdc.com, and their phone number is (671)735-2590.

Kenneth Lujan, US Small Business Administration (SBA)

159. Kenneth Lujan is the Guam branch manager for the US Small Business Administration (SBA) office on Guam. Currently they have two people in their office who cover FSM, RMI, Palau, CNMI and Guam. The SBA was created in 1953 as an independent agency of the US federal government to aid, counsel, assist and protect small businesses. As a cabinet agency, they have a voice in the US President's cabinet.
160. Everyone at the SPC workshop was like a small business, Lujan asserted, even those using their own children to help. The SBA cannot discriminate, but rather, it has to advocate for the concerns of the people, and it does this with a nationwide perspective. Additionally, SBA brings services to help veterans, as well as utilizing various resource partners to provide assistance in different areas. Often these services are free. The SBA helps companies start up, build and expand. The agency uses its partnership arrangements to expand their services to other islands, such as through SBDC programs and objectives. For Micronesia, Lujan explained that because Compact money (funds from the various Compacts of Free Association between the Freely Associated States (FAS) and the US) is diminishing every year, engaging in small business is a good way to enhance partnerships and to collaborate around resources for the betterment of the islands.
161. Lujan pointed out that a goal of the current US President is to increase jobs. At the heart of that goal is the National Export Initiative (NEI). Currently in the world market 95% of the world's population resides outside of the US. China has an increasing number of millionaires. Here in Micronesia there are opportunities to tap into this market, especially because China is so close. The Chinese have the money to spend and have a high demand for US goods. The goals of the NEI are to double exports in five years; expand US export promotions to different agencies; provide access to credit; and eliminate barriers to the open market.
162. Lujan dismissed the idea that small businesses do not export as a myth. The fact is, very small companies can export and account for 70% of all exporting firms. He emphasized the islands have natural resources, people and services they can export. The pitfall for small businesses is access to capital. However, the Bank of Guam can be used to meet some of these financial needs. He advised participants to contact the SBA and they can help make a connection to different banks. In fact, exporting businesses are favourable for lenders because of their low loss rates. The SBA will help businesses find capital, but people should also look to what their particular districts can do and what local partnerships are available. Lujan as the District International Trade Officer (DITO) can help organizations with the export aspects of their businesses. For more information, participants can visit their website at www.sba.gov to find opportunities and links to entities that can help on the exporting side.
163. GEDA Administrator Karl Pangelinan reiterated GEDA's role very briefly, saying every single panel member present has strategic partnerships with small business,

and there is presently a lot of talk about exporting. GEDA has been able to highlight some of these businesses at the Guam Export Trade Show. GEDA also operates STEP, which provides grants. As part of the President's vision, GEDA also offers loan programs and initiatives such as the Guam Film Office and the Buy Local Guam initiative and participate, with other Government of Guam agencies, to promote and strengthen the 'Guam brand.'

Herman Semes, Pohnpei SBDC

164. Herman Semes, a Coordinator/Senior Business Trainer, explained that the Pohnpei Small Business Development Center, basically a product of the Asian Development Bank (ADB), started in 2006. Semes is a faculty member in the Business Division of the College of Micronesia in FSM. He was asked to help start up the centre, which became a joint program between the Pohnpei state government and the college. Initial operating funds were provided by ADB but were terminated in 2009. The Pohnpei state government then started funding it alone. Oversight and other responsibilities over the centre are carried out by a small enterprise council created by Pohnpei state law.
165. Some of the services the centre provides are similar to all SBDCs—providing training for start-ups and assisting existing small business owners. In Pohnpei, the focus of training is on priority sectors of development as stated in their strategic plan, including agriculture, fisheries and tourism.
166. Semes declared that a new industry—the cultural industry—eventually will be included. Although it is a new industry, there are a lot of artists in Pohnpei; it is a matter of getting them organized and into small business start-ups. The difference between Pohnpei SBDC and the PISBDCN is that the Pohnpei SBDC does not get assistance from SBA. He would like to explore the possibility of entering a partnership with SBA, or if that is not possible, then setting up an FSM-SBDC network to assist: promoting opportunities in cultural industries might be another avenue worth exploring.

Anita Borja-Enriquez, UOG School of Business and Pacific Center for Economic Initiatives (PCEI)

167. Anita Borja-Enriquez, dean of the UOG School of Business and project director of PCEI, began by discussing the Pacific Center for Economic Initiatives, which was supposed to be a one-year program. The original PCEI program was funded by the US Department of Commerce (US Economic Development Administration - EDA) under the Obama Administration. The project then fell under the Office of Insular Affairs (OIA) under the current initiative. The whole basis of these efforts was to see what could be done to leverage the kind of expertise that is available at the University of Guam (UOG). She explained that UOG is a land grant university, and the professors have a fiduciary responsibility to the Guam taxpayers to give them a positive return on their investment. She emphasized the need to provide value, which comes in many forms: what is important for the individual, what is

important for the organization, what is important for the community. Enriquez recounted that when she made a presentation to EDA, she used the local term '*lastima*,' (a Chamorro word adapted from Spanish to express frustration), as in 'Lastima, we have all those experts at UOG but we cannot make a difference.' She recognized that the best way to fill the void was to see what could be done to contribute to the body of knowledge. From her view, the region is like a large laboratory where there is so much research yet to be done, but so little information has been made available to develop the island's capacity for entrepreneurship and for economic development.

168. Enriquez explained that businesses cannot work in isolation—leveraged resources and partners are important. Because small business resources are very limited, it is important to leverage as many available resources and partners (i.e., anyone who contributes something of value in the partner chain) as possible. Relationships are the key, and businesses have to cultivate relationships to make sure they are good and positive. The small business resource partners for the PCEI, all internal (i.e., from UOG), include PISBDCN, as well as the Procurement Technical Assistance Center (PTAC). The partnership between UOG's School of Business and PTAC has been helpful for registering small businesses to compete in the US Federal Marketplace for military contracts or to procure supply chains through different federal agencies. Another grant through SBA was used to create the Veterans Outreach Center to help veterans, their spouses and children start businesses or, if they have one already, to continue helping them along.
169. Having partners is critical in that they provide new and abundant resources that can be tapped into, for example, the UOG Cooperative Extension Services. Though they deal mostly with nutrition and agriculture, this division has expanded their role to include other areas relating to rural and community development and economic development. Other resources from the federal community include the SBA, USDA (US Department of Agriculture) and DOI (Department of Interior). In the local community, beneficial partnerships include professional cooperatives (fishermen and farmers), associations (such as the Guam Hotel and Restaurant Association), and the local government, such as the Bureau of Statistics and Plans. With the Bureau of Statistics that partnership became important for finding current data on things like employment rates, consumer spending, and so on, to give key indicators of the health of the economy. From these Enriquez was able to see what could be done to leverage professors and students. From the university's standpoint, the best way students and professors can participate in this partnership is to contribute to the body of knowledge about Guam's and the region's economies. The university has the capacity to generate technical reports and make other business resources available for people to look through on the PCEI website (www.uogpcei.org).
170. Enriquez provided some examples of these resources, including a report on the revitalization of downtown Hagåtña, the capital of Guam that looked at some of the factors that attract visitors to the area. A study in 2010 and a more recent one just released in August 2012 produced results with a number of implications for those who want to operate a business in downtown Hagåtña. Another example is

documentation on the Guam spending multiplier, which can be used to gauge consumer and business confidence. Prior to this Guam had been using the spending multiplier from Hawaii, which is misleadingly different from Guam's. Understanding this is important for matters such as the impending military buildup on Guam (slated for 2014). Another example is the Guam Business Resource Guide, as well as the First Hawaiian Bank (FHB) economic forecast for Guam. Other examples of complementary sustaining initiatives are the Heritage Tourism Planning Guidebook produced by a UOG professor and students and the Buy Local Guam Initiative funded by OIA. This ongoing initiative is in partnership with GEDA and the Guam Chamber of Commerce.

Tony John, Pacific Islands Development Bank (PIDB)

171. Tony John, a native of Pohnpei, explained that the Pacific Islands Development Bank (PIDB) is a regional financial institution that assists countries in its lending program. Members include Guam, CNMI, Palau, FSM and RMI. The principal tool of the PIDB is lending through loans that they allocate to member countries, and commercial loans that assist with start-ups and expanding businesses. Currently, the minimum loan amount is US\$20,000 at a 10% fixed interest within a 20-year period. They have a new location at the Nanbo Building in Hagåtña. They also have a website (www.pacificidb.com) where visitors can get more information and download applications.
172. John indicated that PIDB has money allocated for businesses and business owners in Micronesia, which are lent through Guam. The funding can then be used for capital to import goods from the FSM states. A recent news report indicated that the PIDB at the end of September 2012 received US\$400,000 in funding to support businesses around the islands.

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173. A participant asked Dr Enriquez about the possibility of non-member countries accessing the information from Guam. She replied that all their studies and information are available on the Internet. Because they are funded by federal grants, they need to be accessible in the public domain.
174. Another participant asked John about the possibility of having loans less than the US\$20,000 amount minimum he indicated. John replied that the amount is PIDB's standard, but they can always make exceptions. John was also asked about the background of PIDB, how it was set up and the possibility of setting up a regional bank elsewhere. John responded that the Association of Pacific Island Leaders (APIL), who saw a need to develop a regional bank, established PIDB about 20 years ago. Then each member state put in US\$1,000,000 as the initial funds that became available for lending out to member countries. The next question concerned what products or services PIDB offers and what kind of collateral is accepted. John indicated that PIDB takes the equivalent of the loan amount, but in most cases they try to take the items or goods that are being financed as collateral.

Ultimately, it depends on each borrower using their credit background and other factors.

175. Miller was interested to find out more from Enriquez about the impressive kinds of resource materials her organization has developed. It occurred to Miller that in Guam, the partnerships across the various stakeholders are extremely rich in available services for the private sector. She asked whether, collectively as partners, they thought small businesses in Guam were progressing and whether they were making use of the services offered or were there problems inhibiting their progress. Enriquez replied that as advocates these small business resource partners have a mission, a charge and outcomes that must point toward economic development. Indicators for development include things like jobs created and retained, businesses started, loans acquire and, new capital acquired. She thinks of herself as a kind of missionary who reaches out to inform people about SBDC; if she knows that someone wants to penetrate the federal marketplace she provides them information. The corollary reports that are given to grantors do show that basically Guam is improving. The small business resource partners offer regular workshops to anyone and disseminate information to the media. A number of these businesses are starting to export to reach a broader marketplace, and this is a success indicator. Where Guam ought to be overall as an economy depends on the individual business owners and the effort they put into it. For the most part, because the resource partners do talk to each other they bring up what they feel are gaps or issues that need to be addressed.
176. Jeszenka added that at SBDC they do have success stories. Each year they have a US\$2.5 million capital infusion, and they upgrade and maintain about 120–150 jobs region-wide. For example, RMI at one time had no commercial lending, only personal lending, but SBDC worked with banks, and then Taiwan actually donated some US\$800,000 for micro-programming, and now businesses in the Marshall Islands are starting to expand and become top producers. The micro-loans ranged from about US\$2,000 to US\$10,000, and although small, they were enough to help the private sector in some of these islands. Pangelinan reaffirmed the value of these partnerships. With their limited resources, establishing partnerships helps to raise awareness and promote their programs. Although some of the programs are being underutilized, more promotion can help spread the word of their availability.
177. Lujan said that from the federal perspective, a lot of these programs are funded from the federal government or from grants: they have limitations and are not there to compete with the private sector. Jeszenka at SBDC is there to help small businesses, but if he goes beyond that, he might be competing with other private sector businesses. Lujan explained the necessity to work within certain parameters. SBA tries to stay there and not overlap services with other agencies. They have to select those services that they think will help the most.
178. Monica Guzman of CAHA noted that throughout the last few days, the participants seemed to want their governments to identify the cultural industry as its own separate sector; she asked Huffer for a few words to encourage governments to

support cultural industries and producers. Huffer suggested that something that CAHA and UOG could do is to look at having a national-level workshop where all the partners are brought together—banks, producers, government agencies and service providers. But she is also aware from what Guam’s cultural producers have said that there is some degree of disconnect. For example, loans of US\$20,000 might be appropriate for some of the bigger businesses or entities on Guam, but for individual artists that want to go somewhere, that amount is way too high. She suggested it would be worthwhile to bring everyone around the table, allow people to talk and understand the issues and capacities from their point of view, perhaps for a couple of days, and then move forward from there.

179. An issue brought up by Semes was that in his experience there are a lot of resources coming into the region from international organizations and elsewhere, but most of the population is locked in the informal sector of the economy. As the funds flow down from these organizations, there needs to be a way to bring people out of the informal sector and establish themselves at the small business level, which he believes is something Huffer and the SPC are trying to facilitate. Lujan added, however, that getting people to move into the private sector is another issue, especially if they are government workers. For example, in Majuro the minimum wage for government workers is higher than in the private sector, thus making it difficult to get private sector initiatives going. This happens in other island nations, where there is no incentive to privatize, especially if it means lower wages. Lujan suggested a change in people’s mindsets might be needed.
180. A participant commented that in her work as a cultural producer and in her travels, she has noticed more small business development associations around the region, especially in the southern Pacific, but they are not deliverable or service-oriented as are the agencies up north. She expressed frustration that these associations in the south are not held accountable and are often under-resourced.
181. Another participant commented that in RMI, which just joined PIDB this year, some businesses have tried to apply for loans, only to be told that there is no money. She asked what other options are available for her. Jeszenka spoke of a new loan program on the Internet PISBDCN has just joined called KIVA ZIP, which he suggested might be good for things like handicrafts or other projects that do not need such large amounts. Currently, KIVA ZIP is only for Guam and CNMI businesses to obtain micro-loans; however, PISBDCN is going to see if this can be a region-wide program. Once they have success stories, they can go to the other islands of the PISBDCN. For the Marshall Islands, Jeszenka suggested that their SBDC is one of the best. KIVA ZIP loans maximally are at US\$5000, and there is no certainty about when the money will arrive for your business or project. As Huffer pointed out, this is called ‘crowd funding.’ John from PIDB said they do not have an office in the Marshall Islands yet but people can go to their network partners like SBDC to help them get loans.

SESSION 8: Customer Identification

This session included a group of wholesale and retail chains and importers of Pacific Islands art and craft. The purpose of the session was to give insight into their experiences dealing with Pacific Islands creators, designers and exporters, and provide an understanding of what buyers look for in a product or service.

Francis Guerrero, DFS, Senior Manager for Promotions and Events

182. Francis Guerrero provided a brief background for DFS (Duty Free Shoppers) Guam. DFS Guam has been around for 41 years, and is well-established within the Guam community. Initially they were a travel retailer but now they are a global retailer. Since they began, their business model has changed in many ways. When Guerrero first started, DFS carried a lot of local products. Then the business model changed, and much of the buying was done at the corporate office located in Hong Kong. In fact, all proposals for local products must go through the corporate office in Hong Kong. This was meant to help DFS have consistency around the world. In the last 6–8 years, DFS has shifted their focus to luxury items, and indeed, the stores have changed a lot to go after the luxury retail market. Guerrero noted that globally, luxury retail is up in terms of a business trend, while the rest of the market is down. He emphasized that this was a business strategy that was not meant to single out or change what DFS did locally with the Guam community. DFS is still very much about being a part of the community, as can be seen in their sponsorship of numerous local events—for example, the recent Micronesian Island Fair. Another example is the planned renovation of the Archbishop Flores rotunda, for which DFS is taking on the lighting improvements, a huge US\$35,000 project.
183. Guerrero explained that although DFS has moved toward luxury retail, they are also looking to brand localization, and in fact, some artists in this workshop already might have been approached. Guam relies on tourism and for DFS's business market and model they need to promote things that help advance the tourist industry. Brand localization is about bringing some of the local culture into the store. Over the last two and half years, DFS has developed a new program (which is on hold right now while the main store is being renovated) especially for the artisans of Guam. The aim of the program is to bring local artists into the store and give them a chance to market their pieces. DFS insists the artists spend a couple of hours on the floor so they can meet and speak with visitors. Some of the local artists who have been successful include Vickie Sayers, Monica Baza, Judy Flores and Ric Castro. Guerrero stressed that there are opportunities out there and he lauds artists and artisans and their ability to create. Some artists, however, have told him they do not want to market their pieces or they do not know how. Guerrero reassured them that his brief includes helping them and showing them how to put their products together to increase their marketability.
184. As Guerrero explained it, from DFS's standpoint, the packaging needs to appeal to customers. Visitors always look for unique, eye-catching, gift-able or memorable items of their visit that can be shared back home. Luxury retail has a high

standard, meaning it has to look like quality and to be durable; for food, it is about taste. But packaging can make an item unique and interesting. According to Guerrero, it is obvious what visitors are looking for in certain souvenir items, like carvings or weaving, but how the package is put together is critical. Merchants will decide if the packaging relates to the island, or if it has cultural elements people find interesting. Merchants like DFS also consider how well the artist is positioned when it comes to setting the price. According to Guerrero, DFS wants to make sure the product looks good and commands the retail price it can be sold for; in other words, it has a lot to do with how creative one can get with packaging and the quality of the material. He suggested that producers go around and see how prices for these kinds of items compare in other places, i.e., see what is available out there on the market and how much they are being sold for. An artist needs to price competitively. Also it is important that the item is really made on Guam, for customers are not only looking for something appealing but for authenticity. Guerrero declared that DFS has a strong visual team and that positioning of products within a display makes a difference in appealing to customers.

Sonia Lujan Sellers, Guam Visitors Bureau (GVB)

185. Sonia Lujan Sellers is the Cultural and Heritage Officer at the Guam Visitors Bureau and heads their outreach committee called CHaCO. She described how GVB markets Guam's culture overseas. Sellers explained that basically, her job is to put together shows to represent Guam in various market areas. The strongest market is in Japan, then Korea, then Taiwan. Recently, GVB started doing shows in China and also did a couple of shows in Russia in 2011. Presentations generally include songs, dance and craft demonstrations. For song and dance performances, GVB does a call-out to all the cultural performing groups on Guam (most are *guma* under Pa'a Taotao Tano') seeking live presentations. However, the budget only allows for two or three musicians, four to eight dancers, and maybe three or four artisans (for example, two carvers, a weaver and a language specialist) to participate. Sellers described different challenges of putting a show together. There may be hundreds of performers/dancers available, but GVB cannot afford to take that number of people overseas. Sometimes, individual group members do not have passports necessary for overseas travel. The travel group members must each have a valid passport that is good for at least six months before expiration. Travellers must be physically fit and flexible with their schedule. Because there are times when performance schedules may change, delegation members need to be flexible, cooperative, always in 'performing mode' and pleasant. In addition, they must be able to project that feeling and enthusiasm to the audience.
186. Sellers described herself as the 'bad cop' when these delegations travel because she has to produce the show successfully and have an impact on the places they visit. She recognizes her responsibilities and must ensure GVB's investment—sometimes amounting to US\$20,000–30,000—is not wasted. Sellers emphasized that she must be in control and confident in the delegation's ability to work as a team. Crafters and other artists have to be able to talk about their craft and to

describe it to every person walking by the Guam booth; to engage both travel agents and the general consumer; to get attention. If they are not effective, then they have bungled their chance to have an impact. Once the delegation is on the airplane they have that one moment and they have to be ready—‘If you lose that moment then you won’t go again.’

187. Sellers said she has been criticized by other groups who say that she tends to work with the same groups over and over, but she responds that these groups are the ones she has confidence in, who know they are there to sell Guam. These shows are not just fun; they are a lot of hard work. In fact, the participants do all the work together, from dancing to picking up boxes to setting things up for performances. She emphasized that even the beauty queens, like Miss Guam or Miss Guam World, who travel with them have to be ‘on’ all the time, from their attitude to their looks, to their accessories and behaviour. In fact, Sellers pointed out they cannot drink, smoke or party, and they are expected ‘to be genuine and look like a million bucks.’ She added that artisans need to know their craft and to travel light. For example, she likes to work with carver Robert Taitano, who works with *ifit*, a very dense hardwood. While he may want to take along tables and benches, the airline’s weight limit for baggage is only 50 pounds. But Sellers acknowledges that he is one of the most effective carvers, able to engage travel agents and other customers with his skills and stories about Guam. People can feel his energy and enthusiasm when they walk by his booth. One other requirement for individuals seeking to participate in a GVB delegation is that they need to be in good standing with CAHA—they have to be doing their time in apprenticeships, community outreach, and doing a lot of free work for the promotion of the arts on Guam. They have to be effective locally before GVB and Sellers will take them overseas.

Vincent Tafileluw, Yap Visitors Bureau

188. Vincent Tafileluw is the Sales and Marketing Manager of the Yap Visitors Bureau. He spoke first about the idea of ‘living culture 365 days a year’ that Guam Legislative Vice-Speaker B J Cruz had earlier mentioned. Tafileluw himself came from a subsistence economy and although he has lived in the United States for a few years, he has returned home to his traditional lifestyle. He described his insight that people filter traditional knowledge with modern skills. For example, if one carves a canoe and there is no wind, the canoe will not sail, but if a motor is attached, the canoe will move. In other words, people find ways to put two cultures together—and benefit from both.
189. Yap has undergone many transitions, Tafileluw reminded the group, under different colonial administrations including Spanish, German, Japanese and American, resulting in a lot of culture mixing. For instance, Chamorro History in Yap was celebrated recently, and there is a lagoon called Chamorro Bay. He explained that in Yap, when a male child is born it is expected that to be a man he will have to be a ‘jack of all trades’—a carver, builder and navigator. If a man can build a canoe but does not know how to navigate, then that is of no use, just as

knowing how to navigate without knowing how to build a canoe will not get you anywhere. The two are intertwined. Tafileluw also pointed out that there is a much more laid back attitude in Yap, an ‘island way,’ so to speak; people do not ‘get their knickers in a twist’ over time and schedules. People say the Yapese live in poverty, but from his perspective, he does not see many of them homeless. The rest of the world may categorize them as living under the poverty line, but he does not know what scale they use. To him, people have their own way of living.

190. Tafileluw described cultural production in Yap. Some individuals engage in coconut oil production, much as Brechtefeld described earlier in the workshop, but production is just for instant cash. Cultural producers are not really motivated to produce, because they have difficulty selling their items. Most of their products are only bought on consignment, or they sit unsold. There is no guarantee of fast cash. Cultural dance also rated a mention: women have difficulty in performing cultural dance for tourists or non-Yapese audiences because they perceive a constraint to ‘be traditional.’ Women have to follow the rules of dance because dance is not performed for commercial purposes. The situation is different for men. When men dance, they are passing messages or telling a story; they cannot be seen smiling—they have to be serious. That way messages can be conveyed to residents and locals. However, visitors may think the dancers are mean and unwelcoming with their serious faces. Women are hesitant to dance for tourists because of other restrictions; in particular, modern law does not allow being topless. Women, therefore, feel they are not able to dance the way they should. To this, Huffer reiterated a point made earlier of trying to maintain one’s cultural integrity when going into business.

Francisco Marquez, Pohnpei State World Park

191. Francisco Marquez is the Coordinator for the pilot project, Pohnpei State World Park. He has lived on Guam for 15 years and is an elementary school teacher. His belief is that tourism is a viable way for economic development in Pohnpei because tourism can connect other activities like fisheries, agriculture and culture, as well as connect sea, land and other resources. On Pohnpei, Marquez explained, tourists are considered ‘exports’ because they pay for their experience in the islands. Word of mouth is just like exporting things—visitors can tell others back in their home countries what they experienced in Pohnpei. The Pohnpei state, therefore, wants the island to be a living park, where tourists can come and see how the people live, visit their homes and families, and see them perform their daily activities such as cooking, planting or pounding *sakau* (a ceremonial beverage like *kava* or *ava* in Polynesia). This kind of tourism can be better controlled and tourists can be taught to respect Pohnpeian culture and resources.
192. Marquez pointed out that very few tourists come to Pohnpei, but those who have more money for travel will pay to do this kind of travelling because they are more interested in learning about Pohnpeian culture and what the Pohnpeians are doing. He envisions that the islanders will present tourists with many interesting things to see and do, such as traditional dancing, the *sakau* ritual, and tours of the

ancient site of Nan Madol. To accomplish this, there must be careful planning and training before they can start receiving and accommodating tourists for this kind of venture.

193. Another plan for promoting Pohnpeian cultural production is the marketing of Pohnpeian foods. Marquez is also the secretary of the Pohnpei Farmers Association. Some of the association members recently attended four workshops on food safety, export, food processing and one for Pohnpei farmer-chefs. In the farmer-chef workshop 20 participants from Pohnpei prepared 20 recipes, along with four participants from Guam. Together they showcased their foods to the Pohnpeian Governor's office, who then brought samples of the items to Guam. At the recent Micronesian Island Fair, they were able to bring some of the recipes and food samples, including grated yam and tapioca, taro chips and banana chips. While on Guam, they found other Pohnpeians who were interested in placing orders for their products. They plan to do this for Hawaii and the mainland US, too. This workshop will help them develop a business plan to start a real business for exporting things to Guam and elsewhere.

Katina Peter, Frank 'K' Retailer and Frank 'K' Handicraft Shop

194. Katina Peter is a handicrafts specialist and businesswoman from RMI. The Marshall Islands is made up of very small, low flat islands, where most of the people live on copra, handicrafts and fish. Peter recounted how, in the 1980s, every day she would see women with handicrafts looking to sell them to feed their families and send their kids to school. She decided to set up a business to try to help the women, but she had no idea how to do it. She began to observe the women and over time, she could tell what kind of work each woman was doing. Based on this information, she began to make connections among them, and encourage them to help each other. Peter set up a business at one of the transit terminals where many people go back and forth, and she began to learn what kinds of items were sellable and which were not. As she was doing this, Peter decided she wanted to expand but again, she did not know how to do this. Luckily, the RMI Chamber of Commerce selected her to display her products in New Zealand. While there she made connections with people who came to her booth and she noted what kinds of items they liked. She said it came to her that this was how she could expand her connections. With a customer base in New Zealand, she next travelled to a fair in Palau, where she made more customers. She continued to go to other fairs around the Pacific, including Guam and Hawaii, and with each stop she acquired more customers. With new confidence, she felt she could do this business at home and export her products.
195. Peter explained that today, she knows the needs of her customers well—which businesses need *mwarmwar*, which need flowers for hair ornaments, or who needs hats or wall hangings. She also learned that when she travels she does not have to take all of her pieces with her. Peter spoke of the strains in doing business abroad, including rising freight costs and lost shipments. Today, though, Peter is still helping the women back home. When she returns to the Marshall Islands after

this workshop, she will once again call the women together and they will plan out and start production of new pieces for different events. Peter also mentioned the importance of having help and support from her family, which allows her to travel and market her work. But working from RMI, she is now able to take orders and send her products anywhere in the world. She has a good sense of the market now—who her customers are and what they want, as well as what items will sell at certain places.

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196. Huffer announced that the participant list for the workshop would be available on the USB thumbdrive that each participant will receive, as well as in the final meeting report's annex. The list will allow individuals to connect and network with each other after the workshop.
197. A participant asked Tafileluw about the messages in the traditional Yapese dancing, and if these messages can be modified for this modern time and generation. Tafileluw responded that the dance he displayed on the screen during his presentation was a war dance in preparation for war between rival villages. He explained, 'the men are mobilized, they practise their moves, and then attack the other village.' For the women dancing abroad, he said, there is a need to get 'culture knowledge to mix with modern knowledge.' But dancing for women also conveys a message. However, when a woman is not dancing topless in the traditional way, Tafileluw explained, she might feel she is not conveying the message properly, and if she does not do it properly, she will feel some inner guilt. To dance for fun or entertainment also removes the woman from feeling that she is properly performing, and therefore she loses a sense of accomplishment. In other words, the dance loses its seriousness.
198. Choulia offered a comment. She is from Papua New Guinea, which has over 850 different languages spoken over 1000 different cultural groupings. As in Yap, PNG women share toplessness in their traditional dress. She recounted that during the FOPA in Palau, she saw Yapese women walking past without tops and felt it was normal and natural. But she noticed some of the other Pacific Islanders were sniggering and pointing. Choulai felt sorry for these women because her own people have been subjected to the same kind of ridicule. In American Samoa, some of her countrymen had taken to the stage. Although in PNG dancing is rarely taken out of its cultural context, some men from the rural villages were dancing for the audience. Choulai said she felt really ashamed and angry because the audience pointed their fingers, ridiculed and were laughing at her countrymen on stage. One of the things that the Pacific needs to recognize is diversity, she asserted; not everyone has embraced Christianity wholeheartedly and some remain true to their traditions. People need to respect, learn and appreciate each other's differences. By the time they left, other people from American Samoa came up to them, embraced them and shook their hands and said, 'Thank you, for you have stayed true to your culture.'

199. In response to Choulai's comment, an American Samoan participant said that she was interested in what the Yapese dancers were doing because Samoan women also were traditionally topless at one time in their history. In their culture the young women, mainly virgins, were topless, especially princesses, so that everyone could judge them. The belief was that a virgin's breasts remain firm, and her being topless assured everyone that a young lady was indeed still a virgin. However, Christianity and the US Government, declared toplessness an uncivilized practice, completely dismissing the cultural notion that it was more about ensuring a woman's status as a virgin. Choulai added that in Melanesia, women's breasts are for feeding children and not for the pleasure of men. Another participant remarked that on Guam, cultural performance is seen as entertainment, not in the traditional sense, not as passing on of literature or allegorical language. As a Chamorro, he wanted to tell the traditionalists how very much he respects their traditions.
200. Tafileluw said that regarding smiling, Yapese do not just smile to anyone they do not know. This is a problem, especially in customer service training, when they tell the trainee to keep smiling and it is not a natural thing. Another problem has to do with last names—husbands and wives do not use the same last name, as they do in Western culture. In Yap, last names are tied to the land, they identify where one belongs. Using incorrect last names may cause one to lose one's identity and connection to the land.
201. Another participant who expressed interest in Yap culture asked if there is a rule that bans toplessness at FOPA. She suggested that the organizers of FOPA should have a rule that allows it because for people from her island, toplessness allows a female dancer to show her talents. She explained that audiences judge girls' dances, which they perform while sitting on the floor with bare breasts. Her people today, though, sometimes use woven pandanus bras to represent their Christian status. This issue came up in the Festival in American Samoa, Huffer responded. The Council decided in favour of recognizing that this is a sensitive issue and that the host country would respect the visiting countries and invite them to perform in their traditional fashion if as a participating country they wish to. In the Solomons, notices placed in performing areas advised audiences that there may be nudity.
202. Ekstrom addressed a question to Marquez about exporting to Guam. If his group in Pohnpei was able to export to Guam would they do it through a company, a group of expatriates, or would there be a formal system in place? Marquez responded that they will export their products through a company, and in fact the company has already received funding from PIDB. They will be sending out dry kava, some handicrafts, and food products.
203. Miller asked Sellers about the cruise ship industry on Guam. Sellers said that Guam has about six to eight ships visit each year. GVB recently set up a task force with industry people to target that market and improve Guam's facilities so that the number of ships visiting a year will increase. Sellers took a follow-up question about tourists being able to disembark to see the island. She pointed out that

ground agents handling the ships have total control of the passengers, who generally do not get to leave the ship. Guzman concurred: ground agents handle the tours for the passengers. If local artisans get clearance from the US Coast Guard, they can set up on the wharf to display products or perform, but more often they do not have that approval. Instead, they have to stay outside the security area. Sometimes they have a crafter there, but it is at a distance. The Port Authority sometimes organizes tours with the ground agents, and in this case, they will allow the tourists to disembark, to go shopping or do a tour.

204. Miller asked the Guam participants about the sort of opportunities individuals or collectives have made to connect with this captive audience. A representative of Pa'a explained that the *Queen Mary* and the *Etsuka* docked for only a few hours on Guam, and only for refuelling. Pa'a was given an opportunity to perform on board. Another time, the *Queen Mary* allowed a small window for the passengers to disembark but the artists had to go through stringent controls to perform while the ship arrived and all day until the ship left the island. Guzman added that the Port Authority works directly with the ground agents, who then contact GVB and CAHA if there is a request for an activity or event. Her assistant has worked a lot with different crafters but very frequently they do not get much advance notice. For example, this weekend (after the workshop) the *Sun Princess* passenger liner was arriving for an eight-hour stay. She reiterated that six to eight ships arrive on Guam each year but they may be notified of their arrival perhaps only a week or two ahead of time, which in her opinion does not make sense. A representative from the Gef Pago' Cultural Village announced the *Sun Princess* has booked a tour of the cultural village in Inarajan on Saturday. He did not know the number of passengers but at least four tour buses will stop by Gef Pago' that day.
205. Tafileluw made a comment about the Micronesian Cruise Association (MCA), a group of investors that is currently looking for opportunities with major cruise lines to bolster cruise operations in the region. Guam is the hub for the larger ships, but smaller ships could potentially travel to smaller islands that have less infrastructure, like Chuuk and Pohnpei. Tafileluw mentioned that currently a big company is investing in Yap, but he believes this situation does not have the approval of the whole island. A few leaders are willing to engage with the company but most of the community opposes this gigantic development venture as they believe it will affect local culture and it does not fit with a small island community. Tafileluw explained that in Yap, land is too valuable, but there is already an MOU in place for the first layer of work for this venture.
206. Choulai commented that some of the islands in Melanesia use a strategy of allowing local artisans to meet with cruise ships, so that passengers to disembark and engage with local artisans. Moving to GVB, Choulai said that when she travels she looks for an indigenous guide that describes things to do. However, in this trip to Guam, there was nothing in her hotel room except for an advertisement for a magic show. Sellers said that there is, though, at the Guam airport, a desk with a selection of pamphlets describing local things to do or see. GVB does not have many brochures at the hotels, but a Visitor Channel is available on the television in hotel properties. Choulai suggested that since not everyone turns the television

on, more materials describing local events or activities could be provided to visitors. Guerrero added that the hotel TV channel aims at the Japanese market, which is about 85% of the visitors to Guam. He will bring this issue up with the Guam Hotel and Restaurant Association, but added that the *Island Times* magazine placed in every single lobby is a publication in English and Japanese featuring local events and including a calendar giving current details. The bigger challenge to disseminating this kind of material is the industry standards the individual hotels follow.

207. Picking up on the previous day's discussion about domestic vs export markets, Miller had some questions for Guerrero. They explored market segmentation and looked at retail and wholesale markets locally. For artisans of Guam, what is the level of participation by local producers and what are some of the challenges or bottlenecks explaining why there are not more producers participating? Guerrero replied that the local artisan program is only two years old. The store had to be renovated so the program stopped, and they will start up again in December. It had a small start but has grown. Artisans not only sell products but DFS can also put a display together for them and give them an idea of how their products can be presented to look like a million dollars. A lot of the time these artists have never thought of displaying themselves that way. DFS went after them because tours are very much structured. Tourists are captive audiences in Tumon. If they do take a tour, it is a four-hour drive around the island for scenic spots; then they take shuttles to shop, then they end up back in Tumon. Everyone in Tumon needs to take ownership and present aspects of culture. Comments DFS gets from exit surveys of visitors indicate a feeling that they are not learning enough about Guam's culture. Maybe if they take a tour to Chamorro Village on Wednesday they will see artisans. Some hotels do take showing culture to heart, of course. Outrigger, for example, mounts exhibits every March for Chamorro Month.
208. In closing, Miller commented that this sounds like an excellent pilot project, which she hopes will really pick up, so that other stores can learn from that experience and the island will see a multiplying effect.

Group Breakout Session: Group Business Plan Exercise and Discussion

209. Using the same five producer groups, Choulai directed the participants to choose one existing business and put together a business plan for that product. She explained that the business plan should include the business description and the marketing plan. Groups were instructed to be mindful of and take into consideration the cultural content of their business; and to think about the priorities—are they cultural, economic or social priorities that drive their business? It could, of course, be all three in varying degrees. Session 8 on customer identification was allowed to proceed before the breakout group responses were presented.

Group Presentations

210. Group 5, made up mainly of those working in the tourism sector, selected coconut oil as their product and wanted to model Brechtefeld's Maiden Palau company for their business plan. For their exercise they decided that their business would be on manufacturing and selling pure coconut oil. Because Brechtefeld had originally envisioned her company as something that could start up in any other island, the group's decision to work with coconut oil seemed plausible. Group 5's stated goal was to establish their individual operations successfully in different islands. The manufacturing and processing of the cold-pressed coconut oil, however, would be constrained by time as they would only be able to press on weekends because the members of the group all had full-time jobs. As a group they wanted to test their products and keep things uniform, including labelling, containers and packaging, and to produce samples that reflect their company. Huffer asked them to identify the driver of the business, and the group decided that making coconut oil was essentially cultural. Indeed, the company has taken a cultural idea and put a modern twist to it.
211. For Group 5, the unique story of their product is that coconut oil has cultural roots but it also has social and economic value for Palau because it is all locally sourced. But because everything would be done locally, costs would be relatively high and so the story behind the business would be important to help build the brand and make it attractive. The products would have to be priced high to cover material costs, but with the brand, the story and good marketing, the business could be strong. After discussions with Brechtefeld about *Pure Palau/Maiden Palau*, Group 5 decided her company had a competitive edge that could apply to their new venture. They especially felt Brechtefeld's efforts to research in different stores the extent and ways in which their coconut oil product could be used was good. Group 5 also believed their business could be sustained with coconut tree re-planting. Additionally, the fact that coconut oil is so widely used ensures there are opportunities for partnerships with other islands, such as producers on Guam who manufacture oil for Gef Pago' Cultural Village.
212. The educators in Group 4 decided their initiative would be to start a Chamorro cultural center, which they would call *Kottura Antigo*. The concept for the centre was derived from the experience of learning about culture from their grandparents and other elders. The group's vision was to continue to live culture, not just to perform out in the community, but to have the centre provide a viable source of income so that culture remains a sustaining force for the family, which they believe would ultimately benefit the Chamorro community. The cultural centre would be designed so that whoever walks through its doors would have a unique cultural experience. Located at Capitol Hill in Saipan, the centre would feature education, demonstrations, dancing, exhibitions and massage—all under the sky, with coconut oil from *Pure Palau/Maiden Palau*. Group 4 wants to perpetuate, educate and preserve whatever they have learned or inherited from their ancestors. Their marketing plan involves targeting locals and tourists of any age group. Although it is a cultural business it is very much educational. They will

encourage field trips to the centre for young people, but also for elders, because they will be sources of knowledge for the centre, too.

213. In their business plan, Group 4's competition analysis indicated that although there may be competition in Saipan and Guam, most organizations only have some of the components the Kottura Antigo would have. The key strategy would be to provide variety, promote local resources and ensure accessibility. Advertising would largely be by word of mouth, the Internet and social networking like Facebook, as well as public service announcements on the radio or newspaper. Management of the business would be overseen by a chief executive officer but there would also be a group of cultural advisors, a marketing manager, and general maintenance staff. Other staff would include artisans who would teach or provide services. Basic services at the centre would include tours and cultural demonstrations, such as weaving. The charge for these basic services would be US\$20 for locals, US\$30 for tourists, and seniors and students would be less or free. Group 4 also proposed another product package that would include a tour and dance instruction for 30 minutes at a rate of US\$30 for locals and US\$40 for tourists. A third offering would be a tour, dance lessons, traditional massage and refreshments at a price of US\$75 for locals, US\$100 for tourists, although elderly tourists can get the local price. Quality control would include quarterly evaluations and monitoring every week to make sure the centre's services are of high quality. Local supplies and utilities would include the use of alternative energy for power, and billing and collections would be computerized. The financial plan would include the spending of about US\$180,000 to establish the centre, and after all expenses are taken care of, a profit of about US\$40,000 could be expected.
214. The cultural performers group actually presented an unexpected outcome for the breakout session. Group 3 tried to develop a business plan for one of their members, focusing on the idea of creating a business centred on her as a performer. However, after going through the motions of developing a business plan, she decided she did not want to be a business person after all, and that business was not her passion. Instead, she found her interests lay in teaching cultural dances to the Samoan community and to any others interested in learning.
215. The Visual Arts group (Group 2) decided to carry out the exercise using an established business in Pohnpei—the Farmers Association—to export products to Guam. The mission of the business would be to manufacture high quality grass skirts for its customers. Like many small, culture-based businesses, the Farmers Association is undercapitalized so they indicated that they would first need to put together a business plan to obtain capital. They anticipated that not only would the business pay back their loans with interest but they would also make money. The Association would concentrate on the production of plant fibre or grass skirts. According to their plan, processing the fibres takes about two weeks, and the business could produce about 800 grass skirts a month. They hoped to reach the approximately 100,000 visitors a year that arrive on Guam and sell the skirts

through different businesses located there. The money needed to start up the business would be about US\$65,600.

216. Group 2 estimated that it takes about ten branches of the hibiscus plants they will use to produce one skirt. Although the plant materials may be free, it would probably take two to three weeks to procure and process the plants, another two hours to prepare materials, and then one hour to weave the skirts. A proper business location also might need to be rented. Management of the business would come from the Farmers Association, which already has a president, vice-president, secretary and treasurer. The minimum wage in Pohnpei is about US\$1.35/hour, but the skirts would be sold for about US\$25 each, and this would include the commission for the makers. Although the customer base would probably mostly be on Guam, they intended to expand as soon as possible to Hawaii, the continental US, China, Japan and throughout Asia. They also thought it would be good to seek out colleges that have Pacific dance programs and resorts that have island shows. Consumers in general would include individuals, dance companies and hotels. In their competitive analysis, they indicated that there are two local businesses that manufacture skirts, but their quality is not great. In addition to the making high quality skirts, Group 2 indicated they would draw on the story explaining the tradition of fibre skirts and of weaving practices to promote their product. Additionally, they said they would attend trade shows and had already identified a market on Guam for their products. Group 2 expected the business would make approximately US\$140,000 the first year, but after wages and expenses the adjusted profit would probably be about US\$66,000 with the goal of increasing profits by 19% the following year.
217. Group 1 (handicrafts) had several members already operating their own businesses but the group used the breakout session to assist one of the existing businesses, Lucia Guavis's Elefa Handicrafts, to help Guavis develop her business plan. Guavis's shops began as a business to help the family and others in the community. Guavis began in the 1990s while she was still working for Air Marshall Islands, and by 2005, she was able to open a shop at the airport and then opened another shop downtown. Her shops employ Marshall Islands women and generate employment opportunities for the local community. Her products include woven hats, bags and ornaments, as well as items made of recycled materials. In addition Guavis offers workshops to help others learn about handicrafts. The business also provides scholarships and incentives for students to offset tuition costs for the children of the women in her community.
218. The main strength of Guavis's business is support from her family—everyone is involved, including her son who manages the company website, and her daughter who is the marketing manager. Guavis is proactive, and her products reflect her creativity. Although there are other Marshallese handicrafts producers, Guavis uses dyed leaves to create different designs to differentiate herself from her competition. She has a lot of knowledge and skills for creating unique handicrafts but she also has a lot of cultural knowledge, although she is really humble about the things she does. One of the weaknesses of her company is the fact that her daughter's marketing position is not full-time. Additionally, Guavis has many

family obligations that take her away from her handicrafts business. Group 1 also indicated that Guavis and other businesses are faced with situations where people are unable to pay for the items they order. Another noted weakness is the lack of efficient record-keeping practices to keep track of accounts and inventory.

219. The members of Group 1 (carvers) all work in non-profits and do not have any existing businesses among them. They decided to initiate a new business named *Fanlalayak*, which in Chamorro means, 'Go sail,' with a focus on carving canoes and traditional navigation. The Group envisioned that their business would be located in Ypao Beach, Tumon, in Guam's tourist district to ensure that they would have a captive local and visitor audience, as well as a place where they could provide canoe rides up and down the seashore. The mission of *Fanlalayak* would be to provide a 'traditional canoe experience' for customers. In addition to rides, the business would focus on the sale of canoe models and various other keepsakes. The primary market for Group 1 would be visitors to Guam and the secondary market would be local residents. *Fanlalayak's* strengths would include the group's personal knowledge and resources as well as widespread community support. As a weakness the group identified the lack of funding and business skills among the members. Other weaknesses and challenges included the competition with hotels that also rent out watercraft, as well as obstacles such as government regulations and safety issues; and natural changes such as the tide or bad weather. However, Group 1 was confident their products and services would differentiate them from the competition and provide an opening for the sale of miniature replicas of Micronesian canoes.
220. To finance their business, Group 1 thought they would ask shareholders to invest in the business at US\$100/share. *Fanlalayak* would require initial capital of about US\$100,000. With contributions from their 100 members they would have about US\$10,000, but would need another US\$90,000. Management would include a board of directors, a general manager selected by the board and regular staff. They planned to charge about US\$15 per ride with about four rides a day with four passengers each. The group expects a net gain of US\$20,000 just in the rides. In response to Huffer's question, the main drivers for the business were seen as cultural and social, and then economic.

Breakout Session Facilitator Comments

221. Ekstrom commented that it was great that Group 5 was interested in doing work with a fabulous product—coconut oil. She pointed out that clients generally want to work with businesses where they can source all they want in one place. She suggested the group see how they could coordinate their activities, and act like several small businesses working under one brand—this would help spread the benefits more easily, as is the case with a cooperative. Because Group 5 chose to expand the original company set up by Brechtefeld's Pure Palau, Choulai stated that this was a good reminder that even an established business plan can be modified over time to meet changing needs. In other words, business plans are organic and can be updated and revised.

222. Choulai said she found Group 4's plan to create a Chamorro cultural centre very strong on description but rather light on the marketing plan. She reminded the participants that when they put in an application for a bank loan or grant, these are things the person reading the application will be able to pick up, especially if figures are fabricated and not well researched.
223. Group 3's decision not to pursue starting a business as a performer came as a surprise, but Choulai said this was a good example of an artist trying to put a business plan together and finally realizing that s/he is just not cut out for it. She added that following this process was a good way to measure oneself and one's readiness to enter the business world.
224. Reading the business plan for Group 2's Farmer Association led Choulai to comment that having a business advisor in a group is good. Overall, the description for their plant fibre skirt business was not too long and the information was clear.
225. In relation to the presentation by the handicraft weavers of Group 1, Choulai applauded the idea of having someone provide objective oversight of an existing business and to review the business's plan. This was usefully done by the group as many of them also owned their own business and encountered similar challenges. Ekstrom agreed and commented that these commonalities of experiences and ideas can be really useful to everyone involved.
226. Choulai found that the carvers in Group 1 demonstrated an effective use of information from GVB and competitive pricing. But she remarked that the group's price of US\$15/ride might be low as she herself, as a potential customer, would be willing to pay double that for a ride in a traditional canoe. She also pointed out that producers need to make sure they are doing comparisons correctly. Choulai added that the carvers also need to look at the seasons and to come up with solutions for the challenges presented by nature. She asked them, 'If winds are not blowing, what will they do?' To which the carvers replied, 'Paddle.'
227. Commending them on the pleasing effort they had put into the exercise of developing a business plan, Hertslet thanked the participants for their presentations. She mentioned that sometimes people have to go through several businesses and fail before they finally succeed—this means taking risks as they work toward finding their passion. But she added that, 'Customers will see right through you if you have no experience or passion,' and she suggested that the participants seek the help of advisors with years of experience to help them make some of their major decisions.
228. On that note, a participant asked for some advice for marketing one of her handicraft items. She held up an item made of manmade materials modelled after the Polynesian style *ti* leaf lei. The participant stated that this was her own design and that she had created it because of the lack of natural materials in Saipan, where she lives. She added that *ti* leaf leis have been adopted into Micronesian

cultures, and there is a demand for the leis, but that to meet the demand, she changed the materials and it had become her own personalized piece. She asked the participants how they thought she might be able to market this kind of item. One participant suggested she try to protect her design so that others do not copy her idea. Another participant replied that culture is not a static thing; that it is dynamic and it changes, and that her fabric *ti leaf lei* was an adaptation, an evolution from some traditional form. The participant added that if a producer can get others to understand what their creation is then it can be marketed.

229. Miller responded that there is no simple answer and the artist has to find the answer on her own. She suggested testing the item in the actual market, to put the product out there in different segments of the market and see what takes. She added that this is where the unique storyline behind the item becomes important, adding that the process of testing the market will also test one's commitment to engage in business. Choulai offered that the creative drive and the desire to break new ground are part of the creative story for marketing cultural products, and that the story is the artist's voice and everyone is entitled to their voice. She added that the participants should recognize the diversity of humanity and feel that they have the right to create new things. Ekstrom responded that it is really about interpretation and not about losing who you are but re-imagining yourself and your roots.
230. The participants were invited to the Wednesday Night Market at the Chamorro Village in Hagåtña.

DAY FOUR

SESSION 9: Bringing Structure and Form to the Cultural Industry

Cultural industries in the Pacific have the potential to be significant drivers of economic growth, but the lack of coordination and poor communication between market players and producers can hinder the economic potential of cultural industries. This session focused on the strengths and weaknesses of current structures of the cultural industries across the Micronesian states to determine a way forward while recognizing missed opportunities for business growth, government support and donor recognition.

The Maketi Ples Art Exhibition Program

231. The session began with a slide presentation of the Pacific Trade and Invest art exhibition program known as *Maketi Ples*. The purpose of this presentation was to give an example of an existing program that provides Pacific Islands artists and artisans an opportunity to showcase their work, to meet with potential customers and to prepare them for doing business in the Australian arts market. The exhibition also serves as a potential stepping stone for artists to enter into other international markets. Artists apply and then there is a selection process.
232. Ruth Choulai, Manager, Creative Arts Program, Pacific Islands Trade and Invest presented a group of slides featuring pieces—both traditional motifs and modern designs and materials were represented—and described her experiences with the program. She showed how some items, for example the traditional bilum (string bags), could take new forms as clothing accessories or as flattened pieces of art for wall decoration. Other featured items included paintings of various sizes and media as well as sculptures and other three-dimensional pieces.
233. Choulai explained how the exhibition is positioned in the general market, noting that the target audience in the gallery is not specifically Pacific Islander communities but rather art collectors. She found that when Pacific Islanders do visit, they see the high prices of the displayed pieces and talk about it amongst themselves. When other gallery visitors overhear these conversations they think that maybe they could buy similar pieces for much less elsewhere. However, it would take them much more time and effort to source these and Choulai felt that in a way, Maketi Ples was actually more convenient and accessible for tourists to acquire Pacific Islands art even though similar pieces may be less expensive elsewhere. The exhibition style helps to position these works by displaying them as high-end products with high value. Choulai added that she generally advises participating artists on how to best price their work so that the prices are realistic and sustainable, and artists in turn become more confident about their work.
234. Choulai told the participants that much of her work involves seeking to educate the Australian public about new items produced by Pacific Islands artists. Maketi Ples takes place in the Paddington art district in Sydney, and is held in mid-

February to March, a time when there are a lot of international visitors. Choulai's ultimate goal is to make the Maketi Ples an annual event. Overall, the Maketi Ples program fills a void for venues for Pacific art to enter the international market.

Current Structures in the Cultural Industries of Micronesia

235. Glynis Miller began by asking the different country groups to give a traditional, good morning greeting in their respective languages. Interestingly, the three tables of representatives from Guam had three different combinations of greetings. The FSM table also had greetings that reflected the different states.
236. Miller then asked the participants to define or name some of the structures that currently exist in their countries that deal with cultural industries. She offered as examples the Fiji Hotels Association, the Fiji Exporters Council and the Fiji Arts Council.
237. The FSM group listed the FSM Chamber of Commerce, Pohnpei Visitors Bureau, Pohnpei Farmers Association, the Pohnpei Women's Advisory Council, and the Council of Paramount Chiefs. CNMI named the Farmers' Association and the NMI Humanities Council, among others. Guam listed CAHA, GVB, Guam Preservation Trust, Agana Restoration committee, and the Fishermen's Coop. Palau mentioned the Palau Tourism Association, the Palau Visitors Authority, and the National Museum. RMI has the MI Association of Handicraft Businesses, the Majuro Farmers Association and the Majuro Chamber of Commerce. Kiribati has Aia Maea Ainen Kiribati (AMAK) which is the umbrella body of women's groups in Kiribati and the Rotary Association.
238. Miller explained the purpose of this exercise was to ascertain the level of understanding or depth of understanding around the room about current structures. Generally speaking, and as documented in the 'Development and Marketing of the Pacific Cultural Industries Strategy' (a report commissioned by SPC and distributed to the participants) the culture industries across the Pacific Islands nations lack coordination and solid associations are too few to represent artists and producers adequately. Some do exist in various shapes and forms, but generally, coordination and understanding of their functions is lacking. Miller explained that when cultural producers structure themselves into an organization and participate in events like fairs they are able to benefit financially and build their skills while driving economic growth. With the increased flow of information—such as all those sources of information available to the north Pacific including through Guam—there are opportunities to help improve business skills, produce technical and learned people, give proper design support, and generate fully developed marketing for cultural producers. By drawing on this producers can take advantage of lucrative tourism markets. Increased structure will ensure the transfer of knowledge from older to younger generations and preserve skills and traditions for years to come.

239. Miller asked the participants to consider what are the most important roles or responsibilities of an association. Responses revealed the strong feeling that associations, regardless of industry, should have an objective and members; be a voice for the people they represent; be a conduit of information; promote and support; provide services; and influence opinions.
240. Miller proceeded to describe the roles and responsibilities of associations, starting with the promotion of a unified membership. Associations need to hold regular meetings, and represent their members at local and national meetings. This includes networking and informing members of events and council meetings, as well as informing leadership of the opinions, recommendations and positions of the members (information should flow up *and* down through the organization). Organizations must advocate—they must protect the integrity of a collective bargaining agreement and advocate for their members at high-level forums. In addition, associations must act as conduits to the world. Ekstrom noted that associations are easier to reach than individuals, especially when people or organizations are trying to give assistance. Development partners may not be able to reach individuals easily, but they can reach associations. Not having an association may lead to missed opportunities. Choulai remarked that had she been able to work with an association rather than individuals, her work in organizing the Maketi Ples exhibitions would have been much easier. As it is, she still finds she has to deal with many individual people instead of a collective.
241. Miller added that national governments and donors are not interested in supporting individuals on the ground but that they want to deal with structures that are sound and recognized as lead groups. Additionally, associations benefit producers and artists, as they can provide assistance for training, funding, and general advice. Private sector buyers will also know where to go if there are visible and well profiled associations.
242. Miller then described peak body (another word for leading associations) governance. Often in an association the officers, directors, committee members and others involved in governance are unclear as to their roles and responsibilities, particularly if the responsibilities are not explicitly defined and if the objectives of the association are unclear. Sometimes, objectives, roles and responsibilities are determined by law, and other times they are determined by articles of incorporation and by-laws. But for every organization, good governance is important. The board of directors should be the governing body responsible for the ultimate direction and management of the association. In other words, the board is responsible for policy-making, not for daily operations.
243. One participant commented that in Guam this is frequently not the case. In most boards, the general manager has to get approval for some decisions because the board insists on making those decisions. All hiring is done by the board, when it should be a management decision. Miller replied that what applies in the private sector may not apply to an association. The constitution and by-laws are what sets the organization's governance. Associations will set up the structure that works best for themselves.

244. Another participant said that sometimes when there is a board of directors and their roles are not so clear, they think and behave as though they are above everyone else. Choulai responded that if the membership is not happy with their board then they should use the association to remove or make changes. To follow up, the participant added that in the islands when they select the board, they exercise respect. Then when action needs to be taken, customs of respect and deference to authority get in the way. Choulai suggested the use of formal guidelines as tools to address those issues and try to separate them from customs.
245. Another participant commented that drawing on his personal experience on boards, he thought members also needed some training in their roles. Miller responded that if the participants are considering forming an association or council or some similar structure then these are things that need to be considered. She agreed that training people for association management positions is necessary in the region. A good place to look for training materials and tools was the SBDC at the University of Guam and in Pohnpei, and these organizations can also provide training.
246. Guzman expressed concern that over the last three days of the workshop, they had been talking about the cultural producers in this room being the marketer, producer, business owner, etc., and now in addition they were talking about forming associations for culture industries, which would be comprised of these same people, thereby adding more responsibilities. Her concern was that producers already play many roles, but in an association, they would have to play an additional role (or three!) or they may have to go outside the culture industry to find people to carry out these roles. Collective energy can be hard to mobilize, but no association can afford to be a one-man band.
247. Choulai responded that putting a cultural association in the hands of non-creators was dangerous because members have to be able to speak to someone who understands their issues. Ekstrom added that this becoming an association is about coordination and communication; associations do not necessarily have to be formal, but producers do have to cooperate and work on objectives and represent themselves. This was not a full-time job, but finding a way to market and represent themselves and their interests to governments and organizations would help producers tap into opportunities at all levels of the creative chain.
248. A participant commented that as an artist she had had a very unpleasant experience with an artist association, and it seemed she was not cut out to be a part of this group. She admitted that she herself did not like doing paperwork and communicating with members, and was very disorganized. When she became president, the organization was in shambles, and when she left, it still was. They did have lists of artists and they would try to organize craft fairs, but because of the paperwork they were unable to do it. Ekstrom suggested this was about personal responsibility. There were lists of artists, but, she asked, did these artists want to be a part of the association? She added that sometimes to get artists to

participate the association had to demonstrate its usefulness and ability to add value.

249. Miller said that in each country there was a whole host of people involved in the cultural industry and that the challenge was really to find an individual to champion an organization or event, to find someone who can drive the initiative and bring all the players together. This type of individual should be able to discuss things with the group, and more importantly, find out if members are satisfied with the way they have been operating, or perhaps want change to be able to make some progress. Miller explained that although formalization may not occur overnight, there are real advantages, including recognition by government and the private sector. Asked for an estimate of cultural producers in their respective countries, the participants gave the following estimates: Palau (more than 100); CNMI (fewer than 20 active but over 100 listed); RMI (400+); FSM (500+); and Guam (200+).
250. Huffer added that associations of cultural producers are just like other associations—some just do not work. For example, visual artists have the hardest time because they work as individuals. She added that cultural managers require training, just like managers in other fields. There are well-functioning bodies, and examples of non-functioning bodies, but if producers do not have a body of some sort or another, opportunities will bypass them.
251. A participant declared she was glad to have this opportunity to attend this workshop. As a participant from Palau in the Micronesian Island Fair, she had no support from the local government. In fact, many artists who wanted to come ended up paying their own way. None of them was dancers or stage performers but they had not received information that in order to participate in the fair, they must include a stage performance in their presentation. They had to ask UOG students to dance on their behalf. Perhaps if they had been part of an organization, they would have been properly notified of requirements to participate in the fair. Someone else commented that in Kiribati, they have problems with their organizations because the directors and executives themselves take advantage of opportunities to attend events, without passing them on or informing their members about them. They had never had a strategy or business plan before. She is now part of a new organization with a few members who are interested in weaving and that they are developing a strategic plan. She is keen to use what she has learned at this workshop to help her group see a way forward.
252. Miller advised people to keep organizations simple so that they are workable. Some may not want to belong to the association and that could be a challenge, but she recommended making it a goal, for example, to ‘bring in carvers, provide them with opportunities, and show them our resources.’ She also advised people to start small, and suggested beginning with even five members, and then expanding once the organization was ready. She warned that higher numbers can change the nature of the organization—for better or worse.

253. An organization is built like a pyramid, with the membership as the foundation, she elaborated. The membership should meet and elect an executive committee (the next tier of the pyramid model). The executive committee should have three people—a president, secretary and treasurer. It does not have to be formal. This group will get together and come up with a constitution and articles. They should keep the constitution simple and outline the main points in very few paragraphs. They should not complicate things as one would a business. The group may or may not need a board (the next tier of the pyramid), but it depends on the group. Information must flow up and down. It is necessary to share information and represent interests upward. As in any given community, there is a peak, an ultimate body that all of this should filter through to the members. For example, information from the members could move to the executive committee and then to the board, and then through the Pacific Arts Alliance. PAA will then represent the group's interest to larger organizations or institutions. Then the group leadership has to bring the information back down the tiers to the members. Another thing to consider is how this whole structure works—it needs finances, but that depends on what works for the association. Most of the money could come from the members through monthly fees or dues or registration fees. This money can be used to pay for some of the small expenses of the association.
254. Finally, Miller asked, 'Where do you go from here? What do you want to do when you go back to your countries?' The CNMI group responded that they have been inactive for a while and have no artists association. However, they are going to try to reactivate the association. The group from Palau said they already have an organization—Maiden Palau, Inc. They will ask more young people to join them. The Guam group responded that they are not ready, but there are lots of people willing to help. Guzman commented that the first thing Guam needs to do is to have a gathering of all artisans on Guam, publicize the meeting through the local media, and get people in a room and work on organizing. Right now most of the artisans are members of CAHA already, but Guam should take that up a level and be a stronger voice for our cultural industries, and go from there. The group from RMI answered that they have an association for handicrafts, but there are also numbers of weavers making handicrafts in their homes. They would like to consider being more inclusive helping set up something for these weavers to market their products.

SESSION 10: Developing National Strategies for Cultural Industries

This session presented examples from Guam of measures or initiatives that help promote and create opportunities for the cultural industries.

Denise Mendiola-Hertslet, Guam Product Seal Program

255. Denise Mendiola-Hertslet explained that the Guam Product Seal initiative was enacted by Guam law in 1982 to distinguish products that are manufactured on Guam, and to identify these products as separate from items made abroad and brought to Guam. The initiative began at the Department of Commerce, and when

that department was brought under GEDA, the initiative was transferred to the Department of Revenue and Taxation. Businesses could apply through a tedious process in order to be approved. Since the program began, at least 60 businesses have signed up, but today there are only 28 remaining on the books, primarily handicrafts, carvings and food products. Recently, an effort was made to reinforce the product seal initiative and testimony was offered at the Guam Legislature. Some retailers objected, especially those who rely on products manufactured off-island. The initiative was subsequently returned from the Department of Revenue and Taxation to GEDA but is still an unfunded mandate. However, the STEP grant may provide some funding but currently the more pressing matter is the need for enforcement, and that is where Customs and Quarantine can help.

Monica Guzman and Jackie Balbas, CAHA, Arts in Public Buildings and Buildings Supported by Public Funds

256. Monica Guzman said that in 1979, Public Law 15-50 was passed to provide an incentive to support local arts on Guam. The law states that 1% of the cost of renovating any government building or facility has to be allocated for the acquisition of local works of art to be used in these buildings. In the early 1970s Guam's economy was growing, especially with the development of the tourist industry and the increasing population of island residents and businesses. The Guam Council on the Arts and Humanities Agency is the primary government agency charged with administering federal and local monies in support of arts on Guam and is to oversee the art allocation enacted through this law. At the time of law's passage, the high volume of construction guaranteed a steady stream of funding for local arts. In the 1980s, the law was amended to P.L. 20-27, which imposed the 1% allocation to nonpublic buildings as well. As hotel construction continued through the 1980s and into the 1990s, all these new buildings generated considerable funding for the arts and opportunities for local artists. The law set a threshold of US\$250,000 for renovation projects subject to the 1% requirement. Recently, Guam Senator Aline Yamashita amended the law to lower the threshold to US\$100,000. Guzman added that if the owner or developer did not want local art then that money would be put into a fund, which CAHA would administer, giving grants of US\$3000 to local artists and teachers and focusing on programs devoted to teaching children art.

257. If a developer or owner has a qualifying certificate, Guzman continued, then CAHA notifies GEDA that this developer has to comply with this law. CAHA organizes a selection committee to solicit artwork for the project. Artists go through a proposal process and a majority decision of the selection committee determines which artist will be commissioned to do work for that structure or renovation project.

Dr Anita Borja-Enriquez, Buy Local Guam Initiative

258. The purpose of the Buy Local Guam initiative is to promote local businesses and motivate consumers and tourists to think about spending money on Guam.

Enriquez emphasized it is not a mandate but the initiative encourages people to shift 10% of their spending to buy local products and services. This is tax revenue coming back into the economy, where the bottom line is to emphasize keeping that money circulating on Guam. The initiative started in the Chamber of Commerce, and then SBDC, GEDA, and the US Department of Interior's Office of Insular Affairs worked together to get the program rolling. The scope of work was as a marketing campaign to address weaknesses in local laws. Enriquez emphasized that 'local' does not exclusively refer to Chamorro, but includes businesses that call Guam their headquarters. The initiative ultimately will have a multiplier effect, encouraging consumers to spend money on Guam, keeping people employed and paying taxes that can be used to improve housing, roads and parks. Enriquez pointed out that studies on UOG's initiatives website show that Guam has a 1.3% multiplier of local spending. The flow of activity from the initiative begins with local suppliers, then wholesalers, then retailers, then consumers, and then employees. The initiative strengthens the island's economic foundation and benefits the community. The program was launched at a local farm and since then, several events to educate the community and to promote the program have been held, including media ads, local music concerts, food and cooking events and contests. As Enriquez remarked, the Buy Local Guam initiative is truly a community effort and many community partners are involved.

Session 10 Discussion and Q&A

259. A participant commented that in Saipan many local businesses are operated by Asians who do not spend locally and transfer their money off-island. They are not supportive of the local community. Enriquez replied that the Buy Local Guam program targets Guam, in partnership with the Chamber of Commerce. They have the large businesses sign the 'Buy local' pledge. This commits them to supporting local hires and other locally based businesses, not just advertising but for the creation of potential policies and legislation to support locally based producers.
260. Another participant asked about how to deal with clashes between the two programs, Buy Local Guam and the Guam Product Seal. For example, what if a company based on Guam purchases imports of Guam-labelled goods (like chocolates) made in China for sale locally? Enriquez answered that when representatives of the Buy Local Guam initiative gave testimony at the Legislature, they looked at locally based producers as an infant industry, i.e., they have not reached their full growth and potential, and need to be protected. It was specifically written in the grant that the local producers would be protected. It does not mean the initiative needs to include other businesses that call Guam home, but the point is to advocate other aspects like hiring—taking a look at Guam-based residents or taking into consideration the bigger picture. Enriquez emphasized that the Buy Local Guam and the Guam Seal programs are partners, and there is no conflict with the overarching initiative.
261. Hertslet explained that the Guam Product Seal program requires that 50% of the product has to be from Guam, including labour. That requirement, though, will be

revamped. For example, this can mean that one can take the chocolate and transfer it into packaging that could be considered a Guam product. Hertslet said they have to work it so that the seal provides authenticity, value and esteem to the product. The Buy Local Guam program is meant to change the way people spend or consume. Instead of buying from Amazon.com, locals might want to buy from Bestsellers (a local bookstore). It is about changing a mindset to encourage people to look for something to buy on Guam made on Guam (not somewhere else like the Philippines). The Guam Product Seal vision is that Guam will have a manufacturing zone for small-scale manufacturing in different product areas.

Regional Culture Strategy and the Cultural Industries: Articulating National Strategies for the Cultural Industries: The Way Forward

262. In this presentation, Elise Huffer reiterated what she had been saying from the start: that investing is not just financial, and that investments for the future are not only about money. The Pacific Islands Leaders' Pacific Plan is designed to bring greater integration to the region and to focus on four areas: security, governance, sustainable development and economic growth. Objective 11.1 mandates the development of a strategy to 'strengthen and maintain Pacific cultural identity.' Within the regional governance architecture, culture falls under the SPC, which convenes the Council of Pacific Arts and Culture, whose membership includes all SPC member countries, Hawai'i, Norfolk and Rapa Nui. Huffer explained that a working group to develop the strategy was formed at the 21st meeting of the Council of Pacific Arts in March 2008. The Strategy was then endorsed by the Ministers of Culture of the Pacific in July 2012 at FOPA.
263. This strategy document states ten goals—seven national and three regional. Under the regional goals, Goal 10 is to strengthen PIFS and to implement objective 11 with SPC, which is being done now through this workshop.
264. The focus for Goal 4, to expand cultural industries, has five objectives, which Huffer explained:
- 1) *Establish and strengthen national cultural agencies, arts councils, bodies and arts groups.* There is a real need for artists and cultural producers to form bodies or associations, because they can then play a role in influencing and setting government policies. Without these bodies it is hard to initiate policies that serve producers' purposes. CAHA is offered as an example of a cultural producers' association playing a role in influencing policy.
 - 2) *Improve national conditions for ethical representation, sale and marketing of cultural goods and services, including branding and labelling of origin.* For Huffer, this objective is important. GVB emphasizes promoting Guam but this may differ from each individual's views about how to promote the island. For artists or producers, maintaining cultural integrity is also imperative. Standards have to be set. Sometimes the objectives of tourism and retailers are not the same as those of artists. Conversations to discuss these issues and to be able to set the standards are essential.

- 3) *Ensure that cultural goods and services are protected under international, regional and bilateral trading agreements.* Many trading agreements are being hammered out now. For example, the Caribbean has a cultural protocol with the EU as part of the Economic Partnership Agreement, so that cultural goods and services are not treated like other goods and services.
- 4) *Train, support and promote craftspeople, artists, cultural practitioners, producers, entrepreneurs and managers.* The Pacific currently suffers a general lack of managers, remarked Huffer, and few individuals from the region are trained as arts and culture administrators.
- 5) *Measure the contribution cultural industries make to national and economic and social welfare (or well-being).* Gross domestic products and exports from cultural producers often go unrecognized as contributions; they operate informally, and so they often do not get counted in national accounts.

265. Participants, organized into their groups, were invited to think seriously about the following questions:

- What is working in your country? (Think widely about government, civil society, and other organized groups of people (such as church groups, NGOs, women and youth groups)—but also about what needs to be strengthened or supported).
- What are some of the major obstacles that you think can be addressed in a national strategy? Project yourself into the future and think about how you want cultural industries to be managed.
- What are some of the immediate, mid-term and long-term steps that can be taken in your country? For an association, one of the main functions is lobbying to governments and to different agencies.
- What would you like to suggest to your government? Again, think about where you would like to be in the future, how you would like your industry to have developed.

266. The group from CNMI said that they do have several government organizations that can assist cultural producers, including the Department of Community and Cultural Affairs (DCCA), the NMI Arts Council and the Marianas Visitors Authority (MVA). They would, though, like some of the practising individual artisans to unite and form their own group to help themselves. Some of the problems they have in the CNMI include the lack of communication and inefficient dissemination of information to artists and other producers. This is not helped by the considerable bureaucracy, with offices that are understaffed or for whatever other reason do not do their jobs. Some of the steps they would like to take include generating a Who's Who list of CNMI artists, to be better able to disseminate and share information. They would also like their government and local organizations to develop policies and partnerships and help the artists find new markets for their products. They want the government to address issues of intellectual property rights so that duplication of their products by foreign companies will not have negative impacts on their work as artists. They would also suggest that the government designate a specific venue for cultural producers to showcase and sell their work, and to initiate a Buy Local program for the CNMI.

267. The FSM group mentioned that while they do not have any organizations now existing to develop or promote art, they do have a 20-year FSM strategic development plan, a national archive and a historic preservation organization. They foresee a number of challenges if their cultural producers mobilize into a formal group. As producers, they recognize they will need to have access to art forums and other affiliates in the wider Pacific region. In addition, their governments will have to pass laws and promote research of FSM culture. The group also proposed a timetable for immediate, mid-term and long-term steps. They would like to form an FSM National Association of Arts and Cultures with the purpose of strengthening collaboration with national, regional and international organizations involved with helping Pacific Islands cultural producers. Mid-term steps (over the next two to five years) will involve talking to experts and decision-makers to establish laws and policies, create offices, and provide training and access to resources. Their long-term steps are to identify markets and seek funding. They will suggest to their government to pass laws and establish policies and guidance for art production in FSM; and to make sure there is a provision for government funding, a trust fund or some other financial resources to promote arts at different levels with various opportunities to celebrate cultural products.
268. The Palau group, in responding to the questions, indicated that individual artists in Palau are not organized. There is a Palau Cultural Affairs Office, and recently, the 2012 Arts Symposium was held for the 16 states. They have numerous NGOs but none of them is specifically for cultural producers. They recognize a need for full-time staff in the government to promote cultural events, and a need for training, incentives and better customer service. Some of the next steps they would like to pursue include consolidating organizations and grouping together those individuals who are working on the same goals, because it is hard to solicit support when multiple individuals or organizations with similar activities are asking for the same thing. The Palau group would also like to organize a national calendar, one for everyone, locally and internationally, so people are aware of different events and opportunities throughout the year. They would like to improve marketing opportunities in Palau or in the region. The group would suggest that the government works to provide more activities and opportunities especially for young people to keep them out of trouble and to have the government assist in promoting Palauan cultural knowledge and craftsmanship.
269. The group from the Marshall Islands spoke proudly of having a really strong women's group that has been very active socially and politically: Women United Together in the Marshall Islands (WUTMI) helped push for legislation to prevent domestic violence. WUTMI also helps with communities and to educate students. The women's handicrafts organizations, though, do face obstacles and need help and support from the RMI government and community. For example, sometimes they face delays because of a lack of raw materials, or because flight and shipping schedules are inconsistent. Other obstacles include a lack of training, especially in areas like marketing, and getting more people involved in supporting cultural production. A long-term step may be to have the RMI embassies located in different countries help promote Marshallese culture and handicrafts. Perhaps the

government could do more to link them to the rest of the world, promote them, especially island to island. The group also suggests a special tax be imposed on certain items, which would go to secure funding like a trust fund for the cultural industry. This could be a tax on imported items. However, the RMI group notes that they would also like to find ways to get funding without always having to rely on the government for assistance.

270. The Guam group said that although Guam has several cultural organizations already in operation, there is still a strong need to organize and strengthen the island's cultural industries. First, they need to define the culture and identity of the people of Guam. They would also like to define exactly what 'Made in Guam' means, and how that definition could be used to offer better support to cultural producers. In addition, there are obstacles that need to be dealt with. For example, organizations like CAHA are underfunded and understaffed. CAHA is currently a division of the Department of Chamorro Affairs, which already has too many divisions under it. CAHA needs to be a stand-alone agency again, because the agency cannot fulfill the too many unfunded mandates it has been given. Government interferes too much and local artists and artisans are not participating in various cultural events enough. Guam's leaders ought to add more cultural programs to the local schools. The Chamorro Studies division at the Department of Education has only two administrators and 30 teachers for all of Guam's schools and this division is desperately short of funds. The group did make several suggestions they believe would help improve cultural industries for the future. For example, they suggest working with the Department of Revenue and Taxation to develop an artist's licence. This would be more than just a business licence, retail or wholesale, or peddler's licence, and would add to the esteem accorded to local artists. The Chamorro Village venue needs improvement if it is to help support local products and artists. Another suggestion is repeal of the Jones Act, a US law that requires that products brought to Guam need to be on a US carrier. Discussion on this has been going on for the last 30 years; if the Act is repealed the implications will probably have effects across the whole range of Guam's industries. To conclude, the group urges the maintenance of good communication with arts and culture supporters in the government and the island community.

271. The Kiribati group reported having an NGO for cultural producers that oversees and assists the industry and receives support from the government. However, there are some issues. For example, the Department of Culture is concentrating only on heritage, dancing and singing, and not reaching out to other cultural producers. In addition, different cultural traditions among the islands are not recognized nationally. Two government ministries and one organization is a recipe for problems with duplication of functions or services. In addition, there is a lack of training, especially among producers, who do not know how to market themselves. The group would like to suggest the formation of a new group or community organization and a meeting with government bodies that deal with cultural issues to discuss next steps. Some of these steps include putting together a national register of cultural producers and giving them recognition; asking the government to include cultural producers and their events in the national

calendar; and organizing cultural trade fairs and inviting skilled cultural artists and craftspeople from the outer islands to participate. They also suggest that the government set aside a budget for cultural events and activities and for the support of those who cannot afford to attend cultural events and activities at home and abroad but who could conceivably share their skills.

272. Following the presentations, Miller observed that there are lots of commonalities among the island groups, and that a lot of work remains to be done on the cultural producers' side and on the part of PIFS and SPC.
273. Huffer confessed that while they were planning this meeting, she had alerted Miller and Guzman to produce some outcomes and recommendations from the workshop. She explained that the recommendations would pave the way for regional organizations to provide technical assistance and to build up cultural industries. When there are mandates from different workshops and exercises like these, they give donors reasons to provide funding. In addition, she continued, several Micronesian traditional leaders will have two meetings soon and it would be useful to present these two groupings of leaders with some of the recommendations produced in this workshop.
274. The recommendations listed below are based on the workshop, and draw in particular on the last breakout session:
 1. Establish, strengthen and consolidate associations or representative entities to act as the peak body for the cultural industries in their respective countries, to bring together the producers, to enable them to work with national and regional authorities and bodies, to develop the cultural industries in an ethical manner, as the recognized authority on cultural industries in the Northern Pacific countries.
 2. Improve communication and collaboration between cultural producers on the one hand and relevant ministries and departments and small business advisory services on the other, to strengthen their ties and communication with relevant ministries and departments and to advocate for the development and promotion of cultural industries, the better to include and draw in cultural producers based in rural areas and outer islands within countries and states.
 3. Increase governments' support for development of cultural industries through natural resources management (replanting of raw materials), improved transport and marketing, taxation and incentive programs to protect national cultural products and services, and focused licensing regulations.
 4. Improve governments' funding for cultural arts and agencies to enable them to carry out their mandate and core missions.
 5. Provide training for cultural producers in a range of areas such as entrepreneurial development, cultural preservation, sustainable practices and transmission, and for better access to resources and funding.

6. Enact national and state legislation and non-legal measures, particularly in the area of cultural intellectual property, to assist in the protection and promotion of the cultural industries.
 7. National governments and marketing bodies should accept greater responsibility for targeted promotion and marketing of cultural products.
 8. Integrate private sector and community organization strategic plans into national sustainable development plans.
 9. Take necessary steps to Increase and upgrade full-time, competent and accessible staff dedicated to the promotion of the national and local cultural industries in the appropriate government institutions.
 10. Each country should develop and disseminate widely a national cultural and arts calendar.
 11. Adequate funding and staffing should be made available to enable formal and non-formal education to focus more strongly on culture and arts teaching and learning.
275. After the recommendations were agreed upon, the workshop was officially closed.
276. Evaluation forms were distributed to the participants for completion, along with certificates of participation and USB thumb drives containing the different presentations. Gift bags from Guam were presented to the workshop organizers, and special gifts from two of the participants were offered in thanks to the workshop group and the organizers.

END

**SUB-REGIONAL WORKSHOP ON
CAPACITY DEVELOPMENT FOR CULTURAL PRODUCERS
PARTICIPANT LIST
Guam October 8 – 11th 2012**

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