

TABLE OF CONTENTS

ABSTRACT

INTRODUCTION

HISTORY OF BANKS DIH LIMITED

METHODS OF DATA COLLECTION

ORGANISATION OF BANKS D.I.H. LTD.

FACTORS OF PRODUCTION

FINANCIAL MATTERS

CONCLUSION AND RECOMMENDATIONS

INVESTIGATION OF BANKS D.I.H LIMITED

ABSTRACT

This research is concerned with the investigation into the operation of Banks DIH Limited, by considering the following:

- **Organization Principles**
- **Production and Marketing**
- **Finance and Introduction to Economic.**

INTRODUCTION

This research seeks to determine the factors responsible for the efficiency of Banks D.I.H Limited through an investigation of:

- **the organisation and management of the business**
- **the marketing activities**
- **how the business is financed and its contribution to society.**

THE HISTORY OF BANKS D.I.H LTD.

The D'Aguiar Family was in business in Guyana for over 160 years. In the 1840's Mr. Jose Gomes D'Aguiar, the founder, started a Rum Business which developed into a chain of Retail Spirit Shops. In 1885 the business was expanded to include a Cocoa and Chocolate Factory and a Schooner Shipping Agency.

Mr. Peter Stanislaus D'Aguiar felt, however, that the date of historic importance was in 1896 when the four sons, Jose Jnr, Manoel, Francisco and John formed the partnership of D'Aguiar Bros. after the death of Mr. J.G. D'Aguiar in 1893. In the same year the brothers purchased the Demerara Ice House which then consisted of a hotel, liquor bars and an aerated soft drink plant. The name 'Ice House' was derived from the fact that ice was imported in schooners from Canada, hence the initials D.I.H.

Papers concerning D'Aguiar Bros. dating back to the beginning of the century showed that the actual purchase of the old Demerara Ice House was made in October 1896 with its possession being effective from November 16 of that year. The purchase was arranged through the Hon. J.H. de Jonge, auctioneer. The price, \$50,000.00, a substantial sum in those days was for buildings only. Eventually, a twenty-one year lease was negotiated from the Crown in whose title all lands were vested in those days. It was not until 1929 that the land was bought outright from the Government. In that year Dr. J.G. D'Aguiar (Mr. Peter d'Aguiar's father) then the sole proprietor following the death of his brothers, formed the company of D'Aguiar Bros. Limited.

Mrs. P.M. D'Aguiar became the principal shareholder on the death of her husband, Dr. J.G. D'Aguiar. The business faltered and was at a point of bankruptcy. She was offered the paltry sum of \$100,000.00 for the business as a going concern, but she refused to sell, as she was convinced that her youngest son, Peter D'Aguiar, should be given the opportunity as he appeared to have the business acumen to salvage the company and to build it into a thriving concern.

In 1934 at the age of twenty-two, Peter took over as Managing Director of D'Aguiar Bros. Ltd.

Peter concentrated on the manufacturing side, especially soft drinks and rum. He borrowed heavily to re-finance the business. Gradually old debts were paid off and the business began to flourish again.

In 1942 Peter acquired the franchise for Pepsi-Cola making British Guiana (as it was named) the first country in South America to bottle this beverage. The popular range of

I-Cee flavours was introduced in 1952. The production of XM Rum was expanded and became the No.1 Rum in 1959.

Long before Peter took over, the Cocoa and Chocolate business and the Shipping Agency had been relinquished. The range of interests was still fairly wide and included a soft drink factory, rum bond, bottling plant, liquor store, retail bars, hotel and pawnbrokery most of which had been operated and located at D'Aguiar Bros. Ltd. in Brickdam, Stabroek since 1896.

In 1955, Peter D'Aguiar promoted Banks Breweries Limited, the first public company with a widespread ownership. In 1966 the Private Family Company (D'Aguiar Bros. Ltd.) was converted into a public company, D'Aguiar Bros. (D.I.H.) Limited with a share capital of \$1.0 M (one million dollars).

1969 saw the merger of D'Aguiar Bros. (DIH) Ltd. with Banks Breweries Ltd. into a new company called Banks DIH Limited with a Share Capital of G\$4,140,000.00.

The Company's headquarters was moved to Thirst Park where the production complex and the head office, known as the Rotunda, were built in 1969.

The cost of the modern complex on 13.2 acres of land designed by a young Polish Architect, Marian Dorr-Dorynek at that time, was valued \$7,000,000.00.

Since then the number of shareholders has increased from 5,000 to over 14,000 and employees from 300 to over 500 of the company's regular employees becoming shareholders.

On Thursday, 30th March, 1989 at 5.00 a.m., London time, Peter S. D'Aguiar, age 76, died at the London Hospital, England where he had travelled to obtain medical attention.

During his tenure of service (1934 - 1989) the company showed a record of rapid development and continued progress and has emerged as one of the most dynamic, efficient and profitable businesses in the Caribbean.

Banks DIH Limited is now a multi-billion dollar company and is headed by Mr. Clifford Barrington Reis, CCH, who was appointed Chairman/Managing Director after the death of Mr. Peter S. D'Aguiar thereby heralding the dawn of a new era in the company's history.

Undaunted by the magnitude of the added responsibilities, the new Chairman immediately got down to the job of keeping Banks DIH Limited on its chartered course of continued development. Mr. Clifford Reis' management style could be described as 'hands-on' and manages through consultation, help and advice from the Directors, Executive Board

Members and the Worker Management Participation Board (W.M.P.B.). He believes that business must be undertaken with a sense of urgency and getting quality results is of the utmost importance.

The three principal business functions of the Company are the production of beverages, food products and restaurant operations.

A fourth, and the most recent has been in banking services following the acquisition of 51% shares of Citizens Bank Inc. in December 1998.

The Beverage Products produced include Banks Beer (alcohol content 4.5%), Banks Milk Stout (alcohol content 7.5%), Banks Light Beer (3%), Banks Power Stout (alcohol content 7.5) Banks Shandy (1.6%) which is produced in four (4) flavours (Ginger, Lemon, Sorrel and Champagne), Guinness Stout, Banks Malta and Vita Malt.

Rums -

Royal XM Ten (10) Year Old - 700ml, 200ml, 1.75Litre and 50ml, VXO 7 year old, XM Five-YearOld-700ml, 1.75 Litre 375 ml and 50ml. Xtra Mature (Extra Blend Premium) - 750ml and 200ml. - Alcohol Content 40%.

High Wine - 700ml - (Alcohol Content 69%).

VODKA - Kazak - 700ml & 375ml...(Alcoholic content 40%).

D'AGUIAR'S CREAM LIQUEUR - three (3) flavours - Cream, Coffee and Amaretto - 750ml and 200ml - Alcohol Content 17%.

WINES - Banko (Red & White) and Medium Dry - 700ml, D'Aguiar's Sherry Brandy and D'Aguiar's Ginger Wine.

WATER-Tropical Mist and Aqua Mist Artesian Well Water in assorted Pet Sizes: Plain, 1.5Litres and 5Gln Institutional Size.

I-CEE SOFT DRINKS –six regular flavours - Cream Soda, , Banana, Pineapple, Orange, Big Red, Tangerine, and fusion flavours such as Green Crush, Pink Grapefruit, Passion Fruit, Apple Strawberry, Fruit Punch, Ginger Beer(seasonal), Soda Water and Ginger Ale.

Banks DIH Limited is also a licensed bottler of the Coca-Cola products and Guinness. Vita malt is also produced and bottled under licence.

The Demico Restaurant Operations include Demico Qik Serv, OMG Restaurant, Idiho, Main Street Qik Serv, New Amsterdam Qik Serv, the Roof Garden, the Retail Liquor Store and the Demico Hotel. The Camp Site Qik Serv was opened in 1993 and houses The Patisserie, the Processing Centre and Krystal Dry Cleaners outlet.

Trisco Foods houses the production of Cookies, Crackers, Snacks (Cheese and Onion, Spicy Bar-B-Q, Chicken Tikka, Nacho, Cheddar) It also produces Assorted Bread Products and Rolls, Novelty Ices (Frostee Pop-Cream and Fudge) and Ice Cream (Assorted Flavours).

The product range carried by the company reaches the homes of all Guyanese as the Company has a fleet of over two hundred and eighty vehicles. There are branches in Linden, Bartica, Berbice, Essequibo with distributors and agents in all three counties. The Company exports to several countries within the Caribbean and further afield. Our Flagship Banks Beer is exported to Canada and the United States of America through collaboration with Banks Holdings Ltd. of Barbados.

Our Manufacturing, Sales and Distribution functions have been strengthened through linkages with several established companies. We import and distribute Johnny Walker Scotch Whisky, Absolut Vodka, Smirnoff Vodka and Pine Hill Juices, Drinks and Milk Products.

The excellent results over the years reflect the benefits from past and present investments.

The Chairman and Board of Directors salute their predecessors and wish to thank all staff, shareholders and customers for their continued support and contribution in making Banks DIH Limited the success story it is today.

METHODS OF DATA COLLECTION

Several instruments were used to obtain the necessary data. These included questionnaires, interviews and observations.

The researcher delivered questionnaires (see appendix) to the Communications Manager along with other employees. The researcher also visited the premises of Banks DIH Limited on different occasions to observe among other things the general relationship between staff and management.

The researcher also examined the Memorandum of Association, Articles of Association, Balance Sheets, Profit and Loss Accounts and the Cash Flow Statements in order to determine compliance with statutory regulations and applicable laws.

ORGANISATION OF THE BUSINESS

THE BUSINESS TYPE

Banks DIH Limited is a Public Limited Company. It is partly owned by close to fourteen thousand (14,000) local and overseas shareholders and has a staff of one thousand four hundred (1400) and over 520 of the firm's employees contribute to the large number of shareholders.

OBJECTIVES

The company produces a wide variety of foods, beverages and services.

The objectives of the business are:

- 1) To promote a very profitable organisation**
- 2) To expand on building traditions of excellence by providing quality products and services**
- 3) To provide financial results and management performance that meet the interest of its shareholders, employees, customers, suppliers, and the communities in which it operates.**

MISSION STATEMENT

We are committed to building our tradition of excellence by providing quality products and services, financial results and management performance that meet the interests of our shareholders, employees, customers, suppliers and communities in which we operate.

THE STRUCTURE

The company uses a line organisational chart which shows effectiveness of the management structure. There is clear delegation of authority and responsibility from top to bottom. The company has seventy four (74) departments.

MANAGEMENT ISSUES

PLANNING

Jobs are assigned to a particular department by management and a deadline is set. However any major problems encountered during the execution of the job, the job leader is responsible for reporting the matter to his supervisor.

SPAN OF CONTROL

Although Banks DIH Ltd. is operated on a large scale the span of control is narrow, allowing quick consultation and dissemination of information. Decision making is quick and decentralized.

There are opportunities for feedback. However sometimes, there are problems and benefits.

The problems that may occur during feedback would be the communication of incorrect data/information resulting in time wasting and possible disciplinary actions.

Benefits are derived from the personal interaction between supervisors and subordinates. This helps to improve the company's internal relations.

MANAGEMENT STYLE

Banks DIH Limited has a democratic management style. It is appropriate because it allows subordinates to become involved in the decision-making process at a certain level. It is also advantageous to the company because more ideas are contributed by the employees for the development of the organisation. Since subordinates are a part of the decision making process it is easier for them to abide by the decisions made.

STAFF ISSUES

Staff benefits include:

1) Building houses for employees at cost price - this gives employee the chance to acquire a home with proper infrastructure at an affordable price. Over one hundred (100) of these homes were built in the D'Aguiar's Park Houston area, in which over five hundred residents currently (employees' family) reside.

2) Paying incentives to positively motivate staff.

a) Bonuses - this monthly incentive is based on punctuality, adherence to deadlines, attire, job performance and housekeeping.

b) Performance Incentive - this is a percentage of employees basic fortnightly pay. This percentage varies from twenty eight (28), thirty three (33), and forty three (43) percent and is determined by the profits on beverage case sales, and departmental profit.

c) Condition of Employee (COE) Allowance - this is a monthly allowance received by regular or permanent Banks DIH limited employees.

d) Hampers - employees are given an allotment of biscuit every month and a gift of beverages at Christmas time.

e) Canteen Facilities - There is a workers' canteen where delicious meals are prepared. Subsidised Transportation – Employees residing in rural communities are provided at a subsidized cost.

f) Scholarships and Training Programmes - the D'Aguiars Scholarship Programme has made it possible for employees with potential to receive sponsorship to pursue higher studies at universities locally and abroad.

g) Training - There are also in-house programmes at the Company's training Centre at Thirst Park. Employees at our branches in Berbice, Bartica, Essequibo and Linden are also exposed to training by our Training Manager and external tutors. Employees are exposed to training in Occupational Health and Safety, Food Safety , Customer Relations, Computer studies, sales and marketing etc. thereby enabling the company to live up to its motto of 'Committed to Excellence'.

MANAGEMENT AND STAFF RELATIONS

The Chairman and four directors oversee the overall operations of the company. The key areas of operations and their directors are listed below.

Chairman and Managing Director	
Sales and Marketing	- Assistant Managing Director/Marketing Director
Production	- Operations Director
Finance	- Finance Director
Personnel	- Human Resources Director

MANAGEMENT OF TIME AND LABOUR

Schedules for individual departments are prepared in advance indicating production sales and other targets to be delivered on a monthly basis.

Performance incentives are paid out at the end of each month taking into consideration that specific targets are met.

LEGAL ISSUES

REGISTRATION

- 1) The company is registered with the Deeds Registry and is licensed to operate.
- 2) The company has a Company Secretary as required by law. He is the legal representative of the company and handles all the legal matters of the company.
- 3) There is also a Corporate legal officer.

JOB CONTRACTS AND WORKING CONDITIONS

Trade Union representation is found within the company, of which only the junior staff population is represented.

The normal hours of work for the firm's office staff are 7:30 a.m. - 4:30 p.m., Monday to Friday. Other employees within the complex work from 7:00 a.m. - 4:00 p.m., Monday to

Friday. Employees working in the restaurants, hotel, and bars work on a shift basis, (3:00-11:00 p.m.) and (11:00 p.m.-7:00 a.m.).

EVALUATION

The foundation in which Banks DIH Limited operates began over 160 years ago by the D'Aguiar's family. The present organisation structure has grown in size and complexity in order to successfully satisfy the needs of its growing market. The Company has been managed efficiently by its operating staff.

RECOMMENDATIONS

Because of the tremendous success of the present operations, not many changes are proposed except for the continued emphasis on training as it relates to customer service. It is also critical to maintain close relations with all customers while trying to woo new ones.

FACTORS OF PRODUCTION

The factors of production utilised by the firm are:-

1) **Land** - the company utilises the land for constructing buildings and or factories, and transporting its raw material and finished products from point to point. In some cases these are rewarded with rent.

The land on which Banks DIH Limited operation centre at Thirst Park is located is quite adequate to provide for its present demand. However should demand increase, the company is prepared to expand by opening branches at other locations.

At the time of the establishment of Thirst Park back in the 1960's, there was very little commerce in that section of Georgetown however, this has since changed and the area has now become a populated industrial site.

2) **Labour** - includes the skills and training acquired by the workforce. Labour is rewarded with wages. Labour is also used to operate machinery and vehicles assist in the transportation needs of the Company.

The labour at Thirst Park and its numerous outlets is efficient and adequate for supplying and satisfying its customers. However, if demand rises an increase of labour will be needed in order to yield maximum profits.

3) **Capital** - this is made up of building, machinery and equipment, which are used for production. It is rewarded with interest. Quality capital speeds up the production process.

4) **Entrepreneurship** - this is the ability to take risks and manage the firm efficiently. It is essential if production is to take place.

Location - Banks DIH Limited is situated at Ruimveldt, Thirst Park, in Georgetown, Guyana. The factors that determine its location are:-

- 1) Proximity to market
- 2) Accessibility to suppliers, retailers and consumers
- 3) Ideal for business

LINKAGES

Banks DIH Limited has made opportunities for linkages.

For example the Company's linkage with SAPIL in which it depends on supply of carton boxes that are used for packaging.

The benefits which Banks DIH Limited receives from the relationship are greater than if it was linked with a foreign company. Some of these benefits are:-

- 1) It is cheaper to obtain boxes
- 2) The company doesn't have to pay import duty
- 3) When a purchase order is made the company receives stock quicker
- 4) Better credit terms are available

An example of a forward linkage is where one of the by-products of beer - CO2 gas is used to make dry-ice.

By making provision for forward linkage Banks DIH aids the growth of the economy. CO2 gas, which is a by-product of beer is captured and sold, rather than wasted or destroyed. At one time the company imported this gas.

Banks DIH Limited has no major problem as it relates to the availability of raw material.

MARKETING

The marketing of goods and services is built on our Mission Statement of providing quality products and services.

The Department is headed by the Assistant Managing Director/ Marketing Director with assistance from the Sales and Marketing Executive and a competent staff of brand managers, supervisors, pre-sellers, sales personnel and merchandisers.

TRANSPORTATION

There is a fleet of over one hundred (100) sales vehicles to provide for the transportation needs of the Company. These vehicles are serviced and maintained by the Vehicle Workshop.

EVALUATION AND RECOMMENDATION

Banks DIH Limited is a large public limited company operating on a large scale and will be faced with competition from other business enterprises both large and small. In order for the company to maintain and increase its shares in the market, the researcher recommends that the company continue to offer a high quality of goods and services to customers at reasonable prices.

The company should also continue to promote products that are consumer friendly.

FINANCE AND INTRODUCTION TO ECONOMICS

The foundation financial assistance that was given to start the business was from the savings of Mr. Jose Gomes D'Aguiar and his wife Mrs. P. M. D'Aguiar.

In 1896 the business was transformed into a partnership (D'Aguiars Bros Ltd.) Comprising of 4 of the late Mr. Jose Gomes D'AGuiars sons. Namely, Jose Jr. Manuel, Francisco and John D'Aguiar. It had a share capital of one hundred and twenty thousand dollars (\$120,000.00). Mrs. P.M. D'Aguiar became the majority shareholder.

Later the business faltered and was at the point of bankruptcy. Then Mrs. P. M. D'Aguiar offered the partnership sum of one hundred thousand dollars (\$100,000.00).

In 1934, her youngest son Peter D'Aguiar took over the business and started to manufacture soft drinks and rum. He borrowed heavily to refinance the business.

In 1955 Peter P'Daguiar Banks Breweries Limited, was inaugurated as the first Guyanese Public Company, (D'Aguiar Bros. Ltd) with a share capital of one million dollars (\$1,000,000.00).

1969, saw the transformation of D'Aguiars Bros. Ltd into Banks DIH Limited with a share capital of four million one hundred and forty thousand dollars (\$4,140,000.00).

From then on the company has enjoyed good times with continuous and progressive development.

INSURANCE

The Company has three main types of insurance coverage:-

1) Life assurance - endowment

2) Accident insurance

3) Marine insurance

ENDOWMENT ASSURANCE

The sum assured is paid at the end of a specified period (often on an employee's date of retirement, or on death, if earlier). Many private pension schemes are based on endowment assurance. This is the most popular type of life assurance. It provides valuable protection for employee's families.

ACCIDENT INSURANCE

This does not only cover accidents, but all types of injuries or sickness, also, damage or theft of goods. Unlike life assurance, payment is only made to compensate for the exact amount of loss or expense incurred. It is usually necessary to take out a separate policy for each risk, but more and more companies are now offering comprehensive insurance 'packages' to the public.

Some of the most common types of insurance covered are:-

1) House, buildings and contents - fire, storm and theft.

2) Motor Vehicles - this includes coverage for damage to other vehicles and drivers.

3) Health and accident.

4) Employers' liability - (damage caused or to workmen)

5) Industrial premises and equipment - this may include loss of profits while damage is being repaired.

N.B. - Employees and employers are compulsory under the National Insurance Scheme (NIS).

PROFITABILITY

Over the years the company maintained its profitability. In 2009, the Company recorded profit to the tune of \$1.2 billion.

One of the reasons why the company has show great profitability over years is due to its commitment to its Mission Statement. Its motto of ‘Committed to Excellence’ and the quest for producing quality products have been the hallmark for consumer demands.

Banks DIH Limited has grown with the demands of the economy and consuming public. The pricing of their products is much within the economy’s standard of living. Increased advertisement over the years has made the consumers very familiar and interested in the company’s wide range of commodities.

They have also contributed enormously towards the social and economic development of the economy. In 2009 the company distributed from its gross income - 47 % to the government in taxes, 1 % to public causes, 23 % to the employees of the company, and 4 % in dividends to shareholders.

The company also made very large contributions to sports, charitable, cultural, and educational programmes in the form of donations, sponsorships and training.

Today Banks DIH Limited provides employment for one thousand seven hundred and twenty persons. It also provides linkages. They offer assistance to students by way of work studies.

Factors that contribute to profitability are:-

1. Expanding production – As Banks DIH expands, the cost of producing each unit of output declines. This leads to reduction of the cost of production.
2. Proper pricing of goods – There are factors that affect the pricing of goods, and in order for this to be done effectively these factors must be taken into consideration.
 - a. Cost of funds – cost of equipment
 - b. Direct costs – raw material, labour
 - c. Overhead costs – energy, rates, packaging, storage, delivery, transport
 - d. Administrative costs – accounting, personnel, purchasing, market research, sales
 - e. Promotional costs – advertising, public relation, consultancy fees, publications, sales promotion

Banks DIH uses cost-plus mark-up pricing method. The mark-up is an arbitrary mark-up percentage of cost. This method is very easy to use, however, percentages are applied to historical cost data which is misleading and the method pays no regard to shifts in demand.

In order to improve this situation the company should introduce a method so that percentages will not be applied to historical data which is misleading. The method must also pay regards to shifts in demand.

In addition, increased advertising is necessary for the public to become more aware of the Company's products.

EVALUATION AND COMMENTS

Insurance for the property of the business is adequate but insurance for customers should be acquired.

Banks DIH Limited has carried out the legal practises required by law for setting up such a business.

The current factors of production utilised by the company is adequate for it's present demands, but it should take into consideration that the increase of the current demands is possible and create reserves.

Banks DIH Limited has created opportunities for linkages and has no major problems as it relates to raw materials.

The researcher recommends that the Company produce more of its raw material in order to cut import costs.

Consumers are given top priority. The company has been profitable over the years and contributed enormously towards the country.

CONCLUSION AND RECOMMENDATIONS

The Company has been able to survive over one hundred and sixty (160) years primarily because of its efficiency, quality and reliable goods and services, its friendly and cooperative staff relations at work and with customers.

In addition the company is well managed with employees who have shown extraordinary commitment, morale and abilities.

Banks DIH Limited contribution extends beyond providing employment at adequate wage levels. It also contributes enormously to the social and economic development of Guyana by contributing over a billion dollars in tax annually.

The Company also donate to charitable causes and offer sponsorship for education, sports and entertainment.