



THE BPI SINAG
ACCELERATE INITIATIVE

Technology, Social and
Market Innovations
by Award Winning
Social Enterprises

2019



Binag

IN COLLABORATION WITH





Social entrepreneurs are a special breed of business people in that they aim to achieve success for profits, people, and the planet. They have financial and social objectives that, if achieved, would empower the country's marginalized sector. I continue to be amazed by the positive impact of BPI Sinag, which has run for several years now, in our markets. The program's social entrepreneurs have seen the value and wisdom of going beyond profit. What better way to share the inspiring stories of BPI Sinag's social entrepreneurs than through a book?

Cezar P. Consing
President, BPI



Sinag, translated into English, means "light". BPI Sinag aims to bring light to the communities in need. It also aims to enlighten the public on a new, more inclusive way of doing business and how new business models can help solve some of the societal and environmental issues today. The program targets social entrepreneurs whose enterprises are ready to scale up and expand, while deepening their impact on community and countryside development.

BPI Sinag has gradually evolved into a thriving ecosystem, engaging important players – the government, NGOs, the academe, impact investors, the private sector, and other organizations who share a common objective of creating social change.

Maricris San Diego
Executive Director, BPI Foundation

About BPI Sinag

With the national economy charting record growth rates, the Philippines has become an attractive place for global investors. However, despite the boom, the gap between rich and poor continues to widen.

Since 2015, BPI Sinag has enabled entrepreneurs with new and innovative solutions for more inclusive growth through a program that helps them accelerate their social enterprises. BPI Sinag empowers social entrepreneurs by opening up various opportunities for them to grow their enterprises, such as access to grants, mentorship, and financing. These are classified into:

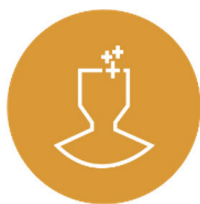
- Intellectual capital: access to intensive bootcamps and mentorship programs
- Social capital: access to industry networks, impact investors, and the community of social entrepreneurs
- Financial capital: access to a seed grant and financing options

In partnership with Bayan Academy for Social Entrepreneurship and Human Resource Development (Bayan Academy), BPI Sinag finds social entrepreneurs whose enterprises are ready to scale up and expand, as they deepen their impact on community and countryside development.

BPI Sinag's Accelerate Initiative is composed of three phases: search, learn, and boost.



SEARCH
Online Applications



LEARN
Bootcamp and Mentorship



BOOST
Pitch Day and Awards
and Roadshows

In its mission, BPI Sinag also partners with other key players in the ecosystem of social entrepreneurship: government and non-government organizations, the academe, impact investors, the private sector, and other sectors working for social change.

This book is a compilation of the inspiring stories of our winning entrepreneurs and their social enterprises in the first three cycles of BPI Sinag's Accelerate Initiative. It documents their struggles as they introduce new technology, and social and market innovations, and embrace the challenges they must surmount to create the desired impact on their communities and bring about social change.

We have published them to inspire future entrepreneurs to bring a social dimension to their business ventures and aim beyond profits, for social change.

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The Triple Bottom Lines and Triple Strategic Innovations of Social Enterprises

BY DR. EDUARDO A. MORATÓ, JR.

THE THREE BOTTOM LINES

Social entrepreneurs pursue their social missions through enterprising organizations in very creative and innovative ways to gain a winning edge and to achieve their most challenging triple bottom lines. Traditional business enterprises usually focus on only one bottom line – their profits – although society may impose certain social and environmental compliances upon them. Social enterprises strive to attain a good balance in the pursuit of their three bottom lines: the PESO bottom line, the PEOPLE bottom line and the PLANET bottom line. These translate into enterprise viability, social impact and environmental conscientiousness.

The three PESO or enterprise viability metrics are Financial Returns, Market Returns and Economic Returns. Financial returns include the usual measures of financial health such as profitability (return on sales, return on assets or investments and return on equity), liquidity (current ratio and acid test ratio), activity (asset turnover, inventory turnover, collection of receivables and cash flow sufficiency and continuity) and solvency (total debt to equity ratio, assets to equity ratio and long-term debt to equity ratio). Market returns are measures of market competitiveness such as sales volume generated, market share derived, market reach attained and market range of products and services offered to the different segments of the market. Economic returns include the value-added of all the goods and services produced and sold by the enterprise and can be expressed in terms of economic rates of return. Economic returns for social enterprises are particularly concerned about how “inclusive” the value added to the economy is, meaning, what economic benefits accrue to the poorer, more marginalized and more vulnerable segments of society. The PESO metrics solely focus on the sustainability of the social enterprise itself and the relevance of its avowed social mission.

The three PEOPLE or social impact metrics pertain to three groups: the social enterprise beneficiaries; the social enterprise customers and the social enterprise employees. Since

social enterprises espouse a social mission, they are primarily engaged in the uplifting of the quality of life of a chosen beneficiary sector of society, such as farmers, fisher folk, indigenous upland dwellers, the urban or the rural poor, disempowered women, children in need, persons with disability, daily wage earners, overseas workers and others. The most prevalent form of social enterprise seeks to increase the income of a beneficiary group and the social impact metric most used is the additional income that members of the group are able to generate because of the social enterprise. However, many social enterprises go beyond income and hope to affect the health, education, social security and empowerment of their beneficiaries. Better health, better education, better security and greater empowerment can be “monetized” for impact measurement purposes in terms of more productive hours of work (health), more prospects of higher-paying jobs (education), lesser need for public and private sector investments and operating costs due to self-managing communities (empowerment) and lesser amounts of money spent due to better housing, better calamity mitigation, lesser crime, and more access to safety nets, thus preserving income levels (security). Customer impact can be measured in terms of better quality of goods and services provided them, faster delivery of the right quantities ordered and more value-for-money for the price offered. Improvements in the lives of the customers (greater convenience, better economies of living due to the product or service bought) can also be taken into account and monetized. A technology gadget bought, for instance, might substantially reduce communication and transportation costs or lessen the cost of hiring laborers for the business customer. Employee impact can be assessed by counting the additional employment generated by the social enterprise and the salaries and benefits that it provides its workers. Beyond pay, employees may also begin to ascend the hierarchy of needs ladder and reach the self-actualization stage. New-found dignity and confidence are a little bit harder to monetize though.

The three PLANET metrics also revolve around three parameters. First is to monitor and evaluate the environmental impact of the social enterprise through the quality levels of major environmental indicators which the social enterprise might affect: quality of air, quality of water, quality of soil and bio-diversity (quality of life of animals and plants). There are technical standards set by the government and international organizations on what constitute quality. Within the quality standards are the quantity expectations (e.g. water table level, oxygen content, degree of soil erosion, preservation of all endemic species, number of trees). Second is to assess the negative consequences on the environment that the social enterprise might cause to be less sustainable. This includes the waste and the pollution contributed by the social enterprise, the diminution of natural resources and the unnecessary utilization of environmental largesse. The waste, pollution, diminution and poor utilization of resources have their own economic and social consequences that can also be quantified and monetized. Sometimes, there are high economic values generated but far higher social costs incurred. The mining industry, for one, may generate a lot of income for the government and private corporations but may wreak havoc on agricultural lands, rivers, seas and the health of the people working or living in the area. The former (economic benefits) can be ranged against the latter (social costs). Third, is to account for how much the social enterprise has contributed to enhance and improve the productivity and long-term sustainability of the natural resources. Some social enterprises may be actively involved in repopulating the fish in the seas, the forest cover in the mountains and the farms in the agricultural plains in order to increase the long-term benefits of water, upland and lowland resources. Ensuring that wastes and rejects are recycled would also drive productivity up and assure sustainability.

CREATING VALUE AND RAISING PRODUCTIVITY

In aspiring for the triple bottom lines, entrepreneurs must create value for their enterprise, for the economy and for society. Value creation entails harnessing human capital, financial capital and social capital to obtain the best technology, the best product for the market, the best value for the customers, the best returns to the stockholders (in the case of for-profit enterprises) and the best socio-economic impact for beneficiaries in particular and society in general (in the case of foundations or profit-generating social enterprises such as cooperatives, mutual benefit associations, people's organizations and the like, which need to be financially healthy and sustainable). Transcending value creation, entrepreneurs are always searching for a new way of producing goods and services, one that raises productivity levels in quantum leaps, one that lessens both the cost of production and the cost of doing business, and one that, in fact, changes the prevailing industry paradigm or the logic of the business itself. Social entrepreneurs have the same aspirations as business entrepreneurs but they have to define what "best" means for their constituencies. The best technology and the best product may not mean the most sophisticated or the most advanced. It may mean the most appropriate at any given time, place and situation. Since they have triple bottom lines, they must balance what "best returns" to their stakeholders might translate to. Nevertheless, social entrepreneurs must possess the same curiosity and sense of wonderment as business entrepreneurs, if not even be more intensely, since they are grappling with difficult social issues and conditions.

TECHNOLOGY, SOCIAL AND MARKET INNOVATIONS

Their constant search for and the discovery of new ways differentiate entrepreneurs from ordinary businessmen. It is their trade mark. In truth, innovation is the addictive "opium" of entrepreneurs. And there are three critical areas of innovation that most beguile entrepreneurs. These are technology innovations, social innovations, and market innovations.

Technology innovation refers to both the physical and tangible form of technology (such as machinery and equipment, tools and gadgets) as well as the intangible systems and processes of making new products or rendering services. An example would be the computer equipment as the physical form and its operating systems, programs and applications as the more intangible form of technology. Technology is a very important element of enterprise innovation because it dictates the quantity of outputs (goods and services) to be produced, the quality of the products to be offered, the most likely cost of making the products, and the timeliness of products to be delivered. This, of course, assumes that the technology (both tangible and intangible) is utilized, operated and managed well. Some technologies require very high managerial and worker competency levels to operate efficiently, economically and effectively while others try to reduce or, even, eliminate the role of labor through computerized, automated and robotized factories or service shops. Many start-up social enterprises cannot compete head-on in the merciless marketplace because their limited financial capital narrows their technology choices to what is basic, cheap and readily accessible. As start-ups, they probably would not have economies of scale and, thus, settle for higher production costs per unit of output. Also, they probably lack access to technology experts who can help them make better technology choices or run whatever existing technology they have with the least amount of inefficiency, waste and rejects. That is why, perhaps, many start-up social enterprises choose to enter niche markets which favor and, even, pay premium prices for hand-crafted items that rely more on artisans than on machines. For social entrepreneurs

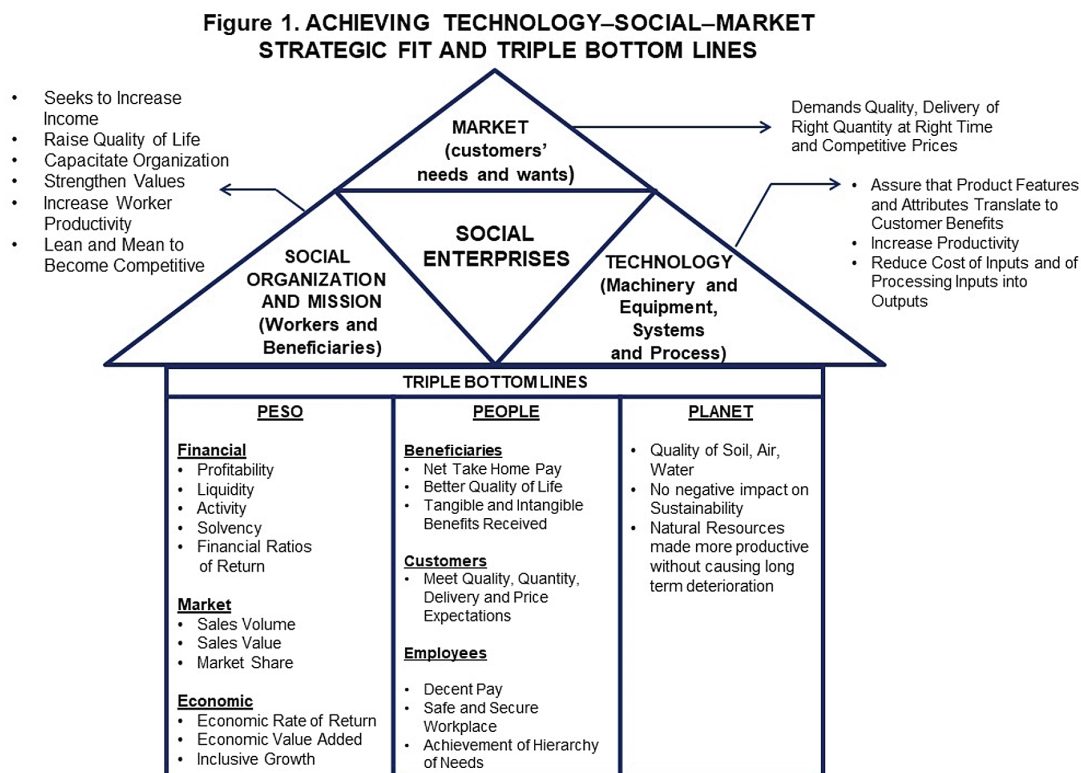
with access to financial capital (such as those provided by venture capitalists, angel investors or family wealth), they might get more financially accommodated if they had a technology-based business proposition but this demands some technology and management expertise on their part. They must demonstrate proof of concept, at the very least or, better yet, provide a working prototype that has been beta tested in the marketplace. Even so, venture capitalists and angel investors are taking a huge risk because the failure rate of start-ups (i.e. still existing after five years of operation) is quite high. There are many competing technologies out there and it is hard to ascertain which ones will thrive and prosper.

Social innovation pertains to how people are mobilized, organized, motivated, capacitated, energized, networked and empowered to undertake a common effort for a common cause that would maximize the benefits or end results desired for collaborating stakeholders. Social innovation is, thus, about social engineering which, to the author, is an encompassing term that involves social architecture, social behavioral science and social economics. Social architecture concerns the design, creation and activation of people STRUCTURES (organizations) that have defined roles to play and focused goals to achieve. Social behavioral science refers to the crafting, drafting and execution of people SYSTEMS, meaning how people should work together, how they should relate to and communicate with one another and how they should bring their individual and collective talents, capabilities and networks together for their mutual benefit. Social economics involves the people's use of SHARED RESOURCES and strategizing how these resources can be multiplied, how more value can be added to the resources and how the fruits of these enhanced resources can be equitably and fairly enjoyed by all those concerned. In essence, social innovation is about building new people structures, formulating new people systems and growing people's resources.

Market Innovation entails the introduction of new or substantially improved products and services to consumers who offer good revenue-generating prospects. New products and services can mean any one of three categories. First is really an old product in an old market but the product is being introduced to a new market clientele that has not been served before. Entrepreneurs in developing countries may not find new and exciting products from their local inventors and institutional innovators. Instead, they scour the globe for successful products, particularly from the more advanced economies, and bring those products to their own countries, hoping for the same degree of success. This strategy is generally successful because customers all over the world have, more or less, the same needs and wants. It is just a matter of time when customers from the developing economies would begin to accept or afford the old product, which is new in their territory. There's a caveat to this strategy, however. Religious beliefs, traditional customs and mores, radical political ideologies, disposable income or purchasing power and wrong market messaging may thwart all the assumptions and presuppositions of the naïve entrepreneur. Second is the re-newed product, which is really an old product but with enhanced features and attributes that provide new benefits (hence, added value) to the consumers. Entrepreneurs also favor this strategy especially if the new product features and attributes expand the market coverage because more customer segments are being reached. Take the ordinary car, like Toyota, for example. Toyota has its main seller, the Vios brand, with its standard size, features and attributes. Going up the ladder, there are the more expensive and increasingly luxurious brands, namely the Altis, the Camry and the Lexus. Going down the ladder, there is the Yaris and the Wigo. Altering the sedan configuration to the SUV, Toyota has the Fortuner, the Rambler and the Land Cruiser. These and other brands of Toyota cover the very wide market segmentation spectrum. And this does not yet include Toyota buses, trucks, pick-ups and what have you. Third is

the new product in a new market. This is a product that is practically a new invention. This third category can further be divided into two sub-categories: (1) a new product satisfying an unmet but expressed and manifested demand; and, (2) a new product that unexpectedly awakens a “latent but unexpressed demand.” An example of the first category would be a very effective and inexpensive cure for cancer or AIDS. Customers are demanding it and research organizations and business enterprises are pouring huge money to find this wonder-cure. An example of the second category would be the incandescent lamp and electricity generation plant that Thomas Edison invented. Nobody ever said “we want an electric bulb” but Edison knew there was a latent demand for affordable and convenient lighting for homes, factories and commercial establishments. What this example tells us is that people have many basic needs: food, shelter, water, entertainment, communication, lighting, heating and cooling, mobility, comfort, etc. These basic needs are, in fact, the very bases of consumers’ latent demand. Many products have been invented to satisfy these needs and, yet, there is a lot of potential developing new products because customers’ wants (in contrast to needs) become more and more sophisticated as income rises, society progresses and economies grow. In other words, once the basic needs are satisfied, customers want more and more. What those most attractive and most market-responsive “wants” are should be the entrepreneur’s perpetual quest. Just simply notice the evolution in consumers’ lighting wants from the oil lamp to the incandescent lamp to the fluorescent lamp to the compact fluorescent lamp up to the present-day LED (light emitting diode) lamp.

Refer to Figure 1 - Achieving Technology-Social-Market Strategic Fit and Triple Bottom Lines as a framework for understanding the three innovations and the bottom line metrics for each type of innovation.



TENSION POINTS IN ENSURING TECHNOLOGY-SOCIAL-MARKET INNOVATION FIT

In the experience of social entrepreneurs, there are obvious tensions in achieving strategic fit among the three interventions of technology, social and market innovations. Many of the cases included in this book highlight these tensions. In the case of CalaBoo Dairyard, the social entrepreneur wanted to introduce a new technology in producing carabao milk. Essentially, it entails the acquisition of a common feed lot (dairypod) of nine or so hectares where the farmers, with an expanded herd of at least five carabaos, would plant napier grass and employ the silage system. Moreover, they would be housing these herds of five in carabao sheds which would be distantly set apart in the periphery of the feed lot. Additional nutrients would be fed to the carabaos to increase their milk production capabilities. Finally, the dairy farmers would need to shift to milking their carabaos to twice instead of once a day, although the best practice recommended is three milking sessions a day. This technology innovation is focused on the milk production phase and does not yet include the processing and marketing phases. The technology intervention would significantly change the farmers' practices. For one, most of them only had one to three carabaos which they deployed for farming and dairy purposes. They pastured the carabaos in their own farms or in other pasture areas. They only milked the lactating carabaos once a day because this was a tiresome process since carabaos were harder to milk than cows. The great challenge for Marie Cavorsora, the social entrepreneur, is how to "socially market" the technology innovation to the farmers of Magdalena, Laguna. For one, they need to find a way to buy or lease the common feed lot. For another, the farmers were not used to engaging purely in dairy operations for their carabaos. Third, the farmers would need to organize themselves as a group because they would be managing the feed lot together. This would require a set of policies and rules that would bind and govern them. Fourth, they have to adopt the new practices of milking the carabaos twice a day, feeding them additional nutrients and taking care of planting, harvesting and storing the grass in a silage system. Resistance from the farmers may come from these "social engineering" challenges. If the resistance brings conflict, then the technology innovation would have a strategic misfit with the social innovation necessary to implement the new technology.

Another case illustrates a technology innovation misfit with a market innovation. Saret Organic Farmville (SOF) introduced a new cacao product category to the market which they branded as Chocoliz. The product was conceptualized as a healthy alternative to chocolate by using only organically grown cacao, removing the unhealthy ingredients of chocolate and simplifying the production process. The new product used basic processing machinery with the intention of keeping the cacao product more "real, simple but beneficial." SOF processed the cacao at heats below 50 degrees Celsius to retain its essential oils and make it more potent as a health product. In this case, the technology innovation followed the market innovation idea of SOF. However, only very few customers were willing to buy the product. Total sales for the entire 2018 stood at only Php 878,304. This was way below break-even point. Most customers did not like the taste and the texture of the product. As a social enterprise, this put SOF in a quandary because if they could not sell more products, then they would not be able to purchase much of the cacao beans of their adopted farming community.

A third case exemplifies a misfit between social innovation and market innovation. The Association of Differently-Abled Persons in Iloilo Multi-Purpose Cooperative (ADPIMPC or, simply, ADPI) was organized to undertake various livelihood projects for the benefit of its members who were mainly composed of persons with disability (PWDs). ADPI started off

with canteen management, gardening, and the production of assistive devices like clutches, wheelchairs and canes for PWDs. They all worked for a while but, then, began losing money. However, their venture into furniture-making proved profitable. ADPI was also able to source technology to make engineered bamboo which they used for their small wood crafts. Their furniture shop carried basic machinery and equipment but were not sophisticated and advanced enough to compete head-on with large furniture makers. Still, ADPI was able to get a huge contract from the Department of Education (DepEd) to make 100,000 armchairs for students and tables and chairs for teachers. ADPI only committed to 10,000 armchairs a year but, even at this lower level, the contract stretched the production, financing and organizational capabilities of ADPI. While ADPI had been earning some meager profits in recent years, 2018 challenged them the most. Their cost of production and logistics expenses (delivery to different schools) per armchair was running at Php 900 but their contract price was only Php 670. The DepEd contract also ballooned their working capital needs to the point that the cooperative became saddled with huge debts. The case depicts a typical issue for social enterprises. At the beginning, they are somehow able to pool some resources together. They are able to get grants here and there and equipment from various government agencies but when they scale up their operations, they discover that their organization may lack the expertise, the finances, the high level of productivity and the astute managerial acumen to properly cost and price their products.

TECHNOLOGY ASSESSMENT AND MANAGEMENT

Like all entrepreneurs, the social entrepreneur must assess what is the most appropriate technology to use in order to make the right goods and services (products) for its targeted market. The choice must also take the capabilities and resources of the social enterprise into account. The social entrepreneur must also be aware that there are different skills sets that must be learned at the four levels of technology management.

The first level is the development of the technology by the social entrepreneur if the technology is not available in the market. In several cases in this book, the social entrepreneurs were the ones who developed the technology. In the case of Junk Not Handicrafts, the social entrepreneur had to find a way to recycle plastic wastes and transform them into artful, premium-priced furniture. The entrepreneur spent two years experimenting and learning how to properly twine the plastic waste and make them into ropes that would eventually become furniture. Since this was a new technology process, the entrepreneur was able to patent it. In the case of Palamigan Co., the two social entrepreneurs availed of a known process for cooling and refrigerating, the brine method, and engineered a new product, which was a portable one-ton ice-maker and/or freezer. In both cases, the entrepreneurs' technical expertise and basic knowledge of the technology allowed them to come up with their technology innovations. Good design thinking, a modicum of science and engineering know-how and innate inventiveness seem to be the skills sets required.

The second level is the sourcing, transfer and adoption of a known working technology by a social enterprise. This is depicted in the case on CarbonCycle Inc. The social entrepreneur wanted to enter the renewable energy field. He researched on the topic and stumbled upon the Finnish company, Solar Fire, which had the technology for harnessing solar energy for thermal rather than electricity purposes. This seemed most appropriate for his social enterprise which was into farming and buying cashew nuts from the growers and having them roasted by a cooperative for eventual sale to a wholesaler. CarbonCycle also

fabricated charcoal ovens from recycled steel drums. CarbonCycle negotiated with Solar Fire to transfer the latter's solar thermal technology to the company whereby two Finnish experts would be commissioned to the Philippines to help set up the fabrication shop and train the CarbonCycle crew for the amount of Euros 25,000 (Php 1.5 million) only. The solar thermal apparatus had been commercially deployed in Africa and was a proven and successful technology there. CarbonCycle would not sell the apparatus to the farmer-processors but instead charge them on a per usage basis. This technology promised to cut their fuel cost by 25%. There would be no cash out for the farmer-processors. Aside from the per-usage lease rate, CarbonCycle would also be earning by buying the roasted cashew (or any other agri product that needed drying, roasting, baking or frying) from the agri-processors. CarbonCycle had the required expertise to absorb, adopt and implement the technology transfer. In setting up his company, the entrepreneur invited a Korean partner, three engineering classmates (civil, electrical and electronic), one accounting classmate and one marketing classmate. Moreover, CarbonCycle already had a fabrication shop with a foreman and a crew that could be trained. It had existing arrangements with wholesalers to sell its products. The company certainly had the skills set to pull the technology transfer and adoption off. The social entrepreneur knew he could fabricate the solar apparatus at Php 70,000 and sell it for Php 160,000 but he chose to lease it at very attractive terms to the farmer-processors in order to have first crack at their production.

The third level is technology diffusion or dissemination. There are social entrepreneurs who have developed or sourced technology but could not quite get their act together in popularizing the technology to a broader mass of users to create greater social impact. Two skills sets are necessary for technology diffusion or dissemination. One is social marketing, which means "selling the concept and the rationale behind the technology." Technology users must get convinced that their existing technology is inferior and that the technology being offered is superior in many ways (produces more quality, more quantity and at a lesser operating cost). The potential technology users may resist the technology, however, because it: (1) has a high initial capital cost; (2) requires more expertise and effort to operate and manage; (3) may be more expensive or difficult to maintain; (4) demands a pooling of resources and of labor; and, (5) is being offered by an unknown or untrusted proponent. Social marketing is the process of communicating the merits of the technology to the users as well as overcoming the resistance points by offering the most appropriate technology and crafting the terms and conditions that would sound and be actually fair to all stakeholders involved in the technology diffusion. Second is social engineering. Even if the social marketing effort was successful, it does not mean that the technology would be absorbed and implemented well. The technology diffuser must ensure the technology user has the right organizational structure, systems and resources. To a certain extent, the case on CarbonCycle illustrates how the company, as a technology diffuser, has sought the most appropriate technology, entered into a "sweetheart deal" with the technology owner for the transfer of the technology and crafted attractive terms for the potential technology users (no high initial capital cost, easy to operate and maintain, cheaper fuel cost, per-usage payment scheme, ready market for their produce). The previously discussed case on CalaBoo Dairyard, however, discusses the tension points between the technology and the social innovation, highlighting the value of good social engineering which the social entrepreneur must design and develop along with her stakeholders.

The fourth level is technology utilization and management. Once a social enterprise makes the decision to adopt and deploy a technology, there is the ultimate litmus test: Can the

technology be utilized properly and managed well in the actual field of action? Early technology adopters run the risk of becoming the sacrificial guinea pigs if the technology proves a little bit more difficult to utilize in terms of effort, time and money. Even if the technology were to eventually deliver the results it had promised, the arduous process of getting to that level may extract considerably more “blood, sweat and tears.” Meanwhile, those who chose not to adopt the technology may be “fence-sitting” and taking that “wait and see” attitude. On the basis of their real-time observations, they may decide to retain their existing technology, thus hindering the fast diffusion of the technology. In the case on Zarraga Integrated Diversified Organic Farmers Association (ZIDOFA), the social enterprise adopted and implemented the System of Rice Intensification (SRI) technology which departed from the traditional and widespread chemical-dependent rice farming practices. Over time, the SRI technology produced higher gross revenue, lower cost of production and, thus, higher net income for the farmers who utilized the technology. ZIDOFA, in Iloilo province, had 40 members using SRI. They cultivated 40 hectares successfully. However, this technology diffusion rate seemed too low and slow given the 100,000 rice farmers in Iloilo cultivating and managing 134,000 hectares. A business mentor, commissioned by BPI Sinag for ZIDOFA, commented that the time period from adopting the SRI technology to absorbing the necessary knowledge and expertise, making changes and adaptations along the way until the desired performance results were obtained took about three years. The mentor wrote that the technology diffusion rate was slow due to the following reasons: (1) for the small farmers who were the SRI target beneficiaries, the sheer amount of new knowledge to learn at almost all stages of the rice production chain was huge; (2) the period to test a particular knowledge or learning, at the theoretical minimum, was about 120 days (equal to the whole cropping season) but, in reality, at two cropping seasons a year practiced in the area, it was 180 days; (3) a cautious farmer would take at least six cropping seasons or three years to learn and evaluate each step change individually; (4) technology diffusion is a gestational social process involving teachers and adopters learning from one another and from the experiences of others; (5) ZIDOFA may just be slightly behind the learning curve since it is just building momentum but accelerated growth may be facilitated by a demonstration farm where formalized and synergistic learning could be institutionalized. Technology utilization and management actually requires a whole gamut of skills and competencies but what ZIDOFA emphasizes is the long learning process of adopting, absorbing and implementing technology which may involve a whole community of co-learners backstopped by technical experts, organizational developers, supportive institutions and field-based mentors. In the social enterprise setting, it is important to have formal as well as informal learning opportunities where the co-learners could readily exchange knowledge and share effective as well as ineffective practices. Many social entrepreneurs do not fully document their field experiences and, hence, are quite poor in institutionalizing a good knowledge management system. A social enterprise is a “school,” not just for learning technology but for learning the art and science of management and organizational development.

The social entrepreneur should employ a systematic process of assessing a technology to ensure that it has a fighting chance at becoming successfully adopted and applied. First, the social entrepreneur must define very clearly the purpose and the desired outcomes of the technology for its various stakeholders. Second, the social entrepreneur should identify good technology alternatives based on the outcomes desired. Third, the social entrepreneur must follow a rigorous process of evaluating the alternatives based on the following: (a) measuring the impact on the different stakeholders involved in sourcing, transferring, financing, marketing, adopting, diffusing, and utilizing the technology by qualifying and quantifying the

favorable and unfavorable arguments for each alternative and determining the corresponding costs and benefits for each of the stakeholder groups; (b) undertaking feasibility studies of the most promising technologies to ascertain the investment required and the operating, organizational, and maintenance costs that would be incurred and to calculate the financial, economic, social and environmental returns; (c) assess the ease or difficulty of using and maintaining the technology including the assessment of the technical and organizational expertise that is needed to make it work properly; and, (d) verify the acceptability of the technology to the customers, the beneficiaries, the government regulators, and the people that may be indirectly affected by the technology. Fourth, the social entrepreneur must then make a decision that carries the support of the stakeholders and proceed to craft the terms and conditions, policies and guidelines attendant to the technology sourcing, adoption, diffusion, and utilization. Fifth, the social entrepreneur should build, train, and develop the organization utilizing and managing the technology through formal and informal schemes. Sixth, the social entrepreneur should prepare and install the needed operating and administrative systems and translate them to learning and policy manuals. Finally, the social entrepreneur must have a social enterprise continuity plan (SECP) that essentially identifies the risks, the potential problems, and the contingency plans.

THE MANAGEMENT OF SOCIAL INNOVATION

As summarized earlier, social innovation is about building new people structures, formulating new people systems and growing people's resources. When social entrepreneurs were surveyed about what their most formidable challenges were, their top two replies were "raising funds" and "getting grants" (British Council, 2017). However, when the author interviewed two foundations that had funded over 100 social enterprises between them (GKonomics and FSSI), their answer was quite different. They did not think that financing was the main issue because they had been able to raise funds and provide them to social enterprises. There were many social impact investors, government agencies, and corporate foundations who had huge budgets to address the issues of poverty, health, education, the environment and the advocacies of vulnerable women and children. However, it is one thing to "need funds" and quite another to be "ready to absorb funds." Essentially, what they were saying was that most social enterprises looking for funds were not investment ready. Even if they received the funds as requested, they would have difficulty using them properly because: (1) they were not soundly organized; (2) they were not adequately trained and developed nor did they have the necessary technical and managerial experience to begin with; (3) they were quite unfamiliar with and lacked the maturity and capacity to co-own, co-govern, and co-manage collective organizations like cooperatives, people's associations and self-help groups, which were the usual modalities of social enterprises.

Since the mission of the social entrepreneur is to solve a social issue through the establishment of a social enterprise that involves marginalized constituencies, the social entrepreneur has the daunting task of mobilizing, organizing, capacitating, networking and empowering individuals, families and communities in order to find strength in solidarity. And this task, according to GKonomics and FSSI, was the most formidable and, often, most frustrating of them all. Since social entrepreneurs usually target marginalized communities, their beneficiaries or client systems are, most probably, less educated and skilled. They may not have the right social contacts and political connections. They may lack access to resources, technical assistance, markets, government agencies and private institutional support. Social entrepreneurs must address these issues which starkly highlight: (1) the need for creating

strong and sustainable collective people structures; (2) the need for designing people systems that would enable these structures to strategize and operate well within themselves and with their external partners and networks; and, (3) the need to pool people's resources together so that they could be leveraged with the resources of investors, lenders and grant givers.

Before the social entrepreneur plunges into all manner of social innovation, he or she must first formulate the social enterprise strategy based on the avowed social mission. After all, structures, systems, and sharing of resources should, logically, follow the strategies formulated, while the strategies formulated should adhere to the social mission set. Due to the inherent weaknesses of marginalized constituencies, there is an imperative to adopt several tried and tested operational and organizational strategies for social enterprises, no matter what their social missions are. These strategies are:

1. Claim the Value Chain
2. Close the Loop
3. Converge the Forces
4. Capture the Critical Factors

A social enterprise operates within the boundaries of a particular industry, like the coffee, indigenous textiles, cleaning services or cultural tourism industry. Each industry has a continuous chain starting from the very basic factors of production or service delivery (e.g. labor, seeds for planting, plowing and harvesting implements, natural resources like plants, water and soil) and adding value along the way as the basic produce are processed and the services are provided and upscaled. Finally, the finished products, in the case of goods, are marketed to the end consumers through distributors, wholesalers and retailers. In the case of services, the marketing effort of reaching the consumers may be done by the marketing intermediaries ahead of the service delivery, differentiating the service value chain from the sequence of a product value chain. Hence, the lowest value is usually generated by the initial production activity in the upstream supply chain. More value is generated at the production of the finished product. Still, more value is added as the product goes through the market chain of distributors, wholesalers and retailers. The highest value is attained when the product is bought by the end consumer.

As a strategy for raising the income of coffee growers, for example, the social entrepreneur may choose to claim the progressive links in the coffee industry value chain through the social enterprise that he or she has organized. In the case of Coffee for Peace Inc. (CFP), it develops five-year plans for both the economic activities (through technology upscaling and value chain claiming) and the organizational development (creation of structures, formation of leaders, installation of operating systems, people training and empowerment) of the social enterprises it creates. BACOFA (Balutakay Coffee Farmers' Association) was one such social enterprise that it created. In the first year, CFP planned with BACOFA to plant new Arabica coffee varieties and to establish an ecological coffee mill to increase the community's existing coffee quality. This was intended to prepare them for international buyers. For the second year, the partner organizations aimed to upgrade the coffee beans produced by the community through effective Quality Control standard-setting and training in order to meet FDA standards. BACOFA would also be converted into a cooperative. In the third year, CFP and BACOFA would establish a business partnership wherein 50% of the mill's management would be share with BACOFA while CFP focused on making specialty coffee for the upscale market. In the fourth year, CFP hoped to formulate an exit plan while exposing the coffee

of BACOFA to the export market through international competitions in GCB (green coffee beans). In the fourth year, CFP also planned to open a glamping site and open up the agri-tourism market for the Bagobo tribe (BACOFA members). In the fifth year, 100% of the mill management would be turned over to BACOFA under a well-defined agreement. CFP, however, had a social mission beyond forming social enterprises to raise the income of indigenous and other upland communities. Through “kapihans” (dialogue sessions among groups in conflict while drinking coffee together), CFP wanted to promote peace and greater understanding. CFP partnered with Peacebuilding Community Inc. (PCI), which was a peace and reconciliation advocacy group established for this purpose. Alongside the enterprise development plan of CFP, PCI concentrated on the leadership and people development initiatives through its PeaceBuilders School of Leadership (PBSL). PCI usually started with “soul-searching” sessions where individuals and groups in a conflict area would meet on how to plant the seeds of peace and would immerse themselves in the situation at hand. Technical know-how about coffee and its markets was transferred to the communities being served. PBSL then came in to run its two-year SouthPeace Equipping program that consisted of Entrepreneurial Introspection and Ideation, Introduction to Inclusive Development, Basic Social Entrepreneurship Skills and Proposal Writing for Social Business. Clearly, the mission of CFP and PCI is not just to start, grow and sustain social enterprises from an economic and technological perspective by claiming higher values along the industry value chain, but also to create strong and highly empowered organizations through a long process of social intervention and innovation. In the final analysis, the ultimate test of sustainability in these conflict-ridden areas would be the attainment and preservation of long-lasting peace. Coffee for Peace illustrates how the organizational structure of the coffee farmers evolved, adopting new operating and organizational systems as they matured and eventually gained more control of their economic resources. They gradually transformed from individual farmer-growers to collective agro-processors to full-fledged business enterprises handling all the management functions as they progressed through the coffee value chain.

Quite a number of social entrepreneurs do not have the capabilities nor the resources to undertake all the management functions under one enterprise roof. They usually start off with a sparse organization, meager financial resources, some operational know-how and a hopeful one-person marketing team. Given this bootstrap beginning, they adopt the strategy of tapping institutional partners to fulfill the different management functions of finance, marketing, operations and human resource management. They innovate by “closing the entire functional management loop” through a resourceful social engineering feat of “webbing” specialized organizations together. Take the case example of Tahanan by Sumika: A Project of EDAYA on Cultural Immersion. Three social entrepreneurs set up and managed EDAYA: Ayaka Yamashita, a master’s student writing her thesis on small-scale miners in Benguet; Edgar Banasan, a Kalinga native who served as her translator and community guide, eked out a living out of small-scale mining and excelled as a master bamboo craftsman; and, Wryneth Gay Manapit, a social anthropology graduate from Sagada whose passion was to work with the youth in the rural Cordilleras. At first, EDAYA, through the expertise of Edgar, produced high-end bamboo jewelries and bamboo instruments which were sold in Japan through Ayaka’s connections. Next, they offered a series of community-engaging activities which included field surveys, cultural workshops and exhibitions promoting the protection and conservation of traditional Cordilleran culture with the youth. Then they launched the EDAYA Caravan which introduced EDAYA products to the rural communities in Japan. EDAYA Education promoted social innovation and entrepreneurship to the unemployed and out-of-school youth from the rural Cordilleras. EDAYA Tahanan

started by offering the “bamboo experience” (workshops on making various bamboo products and on cooking food using bamboo) to Japanese students studying English in Baguio schools. Eventually, Tahanan evolved into a homestay program where their customers (Japanese student interns) were lodged with EDAYA partner families in Kalinga, Sagada and other Cordillera communities. It was later spun off as Tahanan by SUMIKA. Each of the three social entrepreneurs managed their particular field of interest. When Ayaka graduated, she returned to Japan where she served as their vital linkage to various Japanese organizations and partners. To market its products and services, EDAYA relied on several institutions. EDAYA forged a partnership with the largest global association of the youth, AIESEC, through one of its member schools, Miriam College. Miriam AIESEC facilitated the recruitment of students from Japan and other countries. Later on, they tapped other youth organizations and got students from other countries. EDAYA also formed a partnership with the Baguio English Schools Association (BESA) to tap the Japanese students studying English in the BESA schools. In early 2019, Tahanan by SUMIKA was preparing to accommodate 15 interns during the Golden Week in Japan and 50 more guests through PORTA, a for-profit enterprise in Japan. As for financing, many of the students from Japan funded their own internship credits. Tahanan also endeavored to send Cordillera youth to Japan by partnering with the Ministry of Environment and Tsukuba University of Japan to sponsor the internship of Kalinga youth to Japan. As for the operational aspects, EDAYA and Tahanan by SUMIKA had built up the capabilities of the Kalinga, Sagada, Itogon and, soon, Abra communities to make the bamboo products, manage the “bamboo experience” and run the homestay and cultural immersion programs. EDAYA and Tahanan by SUMIKA utilized the human resource services of the youth they had organized to serve as tour guides and helpers in their many programs and projects. From the case study, the reader can immediately appreciate how “closing the functional management loop” through partnering and networking has virtually enlarged the capabilities and resources of the three social entrepreneurs. Truly, “necessity is the mother of invention” in this case of social innovation.

The third strategy of “Converge the Forces” is the most ambitious and difficult but, potentially, more impactful social innovation. Essentially, the strategy endeavors to widen and deepen the network of partners and stakeholders who would each bring their specific know-how, financial resources, technical assistance and technology inputs, organization-building competencies, market accessing and facilitation capabilities, legal expertise and administrative systems services like accounting, auditing, information technology and human resource management to a particular sector living in a sufficiently large territory. Convergence of these forces do not usually materialize if the social enterprise is merely engaged in a project or two. Convergence normally happens when an institutional social entrepreneur is serving a large constituency in a relatively large geographic area. Farming communities, municipal fisher folk, indigenous peoples in ancestral lands, poor women concentrated in blighted areas and informal settlers re-located to resettlement sites are favored constituencies for convergence efforts. By and large, the cases in this book do not expound much on how the convergence of forces has resulted in much impact on their lives in a very significant way. However, the case on Lamelifew Tribal Women’s Association (LTWA) in Sarangani province provides some modicum of convergence of forces although not yet in the magnitude one would hope for in terms of impact. LTWA was initially formed by 45 B’laan women who sought the assistance of the Indigenous Peoples Development program to register with the Securities and Exchange Commission. The women ventured into the manufacturing of traditional clothing and fashion accessories and participated in expositions, bazaars, festivals and trade fairs. They established the Lamelifew Village

Museum and School of Living Traditions. The Village Museum housed a variety of ancestral artifacts and relics sourced from the tribe and had its inauguration at the National Museum of the Philippines. The School of Living Traditions sought to preserve, restore, and promote the B'laan cultural heritage by transferring the indigenous skills of the cultural experts to learners, mainly the women and the youth. The goal was to eventually create an Indigenous People Integrated School that would ensure that their cultural heritage would be blended with the benefits of modern technology and advanced learning systems. Aside from these efforts, LTWA generated livelihood opportunities (like weaving and catering which sourced food from the B'laan farmers) not only in its immediate community but also in nearby sitios, thus, expanding the area served by the association. LTWA's lofty vision with far-reaching implications on the future of the B'laans in Sarangani province attracted interested sponsors, partners, and advocates. LTWA listed these government and non-government partners who converged their efforts and resources on the areas, programs and projects served by LTWA. (See Table 1 below for List of LTWA Partners.) The resources poured by the converging forces on the Lamlifew community and its expanded area of service may not yet be sizeable enough to bring all of intended beneficiaries out of poverty. However, the case does highlight the fact that there needs to be a lofty vision, an ambitious mission and a critical number of compelling programs and projects that promise a huge social impact to animate resourceful institutions to converge their forces on a common cause.

**Table 1. List of Partner NGOs and NGAs or LGUs of
Lamlifew Tribal Women's Association (LTWA)**

Non- Government Organizations	National Government Agencies/ LGUs
1. ABS-CBN Lingkod Kapamilya Foundation	1. Provincial Government of Sarangani
2. American Women's Club of the Philippines	2. Municipal LGU of Malungon
3. TAO Management Inc.	3. Barangay Council of San Lorenzo, Makati
4. KASILAK Foundation (DOLE Philippines)	4. National Commission of Indigenous Peoples (NCIP)
5. Sentrong Katutubong Yaman (United Laboratories)	5. National Commission for Culture and the Arts (NCCA)
6. Conrado Alcantara and Ladislawa Foundation Inc (CLAFI)	6. Department of Tourism
7. Save The Children	7. Department of Trade and Industry
8. Japan Social Development Fund	8. Department of Agriculture
9. Metropolitan Museum	9. Department of Agrarian Reform
10. Mindanao Associations of Museums	10. National Museum of the Filipino People
	11. National Dairy Authority

Social enterprises select their target communities and engage in revenue-generating projects that operate within the realm of a particular industry and market. Each industry and market selection has its own critical factors for success (or failure) as dictated by the "logic of the business." In the tourism industry, for example, travel fare to a distant destination would probably be the most expensive item in the traveler's budget. The availability of many modes of transportation frequently plying a particular travel route would tend to decrease travel fares and increase accessibility to a chosen destination. This, along with other critical factors (i.e. attractiveness of destination, safety and security situation, and hospitality of tourism service providers) would highly dictate the success or failure of

an enterprise setting up a resort or a hotel in a particular destination. Just observe what happens when airlines promote their slashed fares to any of their destinations. Demand suddenly balloons. Somehow, the reduction in price is made up by the increased volume of passengers even after the promotion has ended. In the case of Happy Helpers, the social enterprise decided to enter the home and office cleaning services, focusing their efforts on one market area – the upscale Bonifacio Global City (BGC). Given this market location, Happy Helpers tapped the services of women in the low income communities of Taguig City. For this industry the critical factors for success are: (1) the ability of the social entrepreneurs (three women in this case) to organize, manage, incentivize, control, and professionalize heretofore, untrained and unemployed women workers to provide quality, speedy and secure cleaning services; and, (2) the design, development, and execution of an efficient and effective human resource management system. The three women entrepreneurs had complementary skills and professional background that enabled this. Maan Sicam was the overseer and administrator. She was a graduate of management engineering at the Ateneo de Manila, worked in Unilever Philippines and was an entrepreneur as well. She was an expat's wife in Brazil and the UK and was quite familiar with cleaning services she had availed of there. Jo Endaya handled operations. She completed her MBA in Canada, worked in a finance firm in Halifax, and started a recruitment company in Toronto. She was an expat's wife as well in the UK and sidelined as a yoga teacher. Memey Mendoza was the community empowerment director. She started her career in sales at Unilever, worked for Smart and moved on to Samsung. She had been helping start social enterprises with urban, rural, and farming communities all over the Philippines. Together, the three women mastered the ins and outs of the cleaning business and put together a well-designed and executed human resource management system that was customized to fit the family conditions and social obligations of the women workers in the poor communities of Taguig. The women worked for a maximum of only five hours a day. They underwent a rigorous eight-step recruitment process, followed a simple career track, were evaluated regularly by the customers and management, received their fair compensation and benefits, got a lot of training and found a “career home” at Happy Helpers. In short, Happy Helpers possessed the two critical factors of success in the cleaning services industry.

MARKET INNOVATION AND THE PHASES OF PRODUCT DEVELOPMENT

As defined, market innovation is the introduction of new or substantially improved products and services to customers willing to purchase them. Market innovation is not about tweaking and “refreshing” old products to look like new by introducing product features and attributes which really do not provide significantly more benefits to the consumers. In here, we are deliberately differentiating product features from customer benefits because all good market innovations must create more value (benefits) for the customers. Many entrepreneurs, especially social entrepreneurs, get “trapped” by their obsession to produce products with features that they desire but without much research on what would certain targeted customers find most beneficial and exciting. The majority of entrepreneurs who fail plunge right away into product development and come up with elaborate marketing plans without really knowing the customers, their specific needs and wants, what values/benefits they are looking for, how to get their attention and how to make them part with their money. Entrepreneurship books and research studies often cite that four out of five start-up businesses collapse within a short period of time. For those who make it, the chances are that they are already very familiar with the industries and markets that they're competing in. As evidence, the more successful entrepreneurs can be found in industries

that are clustered together (e.g. Banawe auto parts dealers, garments in large malls, all sorts of wholesale and retail items in Divisoria, jewelry makers in Meycauayan, furniture and accessory manufacturers in Cebu, resorts and hotels in Boracay). Some clustered industries have generational entrepreneurs where skills and competencies are passed on and market knowledge is easily absorbed through experiential osmosis. This kind of market knowledge may, in fact, be more consequential than a highly formalized market research process. But, then again, the two combined would be most powerful.

Market innovation must begin with finding a customer segment that is not getting the benefits it desires from existing products and then creating the precise product that would provide the desired benefits. Take the case of Citihub Inc. Panya Boonsirithum founded the company to answer a clear market need by low wage earners for dormitory bed spaces in Metro Manila to provide them two benefits: (a) fast access to work given Metro Manila's traffic and the distance of their domiciles from the work place; and (b) transportation cost savings that would effectively increase their disposable income for food and other necessities. Panya knew about this market need because their family was into real estate development and was quite familiar with the plight of the construction worker who spent Php 150 a day in transport costs and suffered an average of two hours going to work and the same time going back home. The family wanted to put up a CSR project and build dormitories for these workers but the daily board and lodging costs would still be prohibitive. Fortunately, Panya must have seen construction companies converting container vans into makeshift field offices and sleeping quarters. He researched on alternative structures, especially those fabricated in China, but to Panya, repurposing the 70,000 container vans left by importers at Manila ports would give him a chance to recycle these eyesores and emit less carbon compared to using the China materials. Panya scouted for empty lots in Metro Manila and offered to lease them from the owners in exchange for getting the lion's share of 85% of the revenues. The effective rental cost per day for the worker would only be Php 76, thus saving one-half of the transport cost compared to the usual transport cost of Php 150 a day. By focusing mainly on providing the desired benefits to the daily commuting workers and not on the product features of alternative transportation modalities which were both slow and expensive, Panya found the perfect product-market match using his construction experience and exposure coupled with some research on what workers spent and what difficulties they struggled through. Citihub has been getting an 82% occupancy and is expanding its locations and market reach quite fast. Contrast the approach of Citihub to those in the transportation sector offering products like jeepneys, tricycles, FXs, taxis, Grab, MRT and LRT (and in five years, a subway). They are all simply not answering the need correctly unless and until a super cheap, super fast transport system can be developed. But that is a very tall order. Meanwhile, Citihub's new product seems to be winning the market handsomely.

Got Heart Foundation (GHF) has a much harder task of marketing its new products to the market. Melissa Yeung-Yap set up the foundation in 2007 to help far-flung poor communities in far-flung areas, particularly indigenous people, produce goods that could be marketed beyond their domains, thereby increasing their income. By 2018, Got Heart had partnered with over 200 communities all over the country. Products ranged from food like vegetables and roots to soaps using various ingredients sourced from the communities. GHF did not just source the products from the communities, the foundation co-developed the products with the communities using a two-stage process. The first stage involved product ideation and prototyping that was inspired by traditional community practices. Local healers or albularyos (herbalists) and manghihilots (therapeutic masseurs) were consulted about the medicinal

values of endemic plants in their areas. Literature research augmented the first stage. In the second stage, the product prototypes were sent to a small laboratory owned by GHF in Manila. In the laboratory, the product was further developed for commercial purposes. GHC had set up two retail outlets in Metro Manila (Loyola Heights and White Plains) which were both adjacent to the rich residential enclaves where Melissa thought her best market would be. These were “moms who believed in the power of herbal medicine and yuppies who were aficionados of organic and all-natural products.” GHC customers were females in their twenties to forties who made health a priority. The products were priced higher than the mainstream products of locals and multinationals but reasonably priced compared to their niche competitors. The White Plains store of GHC was in a compound of other Got Heart stores like the Earth Kitchen and the Got Heart Gallery which also became outlets for the GHC products. Melissa was thinking of opening an outlet in the huge SM Megamall complex at the Ortigas Business District in order to reach a wider and more general market but she was not able to secure sufficient financing for it. Thus, several issues confront GHC: (1) how do they expand their market presence beyond two retail stores and their on-line marketing efforts given the fact that GHC was catering to over 200 community producers; (2) if GHC entered the mainstream market arena (large malls and retail chains), can their products be competitive given the over-powering clout of multinationals which sold well-developed quality products at lower prices; (3) was there really a large enough market for the products made by the communities or was this just a niche and very small market; and (4) should GHC continue its wide array of products or should it focus on a few big winners and go for mass production and mass marketing in order to gain economies of scale and some degree of competitiveness. These issues stress the point that market innovation is not just about coming up with new products. The new products must go through the merciless gauntlet of high-stake marketing strategies and programs to reach a substantial audience. If GHC remained small, could it really generate enough social impact given its low capacity to absorb more products from the communities? Also, if GHC challenged the mainstream products, can its own products achieve the same quality standards? Can GHC produce goods at the quantity and delivery time expectations of commercial establishments? Can GHC source the humongous capital investment for a state-of-the-art factory and the working capital for the large inventory and accounts receivable required? Market innovation really has two major components. First is product ideation and development. Second is the crafting and execution of successful marketing strategies and programs that make all the effort worthwhile.

In the world of social entrepreneurs, good product-market matching does not occur as frequently as it should, like it did in the case of Citihub. Another case, Accents and Petals Crafts and Accessories (APAC), illustrates good product-market matching but, unlike Citihub which found a huge local urban market for its container van dormitories, it focused on the favorite beneficiaries of many Philippine social entrepreneurs – the agri-rural poor communities who often find it difficult to find markets for their products. With an initial capital of only Php 5,000, Dean and Liberty Cuanso launched their product, hand-made paper beads, and sold them to local buyers and the then nascent on-line market. They obtained sales of Php 200,000 between 2009 to 2011. Then they saw the market open to recycled waste products as the green movement hit America and Europe. The couple produced flowers made out of various materials (paper, wood, cornhusk, plarn, burlap, denim, etc.) primarily geared for the export market (90%) of which 65% were bridal entourages while the rest were for birthday and anniversary celebrations. Sales immediately soared to Php1 million. A lot more sales followed in subsequent years. APAC's early bird entry into on-line selling, its rapid exploitation of the burgeoning green market, and its serendipitous discovery of lucrative

bridal customers definitely contributed to its success. However, the other part of the success equation lay in APAC's product development and production strategies. APAC's products did not have to compete with strong commercial brands nor carry the burden of expensive retail marketing. APAC did not follow the route of many social entrepreneurs, like Got Heart, who went to poor communities and helped them develop products for the market. Rather, APAC received sales orders on-line and then looked for community craftsmen from whatever part of the country could either supply the materials (raw or semi-processed) or handcraft the product into flowers and fashion accessories. The entrepreneurial couple selected communities that were already organized and had the talents and skills to produce their products like the group of women making fossilized flowers in Maddela, Quirino province, another group of women crafting cornhusk flowers in Pula, Tarlac province or the men who were experts in carpentry and woodworking in Baguio city. To be sure, APAC also conducted training workshops for the craftsmen if their skills sets were not yet acceptable. Thus, as a social entrepreneur with three bottom lines, APAC chose to work with social enterprises who were able to produce good quality work and deliver on time wherever they may be located. The craftsmen of APAC were not hassled by very tight deadlines to produce a great quantity of quality products. Weddings and anniversaries had long planning times and could afford to wait up to six months for their highly customized orders. Thus, it is easy to appreciate what a perfect match the market had with APAC's products and its production/delivery strategies.

In certain instances, social entrepreneurs come up with good products that are able to serve several market segments but still fail because they do not have the correct business model, marketing plan, operating strategy and financing scheme. Take the case of Palamigan Co. Two social entrepreneurs came up with the Brine Immersion Ice Machine (BRIM) product which could provide quantities of ice and freezing capabilities in a very small footprint. Palamigan came up with a one ton and a 1.3-ton capacity ice maker/freezer which they were able to sell to a wide range of market segments from the richest, most highly urbanized consumers to the poorest, highly rural consumers. As beneficiaries of the Palamigan social enterprise, the company partnered with communities with the highest social need but were the most difficult to serve (e.g. municipal fishermen in remote islands) to communities with the lowest social need but were the easiest to serve (an upscale residential area in Quezon City, which could readily access five large ice plants but where the product still found an easy market to serve – the smaller entrepreneurs like the coconut juice seller). The problem was Palamigan's business model. Rather than selling the product outright to communities, it decided to enter into a social franchising agreement with them. Palamigan would provide the machine to the community but share in the revenues generated by the machine, such as those coming from making and selling ice, ice candies and ice drops or the cold storage of fish for the catch of the fishermen in remote island areas. It is easy to guess what happens next. The communities initially reported good sales but, then, abruptly stopped sending reports. Worse, they did not remit the revenue share of Palamigan to the social entrepreneurs. For most of their sales, Palamigan has no clue about what happened to the social enterprises. Since these areas were spread very far apart (Batanes way up north to Tacloban way down south), Palamigan did not have the resources nor the people to monitor them and collect from them. If the business model is flawed, then the entire formulation of the marketing plan totally goes out the window. Palamigan fully entrusted the operation of the machines to the communities. Palamigan even front-ended the entire cost of making the machine and hoped for greater revenues and profits later. Many times, entrepreneurs become too smitten by their social mission that they forget

that they must first be viable and sustainable enterprises and act in a business-like manner. Otherwise, partnerships will end early and the social mission will die along with the demise of the partnership.

A final word on market innovation has to be said. Going back to our case on Saret Organic Farmville (SOF), the social entrepreneurs (the Saret family) embarked on conceptualizing, developing and launching a product that was highly focused on one benefit – health – without much regard for the benefits sought by consumers in food products such as taste, texture and a reasonable price given the total customer experience with the product. SOF took out many of the product features and attributes that the mainstream consumers usually associated with chocolate, such as “sweetened, finely textured, melted in your mouth and blended with other rich ingredients” that made chocolate-eating an indulgent or even decadent “addiction.” In fairness, SOF was positioning itself between cacao nibs and chocolate but, sometimes, neither here nor there is nowhere. Perhaps, SOF was misreading the benefits desired by customers. But, as a social enterprise, if a product does not sell well in the market, then the social mission of helping the producers of the product (in this case the cacao farmers) will likewise not materialize. So a word to the wise should be sufficient. ☺

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Cases



Junk Not Handicraft

TURNING TRASH INTO ART OBJECTS

Willie Garcia is an interior designer who makes a living merging the two things she is passionate about – interior design and the environment. In the process, she is empowering women with livelihood skills. A social entrepreneur, she incorporates rope made from twined plastic waste materials into her furniture designs. The rope is twined by women from a community in Taal using a process that Willie has developed and patented.

Growing up in a farm in Biñan, Laguna, Willie learned about green living at a young age from her parents who were staunch environmental activists. Even as a student at the Mary Help of Christians School in Biñan, she learned the value of environmentalism. In school, she participated in various signature campaigns for a green environment. In college, she began upcycling, once using an old boot as a receptacle for a flower arrangement she made in class while everyone else used flower vases.

Says Willie, “There are a lot of resources out there. You really do not have to buy. You just have to be resourceful.”

Graduating from St. Scholastica’s College with a degree in interior design, she passed the board exams in 2006. Willie first worked as a visual merchandiser for a greeting card company and afterwards, designing display shelves for a company that made socks. But the work quickly became routine. Willie wanted to do “bigger” things.

In 2007, she joined “The Environment Shapes You”, an interior design competition sponsored by Metrobank. Having just passed the board exams, she wasn’t secure about her skills, but

Willie emerged the winner. In 2009, with the prize money of Php 250,000, she started her own furniture business called Junk Not Handicraft.

DESIGNING FOR GOOD

Junk Not Handicraft is a social enterprise with the tagline “designing for good”. Its mission is “making a good impact in society through designing useful and functional items out of waste materials”, as Willie wrote in her social enterprise development plan. “We commit to lessen trash that ends up in dumpsites and the ocean. We are not only helping the wildlife, but also the community to have a healthier and cleaner environment for the future generations.”

For Junk Not, environmental impact and social impact are non-negotiable values.

Willie had a business model in place. She originally produced bags and accessories from waste materials, which were the trendy upcycled products at the time. But the business was not sustainable. “It seemed that everyone was doing the same thing with plastic – bags, purses, accessories.”

“We commit to lessen trash that ends up in dumpsites and the ocean. We are not only helping the wildlife, but also the community to have a healthier and cleaner environment for the future generations.”

In 2015, she focused purely on home furnishing. With a team of carpenters and weavers, she developed her product line that integrated her environmental advocacy into her designs and communicated strong messages.

“The story behind each chair is important. The design should have a story, should have impact,” says

Willie. One of her product lines, “Anak ng Tupa” (Son of Sheep) was conceptualized after the sheep in the family farm started dying after accidentally ingesting plastic that was blown into their property by the wind. She created chairs that look like fluffy sheep using plastic rope that mimics sheep wool. Another theme, “Ikaw at Ako” (You and I), carries the message that we are the solution to the plastic waste issue.

WHERE DOES TRASH GO?

After an ocean clean-up with her sister, a conservationist, and some friends and seeing the bags of garbage lined up by the seashore, the group asked what they should do with the trash they had collected. It was a learning moment for Willie who realized, “We regularly do clean ups but where does the trash go? To the dump site.”

At the dump site, the trash is incinerated. Willie says, “That is not green energy because you are burning raw materials. Recycling really is the best solution.”

Recycling and upcycling are the mark of Willie’s designs which incorporate recyclable waste materials. She fabricates furniture from trash that her customers value as art pieces.

FROM RESIDUAL WASTE TO PLASTIC TWINE

However, residual waste, specifically composite packaging which is made with two or more layers of different materials (plastic, aluminum and paper), such as food wrappers, juice containers, sachets and others, re especially difficult to recycle as the layers have to be separated to be recyclable. With no background in weaving or machines, through self-study and trial-and-error, she invented a twining process that transforms residual waste into rope that she uses as material for her unique furniture designs.

In 2015, Junk Not partnered with housewives in Barangay Alas-as in San Nicolas, on Taal Volcano island, a popular tourist destination which was experiencing severe waste management issues due to the significant rise of tourists in recent years.

Willie began working on the twining process in 2013, even before she switched business models from bags to furniture. Using all sorts of plastic packaging, she tried twining it around a wire to make the rope durable. But she realized it would not be appropriate for the community since it would mean additional costs, including a twining machine.

She was able to focus on her invention in 2014, during a one-month residency in Morocco where she participated in an artisan residency program hosted by Culture Venture, a non-government organization (NGO). The program invited artists to explore the rich art and handicraft tradition of Morocco. Willie went to study leather bag making that the country is famous for. But horrified by the gore in the tannery that she visited, she decided not to pursue leather crafts and instead, she spent her time developing the twining process using trash she collected from river clean-ups that she organized. In Morocco, “I had all the time in the world to improve the process.”

Her twining process requires only residual waste material and a pair of scissors, a process that is easy to replicate. But, she says, it is “a trade secret” that is protected by a utility patent. The process is so simple that a colleague tried to copy it, using Willie’s business model, which Willie reported to the Department of Trade and Industry. She acknowledged that the risk comes with the territory.

WORKING WITH THE COMMUNITY

Junk Not employs a team of around 60 women in the Taal island community who gather the waste material, clean them with soap, dry them, and twine them into ropes using Willie’s patented process. Willie does not set a production quota for the women, saying supply is not a problem. She usually has an abundance of the brightly colored ropes in stock in her workshop.

The women produce three sizes of rope – small, medium and large – according to thickness, priced at Php 2.00, Php 3.50, and Php 5.00 per yard. On average, a twiner produces 100 meters of rope per eight to nine-hour workday. (By comparison, abaca is sold at Php 35.00 per 100 meters. Abaca is much more complicated, including harvesting, cooking, drying, coating and finally, twining.)

The housewives produce an average of 6,000 to 10,000 meters or 100 kilos of rope every month. A regular sized chair uses around 40 to 150 meters of rope. The sheep collection uses 1,000 to 2,800 meters of rope.



At the start of Junk Not's partnership with the community, there was a lot of rejects but Willie still bought them at half the normal price. She inspects each rope. "You will really see the difference between a good one and a bad one. It is all visual. You will see it in the weaving." In time, the quality of the women's output improved. Willie proudly shares that there has never been an instance when a customer complained or returned a furniture piece.

FROM JUNK TO ART PIECES

As frames for her furniture creations, Willie uses reclaimed pallets sourced from companies in an industrial park near her factory, and mahogany, which is commercially available. Two regular carpenters and two painters fabricate the frames, and two women weave the ropes to the frames. When the demand is high, she hires more carpenters and weavers.

Potential customers specifically ask about the durability of her pieces. To address this concern, she made her twined rope undergo tensile and compression tests at the Department of Science and Technology in Los Baños, Laguna. The material passed both tests.

Willie delegates the different processes (twining, fabricating, and weaving) to different teams, which makes production faster and more efficient, allowing on-time delivery to clients who put a 50% down payment upon ordering and the remaining 50% upon delivery. Production is on a per-order basis, and takes a month to complete.

UPSCALE CLIENT MARKET

Willie's furniture pieces are more expensive than commercially available furniture found in department stores. Her prices are closer to the prices of customized furniture. Expatriates,

who are some of Junk Not's regular customers, find the cost of her unique pieces reasonable, especially when they hear the story behind the social enterprise.

Junk Not's target customers are "clients with environmental awareness and are willing to patronize upcycled products", "the middle and upper classes . . . who appreciate the story behind each of our pieces."

Adds Willie, "Anybody who is environment-conscious about what they use in their house."

"The story behind each chair is important. The design should have a story, should have impact."

Besides ex-patriates, her clients are hotel and resort owners, architects and designers, art aficionados and environment advocates. Her creations are found in Selah Pods Hotel, Kama Beach Club, and the British Embassy. "A lot of my clients are resorts and hotels that are into the green trend. It's a big part of their marketing."

THE ROAD TO SUCCESS

Prior to her successes in 2017 and 2018, Willie was close to giving up. She was busy taking care of her parents who were sickly, and had to divide her time between her duties at home and her social enterprise. After her Mom passed away, she was given free exhibit space in a show sponsored by the Department of Trade and Industry. One day, when Willie was not around, a buyer who owned a private resort in Boracay, visited the Junk Not booth.

Willie recalls, "The buyer was on his way to Uniqlo but stopped by the exhibit. He was very, very happy with our furniture." After meeting with Willie the next day, he ended up buying an entire collection, and even returned to buy another set.

This was the sign that Willie was waiting for. When she was finally fully focused on the social enterprise, sales began to soar. The opportunities and blessings began to pour in.

In 2018, Junk Not joined BPI Sinag and won a cash grant of Php 500,000 – part of which she used for marketing and expanding her team. She hired two additional staff, one to handle paperwork and legwork, and the other to handle exhibits, small bazaars, and the website. Previously, Willie took care of everything from setting up the exhibit to facing clients during shows. She now had staff who could represent Junk Not during exhibits.

In early 2018, Junk Not was featured in Impact Journalism Day, a project of 50 media outlets worldwide that features local solutions to world-wide problems. The article highlighted Willie's "Anak ng Tupa" (Son of Sheep) collection, which received positive responses internationally.

That same year, Willie tied up with a boutique in Paris which carried a few of her pieces. The boutique owner was researching on upcycled furniture and, chancing upon Junk Not, flew to the Philippines to personally visit the social enterprise.

Junk Not exhibited twice that year in the Paris Design Week. The first time, Willie had to submit an application; but for the second, she was invited and given free space. Junk



Not has since exhibited in Germany, Belgium and Japan and the invitations keep coming from all over the globe. Junk Not also has a very strong media presence in both print and online channels.

THE CHALLENGE OF SOCIAL FRANCHISING

Following Junk Not's successes and with the continuing international trend of environmentalism, the next step is social franchising. Willie has received numerous inquiries locally and abroad (Madagascar, Africa, and India, among others) on the possibility of replicating her business model. Already, investors willing to franchise the social enterprise are lined up, awaiting her decision.

Willie says it will be a challenge, "They can replicate it in their own countries. It entails a lot of details, so I do not know where to start. I'm an artist. I'm not an entrepreneur." She has to go through the franchising process thoroughly and surely to make sure that the core non-negotiable values of Junk Not – environmental impact and social impact – remain intact throughout the expansion. ☹

<https://junknot.ph/>

<https://www.facebook.com/Junk-Not-119751968103540/>



CarbonCycle Processing Inc.

ROASTING MADE EASY WITH SOLAR ENERGY

Dale Franco B. Llentis is a veterinarian by profession, and an entrepreneur by avocation. In 2015, anticipating a decline in the use of fossil fuel, Carbon Cycle ventured into the production of renewable energy as a social enterprise. Dale's research on solar thermal power pointed him to Solar Fire, a Finnish company which is recognized as a frontrunner in solar thermal technology, particularly in the roasting, grilling, and cooking of agricultural products.

Dale, a member of Best Agri Products Cooperative (BAPCO) that buys raw cashew nuts from its farmer-members, roasts it, then sells it fully processed and packaged to a wholesaler, was interested. He himself has a seven-hectare cashew farm, and is majority owner of CarbonCycle Processing Inc., a recycling company he founded in 2014. Dale saw in Solar Fire the technology needed by farming communities in the Philippines to process their agricultural produce in a convenient, environment-friendly and cost-effective way.

Roasting cashew nuts is a nasty process. At BAPCO, the existing technology for removing the toxic oil from the nuts entails roasting the nuts twice using liquified petroleum gas (LPG). When the oil oozes out during the first roasting process, the flame bursts and scatters the hot oil. The workers complain of blisters from the hot oil even when they use gloves and long shovels for roasting.

To process 20 kilos into roasted cashew using LPG, the cooperative spends Php 400 per kilo. With solar technology, the cost to the cooperative is only Php 300 per kilo.

Solar thermal technology is extensively used in African countries to power ovens, particularly in the Ivory Coast, the second largest producer of cashew nuts in the world. The solar thermal apparatus catches the sun's thermal power which it concentrates by bouncing

it to a focused area, a mirror, that intensifies the heat, very much like what a magnifying glass does when the sun's rays are made to go through it. The concentrated heat reaches up to 300 degrees and can be used for cooking.

“We became a social enterprise because [we saw] that there is an irritant in rural communities. There is a lack of energy,” said Dale. “We want to address this by bringing in solar thermal processors, so the farmers can process their agricultural products and uplift their lives.”

GETTING STARTED

Dale sees much potential in investing in agri-processing technologies. The government, corporations, foundations and social entrepreneurs are reaching out to community-based social enterprises to foster and promote more inclusive economic growth models in the poorer rural areas.

In 2014, Dale was introduced by a Korean friend to another Korean who wanted to set up a plastic pelletizing plant in the country. The plant would melt recyclable plastic products into pellets for export to Korea. Dale joined the bidding for discarded cellophane and other plastic products, including plastic containers of imported cherries discarded by fruit cocktail makers. When the Korean backed out of the deal, Dale stayed on to bid for the project, which he won. This got him started in the recycling business.

Dale sold the large plastic containers as water tanks to farmers in Northern Mindanao where he owns a seven-hectare cashew farm. He also sold charcoal ovens which were recycled from steel drums.

FINDING SOLAR FIRE

In November 2018, Dale negotiated with Solar Fire, a Finnish company, for the license to fabricate the solar thermal apparatus in the Philippines for a one-time royalty fee of 25,000 euros or Php 1.5 million. Under the agreement, Solar Fire will transfer the technology by deploying two experts to the Philippines for six months to help set up the fabrication shop to be housed in CarbonCycle's recycling facility. The company already has welding equipment and only needs to purchase Php 350,000 worth of additional equipment like cutters and bending machines. The materials for the solar thermal apparatus, such as steel bars, angle bars, steel plates, etc., can be sourced locally.

Dale saw in Solar Fire the technology needed by farming communities in the Philippines to process their agricultural produce in a convenient, environment-friendly and cost-effective way.

The company has Php 1.2 million in cash, half of which will go to working capital. The other financial requirements will have to be sourced externally.

The agreement provides that Solar Fire will provide fabrication and operating manuals, and train CarbonCycle's engineers and workers. CarbonCycle's foreman-supervisor will

then cascade the technology to the company's fabricators. Dale plans to document the entire process of technology transfer on video, manuals, and other learning materials.

SERVICING THE COOPERATIVE

Dale's idea is for CarbonCycle to service the Best Agriproducts Cooperative (BAPCO), where he is a member, with the new solar apparatus for roasting cashew, and charging the cooperative a fee on a "per usage" basis.

BAPCO has around 80 members who farm a total of 50 hectares of cashew. The cooperative buys raw cashew nuts from its farmer-members and non-members alike. BAPCO roasts the nuts in a two-stage process and sells it fully processed and packaged to Slerz, a wholesaler of various agricultural products such as *chicharon* (crispy fried pork skin), ham and other meat products, cashew nuts, banana chips and other repacked food items. Slerz distributes the fully processed and packaged cashew nuts under its own brand name.

Dale says that with the solar thermal equipment, CarbonCycle will buy raw cashew nuts from farmers at Php 200 per kilo and supply these to the cooperative. Then, it will buy the twice-roasted nuts from the cooperative at Php 400 per kilogram. After deducting 15% or Php 60 per kilo for the use of the solar apparatus, CarbonCycle will resell the fully processed and packaged cashew at a higher price.

CarbonCycle's usage charge will amount to Php 1,200 per day for 20 kilos of production. With the cashew season running for only about four months, from March to June, assuming no rainy or very cloudy days, at 25 days per month for four months, the total usage charges will amount to Php 120,000 (Php 1,200 multiplied by 100 days).



Beyond the cashew season, the solar equipment can be used for drying coconut into copra. Farmers sell their harvested coconuts for only Php 4 per nut, but when processed into copra, they can earn Php 22 per kilo. The traditional way of drying coconut meat in the sun makes it prone to molding, thereby, reducing its price. The solar apparatus can replace the sun drying technology.

The “per usage” scheme is capital and labor-intensive, involving the purchase, processing, storage and selling of the farmers’ produce. But, while selling the equipment directly to the farmers will disseminate the technology quickly, CarbonCycle will lose the advantage of having direct and full access to the farmers’ produce.

A potential application is the conversion of coconut dust, a waste by-product, into biofuel, which commands a good price. The solar thermal equipment can also be used as a dehydrator for making dried mangoes, jack fruit, vegetables and other snacks.

Dale realizes that the “per usage” scheme is capital and labor-intensive, involving the purchase, processing, storage and selling of the farmers’ produce. However, while selling the equipment directly to the farmers will

disseminate the technology quickly, CarbonCycle will lose the advantage of having direct and full access to the farmers’ produce.

FUND SOURCING

Dale Llentice owns 67% of CarbonCycle while his Korean partner holds 20%. The rest is owned by five of Dale’s classmates who he invited to join the company: a civil engineer, an electrical engineer, an electronics engineer, an accounting graduate, and a marketing man. They own smaller percentages of the company but Dale says they have contributed significantly to the development and promotion of CarbonCycle’s products. So far, the stockholders have reinvested their profits rather than declare dividends.

“My engineer classmates are the ones who are keen on researching, looking for opportunities and converting the opportunities into viable products,” says Dale.

The company has applied for a grant from the Department of Science and Technology to pay for the royalty charges of Solar Fire. The government of Finland has a development fund to help countries like the Philippines that Dale intends to tap. World Vision, which was tapped by Finland to introduce its solar thermal technology to Africa, is also a potential source of funding. Dale also intends to apply for a grant from the Peace and Equity Fund (PEF) in the Philippines.

In 2018, CarbonCycle joined the BPI Sinag social enterprise pitching contest and won Php 500,000 in prize money as one of the top five entries. ☺

<https://www.facebook.com/pages/category/Local-Business/CarbonCycle-Processing-inc-642081576151836/>



Calaboo Dairyard Incorporated

FROM PASTURE TO DAIRYPOD

Marie Cavorsora, a social entrepreneur from Magdalena, Laguna, wanted to stimulate carabao milk production in Laguna. She surveyed the local milk industry and her heart sank. The milk industry is dominated by multinationals who provide 99% of the country's Php 100 billion milk requirement.

Official government data showed that in 2015, over 60 percent of local milk production came from cattle, 35 percent was sourced from carabaos, and rest from goats. Of the 2.86 million carabaos in the Philippines, less than one percent, or only 17,299 were dairy animals.

Still, with 80% of milk imports in the form of milk powder, Marie saw an opportunity for the local production of minimally-processed, naturally-healthy products made from fresh carabao milk.

Why carabao milk when cows can produce twice as much? Marie pushed for carabao milk production for health and profit reasons. Carabao milk is superior in nutrients and contains less cholesterol (total cholesterol of 275 mg and free cholesterol of 212 mg per 100 mg of fat) compared to cow's milk (total cholesterol of 330 mg and free cholesterol of 280 mg per 100 mg of fat). Carabao milk also has more calcium and a superior calcium-phosphorous ratio, and less sodium and potassium than cow's milk.

And although the average productivity of milking cows is double that of carabaos (a milking cow produces eight liters per lactating day versus only four liters for carabaos), the price

of carabao milk is double that of cow's milk. In 2015, in Central Luzon, the farmgate price of carabao milk was Php 70 to Php 75 per liter.

In November 2016, Marie established Calaboo Dairyard, Inc. (CDI) as a social enterprise to improve the earnings of smallholder farmers and transform countryside communities through the development of premium milk products from grass-fed carabaos.

She envisioned CDI as an entire dairy farm system where the resources are co-owned and co-operated by a highly productive dairy cooperative and its community partners. CDI will create a direct marketing pipeline which will link the smallholder farmers to end consumers who are willing to pay a good price for fresh

carabao milk products. In addition, CDI will raise a new generation of “dairypreneurs” and community leaders by exposing the farmers access to faith-based values formation, leadership and practical technical training so they become effective stewards of the land and change agents in the community.

CDI positioned itself as a provider of premium natural health products for the growing market of health and environmentally conscious consumers, in Metro Manila and Calabarzon, where the CDI farm is located. Its dairy products will be minimally processed to retain the natural goodness of fresh carabao milk.

LOW PRODUCTIVITY

There are, however, major challenges.

To be successful in processing carabao milk in Magdalena, Marie has to raise the local production of carabao milk to a much higher level. A survey conducted by the LGU of Magdalena in 2018 shows a total of 368 carabaos in the area tended by 142 farmers or an average of 2.6 carabaos per farmer. Of these, 96 farmers own less than three heads, 37 own three to five heads, and only nine farmers own six and more carabaos.

Only 88 carabaos are used for milking in Magdalena, and not all of them are productively tapped. More carabaos have to be converted to dairy purposes using better methods to increase Magdalena's daily yield of 70 liters to 220 liters per day. Marie's target is to increase the yield per carabao from two to three liters to about six liters per day.

This is entirely possible because data from Central Luzon in 2014 shows that 72 farmers tending 219 carabaos yielded about 5.6 to 6.4 liters per day. In Calabarzon, 42 farmers tending 102 carabaos yielded 4.4 liters per day. In 2014, the Calabarzon farmers' cost per liter of carabao milk produced was Php 18.57 while the farmgate selling price was Php 68.68 and the final price to the consumer was Php 120.

Although the average productivity of milking cows is double that of carabaos (eight liters per lactating day versus only four liters for carabaos), the price of carabao milk is double that of cow's milk.

PASTEURIZATION

Another challenge is the need for pasteurization. If CDI wants to sell the milk fresh, it will need pasteurization to prolong its shelf life. Pasteurization treats products with mild heat, usually less than 100 degrees centigrade, to eliminate pathogens. But the existing technologies are made for large volumes of tens of thousands of liters. Millisecond Technologies plans to make much smaller machines for small-scale milk production, but they will not be rolled out until 2021. CDI will have to sell its fresh milk quickly and deliver on a daily basis, or focus on processing into yoghurt and cheese.

Regulations also pose a challenge to Calaboo. The Dairy Safety Regulations (DSR) under the Food Safety Act of 2013 imposes tight controls on milk production and handling that can intimidate smallholder farmers. The DSR stipulates that milk producers must belong to a dairy farm, but most carabao milk producers own only one to three carabaos in their backyard and milk them out in the pasture. Furthermore, the Philippine Carabao Center (PCC) which is mandated to establish buffalo-based village enterprises, says that a farmer must own at least five heads to benefit from economies of scale, this leaves out the majority of smallholder farmers who do not own enough carabaos to engage in PCC's best carabao care and milk handling practices.



THE DAIRYPOD

After studying the production scenario and the challenges of carabao milk production, Marie thought that the key to the social enterprise is the creation of a “dairypod”, where carabao-owning farmers organize themselves into a productive dairy farm that will allow them to earn more from carabao milk production, in addition to their income from rice production.

A dairypod is a communal production center that will meet the Dairy Safety Regulations under the Food Safety Act of 2013 and the guidelines of the PCC for milk production. More importantly, it will help Calaboo and its participating carabao farmers ensure that the three most critical factors in raising productivity and quality of carabao milk – genetics, herd management, and feeding practices – are consistently met.

Genetics is a given. In the past, Magdalena benefitted from the PCC's carabao dispersal program which improved the genetics of local carabaos through cross-breeding with over 4,000 imported carabao breeds known for their high milk yield, such as the Bulgarian and Brazilian Murrah and Italian Mediterranean. A dairypod would multiply the benefits from this program.



Good herd management means maintaining at least five carabao heads which the dairypod can accommodate communally, to achieve economies of scale. Marie calculated that one carabao lactating for 270 days and yielding 4.4 liters per lactating day (for a total of 1,188 liters) could achieve raw milk sales of Php 73,350 (at the assumed price of Php 61.74 per liter), while a herd of five carabaos (with three lactating) could reach sales of Php 220,050. It would be worth the effort.

Good herd management entails providing adequate shelter (well-ventilated and with cemented floors) and water cooling (bathing) for the carabaos, because high temperatures and high humidity tend to lower milk yields. A dairypod can provide these along with regular preventive care such as annual deworming to prevent liverfluke and intestinal worms, and immunization against hemorrhagic septicemia and hoof-and-mouth disease.

The dairypod would be a learning area where farmers are exposed to the physiology of milking carabaos. Relative to cows, carabaos are slow and hard milkers because of their slow milk rejection reflex and their hard teat muscle sphincters. Stress, fear, and any discomfort inhibits milk let-down. Farmers must bond with their animals and show them TLC (tender loving care). Studies show that milking carabaos three times rather than only two times a day will produce 31 percent more milk and 26 percent more butterfat. Such a schedule must be maintained since the animals are negatively affected by changes in routine.

Finally, the dairypod will ensure better feeding practices. In Calabarzon, most farmers feed their animals a combination of grazing and cut-and-carry methods (grasses planted



and harvested from a designated field). With a dairypod, farmers will be encouraged to plant napier grass as recommended by PCC, and practice silage as a source of animal feed during the dry season. They will also be reminded to use urea/molasses multinutrient blocks, which are known to increase milk production by 25 percent.

BEYOND COOPERATIVES

In the dairypod, small carabao farmers band together beyond the usual cooperative modality to create an ecosystem where they pool their time and resources for a common effort. The dairypod will require farmers to share facilities and equipment as well as costs and responsibilities. In a complete carabao milk microecosystem, they have to operate within a communal processing facility by committing their carabao milk supply to the dairypod.

Marie sees the need for significant social marketing to persuade the farmers to reorganize themselves into a dairypod after experiencing conflict in their cooperative, MAGCO. She is not sure of the source of the conflict but she suspects the usual areas of tension like cooperative management and operating control, costing and pricing arrangements, sharing of responsibilities, and transparent accountability.

The dairypod will involve organizing 16 carabao owners with five heads of carabao each to collectively own a total of 80 carabaos. Assuming that 40 carabaos will be lactating at any one time, by the third year, the collective output will average 240 liters per day.

Each farmer with five carabaos will need a forage area of 5,000 square meters (sqm) and 1,000 sqm to house the carabaos. The 16 farmers will therefore require 96,000 sqm or almost ten hectares. They will need additional space for a silage facility to store the extra harvested grass which will be mixed with molasses and other nutrients for use during “off-season” when it is too hot and the grass is not as plentiful. Another 1,000 sqm. will also be needed for a deep well and a milking parlor.

Design-wise, Marie would put the forage area in the central portion while the 16 carabao sheds are spread along the perimeter to avoid one house contaminating another in case of a disease break-out.

THE CORPORATIVE

For the set-up of the dairypod, she is considering the corporative model where a corporation with majority control partners with the cooperative to run a joint venture enterprise. The corporation assumes the financing, providing common service facilities, training and development of the cooperative members, warehousing and storing, and enterprise marketing. As the cooperative ascends the learning curve and hones their management skills, the corporation gives the cooperative more ownership and management control, but retains the comptrollership functions.

LAND REQUIREMENTS

A major barrier to Marie's plans is land. While Magdalena is still largely agricultural, Laguna is one of the two fastest developing provinces in the Philippines in terms of

A dairypod will help CalaBoo and its participating carabao farmers ensure that the three most critical factors in raising productivity and quality of carabao milk – genetics, herd management, and feeding practices – are consistently met.

conversion of agricultural lands into residential, commercial and manufacturing projects. As land values rise, the temptation is great for farmers to sell their smallholdings to developers.

Calaboo intends to secure land or get long-term leases on pasture land which is essential in dairy operations. Carabaos need to consume 10% of their body

weight (half a ton each) in grasses every day. This means 1,000 sqm of grassland is needed per carabao, or one hectare to support ten carabaos, using the cut-and-carry method. If CDI intends to target 100 carabaos, it will need at least 10 hectares of land.

With land values in Magdalena at a high of P250 per square meter, the farmers will be hard-put to raise the P30 million for the 12 hectares they will need for a dairypod. Marie approached the Center for Community Transformation, a faith-based organization that owns nine hectares of fallow land in Magdalena, as a possible partner in this endeavor. Headed by Ruth Callanta, a dedicated social entrepreneur, CCT is open to collaborating with CalaBoo. Land security for a continuous source of forage will encourage the farmers to take a longer view of their future as dairy producers.

KESONG PUTI

While CalaBoo Dairy's ultimate goal is to produce high value, innovative dairy products such as cultured butter and the like, it will start its operations by producing *kesong puti* while the milk supply is being built up to significant and sustainable levels under the dairypod communal farm model.

Marie plans to approach the local government of Magdalena with an offer to operate its dairy processing system for making *kesong puti* and other added-value dairy products so the farmers can already earn while the dairypod is being set up.



Alternatively, CDI could set up a joint venture corporative with the farmers' cooperative. Marie's family has land near the highway which can be used for processing and logistics. The corporative could purchase a portion of the land (1,000 sqm at Php 250 per sqm or Php 250,000) to put up a building and a processing facility. For working capital, the corporative will need at least one week of inventory (*kesong puti* that will be sold to the marketing company once a week) and 30 days of accounts receivable.

SOCIAL ENGINEERING

Marie knows that her plate will be full just handling the social engineering demanded by the project. There will have to be significant changes in the behavior and practices of the farmers who must shift from “pasturing” to “dairypodding”, from acting independently to working cooperatively, from rice-focused farming to dairy farming, from keeping one or two animals to maintaining a herd of five, from milking their carabaos once a day to milking them three times a day, and adopting more scientific methods while giving their animals the tender loving care due them.

However, Marie believes that the prospect of significant increases in farmer productivity and profits from the carabao dairy farm are enough impetus for the farmers to adopt new ways of doing things.

Marie Cavosora's idea of a dairypod was awarded a cash prize of Php 100,000 by BPI Sinag Accelerate in 2018 as one of ten promising social enterprises that could have a strong impact on community and countryside development. ☺

<http://www.calaboo.com/>

<https://www.facebook.com/CalaBooDairy/>



Zarraga Integrated Diversified Organic Farmers Association

INTRODUCING NEW TECHNOLOGY TO TRADITIONAL FARMERS

On November 10, 2017, at the 2017 BPI Sinag Accelerate boot camp, Joby Arandela, founder and chairman of Zarraga Integrated Diversified Organic Farmers Association (ZIDOFA), shared a compelling story. He described a method of organic rice cultivation called System of Rice Intensification or SRI, that had dramatically lowered the cost of rice production and raised the gross revenues of ZIDOFA's farmer members. And, he added, unlike the conventional method of rice cultivation that drains the soil of its fertility, SRI actually regenerated the soil.

Joby's presentation won him a cash award in the 2017 BPI Sinag Accelerate boot camp.

HELLO SRI

Joby grew up in Iloilo appreciating nature, especially marine life. He was a software architect at NASA in Langley and a senior Web Database administrator at the US Navy Exchange Command in Virginia Beach for 21 years. When his father died in 2011, he returned to Iloilo to take care of his family's properties. Among the properties that he inherited was a ten-hectare rice farm.

In May 2012, he was invited to attend a meeting of SRI Pilipinas, the national network of trainers and practitioners led by Engr. Robert "Obet" Verzola where he learned about SRI,

the System of Rice Intensification method of rice cultivation, a form of organic farming first developed in Madagascar where it worked very well in smallholder farms. Joby thought it was the most fitting and impactful way to serve the farm ecosystem and reduce agricultural runoffs that are slowly killing the oceans.

Joby implemented SRI in his dad's farm. But what really got him going was an article he came across in 2014 about Olivia Vent, Director of Communications at Cornell International Institute for Food, Agriculture and Development (CIIFAD), who, after seeing pigmented rice being sold in a store in New York, got in touch with Lotus Foods, the company that packaged the rice, and told the CEO about SRI as a sustainable method of rice cultivation. That Ken Lee and Carole Levin, the owners of Lotus Foods, are both environmentalists made it easy for them to accept Olivia's suggestion that they encourage their rice supplier in Asia to switch to organic SRI.

Joby thought SRI was the most fitting and impactful way to serve the farm ecosystem and reduce agricultural runoffs that are slowly killing the oceans.

THE MAKING OF A NETWORK

Joby wanted to know how he could participate in Lotus' Foods SRI program. He sent a message on their Facebook page and in November 2014, he received an email from Olivia Vent which put him in touch with a network of the best SRI experts in the world, among them, Prof. Norman Uphoff of Cornell University who leads the global effort to promote SRI; John Roulac, CEO of Nutiva, the leading global brand in organic superfoods; Roberto "Obet" Verzola, coordinator of SRI-Pilipinas; and David Bronner, CEO of Dr. Bronners, the leading brand in organic health care products in North America. This network helped ZIDOFA work through the lengthy process of getting organic certification for the export of organic labelled products.

"Ken, Caryl and Olivia gave their support and provided us guidance and advice, including the requirements we had to fulfil for us to be later a source of Lotus Foods SRI rices. A discussion thread was started on email and Professor Uphoff became an adviser as well for our initiative. Months later, Ken Lee hooked me up with John Roulac, a staunch advocate for the environment who urged me to manufacture bokashi, an organic fertilizer."

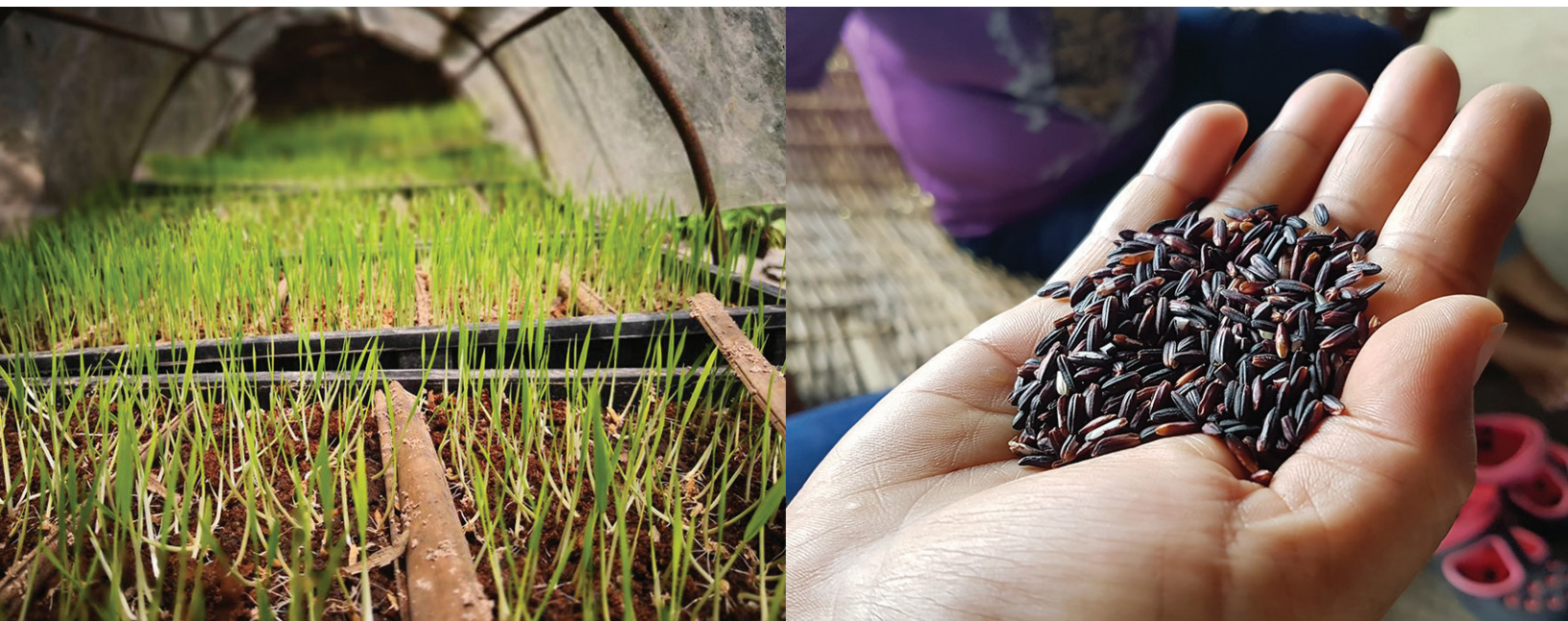
Jody continued, "This was a critical moment as we were already late in starting the project, yet we had no resources in sight nor on hand. Fortunately, John's regenerative agriculture advocacy was suitably fit with our organic-based SRI initiative and he offered USD 1,500 so we could start manufacturing our bokashi organic fertilizer for 13 farmers to use in their SRI farms."

The relationship has continued. "It is worth noting that although we had initially set ourselves up for possible export of our organic SRI rice to Lotus Foods in California, these guys have, since day one, encouraged and told us that developing the local market was the most stable strategy, although a little export operation would help in getting the attention of government and policy makers."

A SOCIAL MISSION

ZIDOFA was conceived by Joby and two friends in October 2014 as a cooperative of 33 smallholder rice farmers who cultivate 40 hectares in Zarraga, Iloilo. Its social mission is to spread the practice of the organic SRI method of rice farming as a viable alternative to the deeply-rooted but environmentally harmful practice of chemical farming to the wider rice farming community.

“Production costs kept increasing due to the prices of chemicals and synthetic fertilizers rising while the farm gate price for paddy rice remained in the same range for decades. The incessant use of chemicals and poisons was laying our farms’ soil to waste. We had positive results from our SRI practice and we knew that unless we did something, nothing will ever change in the agricultural landscape for us and for the generations to come.”



ZIDOFA farmers have already benefitted from SRI. Gross sales of Php 63,912 per planting cycle from their organic SRI project is much higher than the Php 40,904 earned from conventional methods. And the investment cost in organic SRI per planting cycle of Php 27,000 is Php 6,000 lower than what is needed for traditional planting. Moreover, in contrast to the conventional method of rice cultivation that drains the soil of its fertility, organic SRI actually regenerates the soil.

THREE NEW ELEMENTS

Adopting SRI is not a simple, straightforward social enterprise for ZIDOFA. Its business model introduced three new elements in rice production which, when taken together, will result in the likelihood of profitability and financial sustainability. These elements are: adopting the organic SRI for rice cultivation, choosing to grow native heirloom (black and red) varieties, and opting for a farm-to-table distribution model of its branded rice product, Oregena. It has not been an easy sell.

While labor investment is slightly higher, SRI investments in seeds, water, fertilizers, herbicides, and other inputs are comparably less than in the conventional method. Organic

SRI requires only 5-10 kg of seeds per hectare compared to traditional cultivation which requires 80-120 kg per hectare. Planting is less intensive at 20 hills per sqm compared to 100 seedlings per sqm in the traditional way. Better root and more tiller development allow organic SRI to catch up in terms of harvest yield.

In contrast to the usual flooding rice fields, organic SRI uses alternate wet-dry irrigation, saving up to 70 percent in water for irrigation. Agronomically, the dry period allows aerobic bacteria to decay biomaterials, thereby improving soil quality.

Organic SRI experiments with zero-tillage, preserving the top soil and saving on labor cost. While traditional farming requires manual weeding which is labor-intensive, SRI has developed a mechanical push-weeder that turns the soil so that the weeds become part of the decaying bio-materials that restore fertility.

For the smallholder farmers who are the main targets of SRI, the amount of new knowledge to absorb is too big and the period of learning too short. Besides, the smallholder farmer is often more conservative because his family depends of his small farm for their food.

The second element – growing heirloom rice varieties – assures profitability for the farmer-members and financial sustainability for ZIDOFA. Although conventional farming has a higher farm yield, this is partly offset by higher post-harvest yields of SRI. Milling yield for organic colored rice is high at about 76 percent versus

about 65 percent for conventional well-milled white rice. Moreover, the price of organic, colored heirloom rice is higher at Php 80 to Php 100 per kilo compared to well-milled white rice which sells at Php 45 per kilo. And, it is exempted from the Suggested Retail Price guidelines issued by the National Food Authority.

The third element, ZIDOFA's business model of Farm-to-Table distribution of its black and red heirloom rice varieties under the brand, Oregena, eliminates the middleman's margin (usually 15 to 50 percent), ensuring higher gross value for ZIDOFA's production.

MANAGING THE CHANGE AND DIFFUSION PROCESS

By October 2018, ZIDOFA had 40 members cultivating 40 hectares. With SRI-Pilipinas, it has helped four farmers' groups in Iloilo, Capiz, Antique and Pangasinan adopt SRI. It has also began developing good relations with the LGU of Zarraga and the province of Iloilo, and the local offices of the DA, DAR, DOST, DTI and ISaTU, as well as local universities.

ZIDOFA's success should, however, be put in context: Iloilo has about 100,000 rice farmers with an average landholding of 1.2 hectares, for a total of 134,000 hectares planted to rice. While growth of SRI seems high in terms of offspring social enterprises, it is low in the context of total rice farming in the province. Despite the evidence of benefits, the farmers remain conservative and the rate of SRI adoption is slow.

A business mentor with experience in change management in new technology suggested, “The main constraint to faster growth for ZIDOFA, is the slow diffusion of technology.” He pointed out that for the smallholder farmers who are the main targets of SRI, the amount of new knowledge to absorb is too big and the period of learning too short. Besides, the smallholder farmer is often more conservative because his family depends of his small farm for their food.

Prof. Uphoff says that farmers need to understand the SRI methodology well and gain confidence in it, which is best done over at least three rice cropping seasons. ZIDOFA must also overcome the lack of support from the government’s agricultural agencies and rice institutes, and the massive resources and promotional efforts of the agro-chemical corporations to push the use of chemical agricultural inputs.



SUPPORT STRATEGIES TOWARD WIDER DISSEMINATION

In the face of these constraints, ZIDOFA has pursued other strategies to improve its enterprise position and its ability to grow its social mission. It obtained organic certification to allow the association to export its products and enjoy Fairtrade benefits of increased market potential at high export prices. It is working with the Alternative Indigenous Development Foundation (AIDF) in searching for sources of irrigation water that will allow local farmers a possible third harvest in a year.

ZIDOFA has also developed SRI-compatible farm mechanization and automation equipment that can perform agronomic tasks, and a field monitoring system using Artificial Intelligence (AI), Machine Learning, and Deep Learning. Finally, ZIDOFA has established a demonstration farm to show how SRI cultivation is done, and teach farmers how to check each stage of the plants’ progress such as tiller count, root development, and production yield, so that longer-term productivity trends compared to traditional farming methods can be measured.

While Joby and his partners have the passion and commitment to spread the technology of SRI despite the odds, he admits, “It remains unsaid that the influence of the



multinationals can never be underestimated especially when it comes to government and its policies. We are still getting lukewarm support from relevant agencies like the Department of Agriculture, and even their organic agriculture office seems to not be interested in the progress we have made and have not shown us solid support.”

But, he says, “We will continue with our efforts with positivism and keep our doors open to these agencies and officials, in case they do a turnabout and offer us support and assistance further down the line.” ☺

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Coffee for Peace, Inc. and Peace Builders Community, Inc.

THE HEALING, TEACHING AND ENRICHING POWERS OF COFFEE

It is a long way from Canada to Maguindanao, from conflict to coffee production but Rev. Daniel Pantoja, a determined peace maker from the Mennonite Church in Richmond, British Columbia, somehow bridged the gap.

After the destruction of the Twin Towers in New York on September 11, 2001, Rev. Pantoja heeded the call to bridge the widening gap between Christians and Muslims and help build peace between them and other Filipinos.

He went to Mindanao in 2005, where he lived among the Bangsamoro in Sultan Kudarat for six months. He relates that there, he experienced Salaam, the peace that the Bangsamoro were longing for. When he left Sultan Kudarat after his immersion, the Bangsamoro leaders invited him to return and continue his mission of peace. In Canada, he reported to the Peace Mennonite Church his finding that the armed conflict in Mindanao is not primarily about religion, but about land, historical injustice, and cross-cultural misunderstanding.

In 2006, the Mennonite church sent Rev. Pantoja and his wife, Joji to Mindanao as peace-building missionaries. They organized peace and reconciliation teams and communities and established the Peace Builders Community, Inc. (PBC), a non-profit corporation, to support and nurture their work.

The idea of a coffee project came about in 2006 when the Peace Builders team helped mediate an armed conflict between migrant and Bangsamoro farming communities who

were fighting over the ownership of several rice fields that were ready for harvest. The PBC invited the leaders of the two groups for a dialogue where, over cups of coffee, the dispute was settled and the two communities stopped killing each other.

The positive result of this dialogue inspired the Peace Builders to create Coffee for Peace, a social enterprise built around peace building through coffee production. After two years acquiring knowledge and learning appropriate coffee farming and processing technologies, and training in quality management and qualification in coffee cupping, the Peace Builders group formally established Coffee for Peace, Inc. (CFP) on April 15, 2008 in Davao City.

Coffee for Peace has a very nuanced definition of peace: Peace is not merely the absence of violence, but the removal of potential threats to

peace. Thus, peace is positively defined as “harmony with the Creator through spiritual transformation, harmony with our being through psycho-social transformation, harmony with others through socio-political transformation, and harmony with creation through economic-ecological transformation.”

Peace is positively defined as “harmony with the Creator through spiritual transformation, harmony with our being through psycho-social transformation, harmony with others through socio-political transformation, and harmony with creation through economic-ecological transformation.”

It is headed by its chairman Pastor Dann ‘Lakan Sumulong’ Pantoja, who is also president of PBC, and his wife Joji Bautista-Pantoja, who is the CEO.

CFP pursues its social mission by working with partner-communities as beneficiary-stakeholders and building their leader-managers. Unlike most enterprises that look for candidates with hard skills such as analytical ability or logical reasoning, CFP looks for passion and gives primary importance to inherent leadership qualities.

THE CFP-PBCI ACTION MATRIX

The social preparation is a lengthy process where the community leaders are identified, trained and mentored to demonstrate the “heart of a servant, the soul of a teacher, the mind of a manager, and the strength of a leader”.

The typical timeline for a Coffee for Peace project in a partner community is five years from social preparation to the planting of coffee. Building the structures and systems within the context of social enterprise and peace advocacy requires intensive social preparation, strong technical grounding, and management training for the partner communities and their leaders.

It takes about three years before the first coffee cherries are harvested, which allows the community sufficient time for formal training in both transformational and transactional

leadership. Only when they are prepared and after they have learned the technical aspects of the coffee industry, does the social enterprise begin operations.

Leader-managers undergo continued training in transformational and enterprise skills and leadership roles, including a lengthy mentoring process in handling and working through real world situations and paradoxes.

THE COFFEE FOR PEACE SOCIAL ENTERPRISE ECOSYSTEM

While the discovery of coffee as the ideal lubricant for PAR negotiations was accidental, coffee growing makes sense as a social enterprise.

Tropical Mindanao stands right at the center of the Coffee Belt where tall mountains – Mts. Apo, Kitanglad, Kalatungan and Matutum – are ideal for growing Arabica. Historically, the Philippines has been a net coffee importer with a local production of 37,000 metric tons, which is only 22.4% of total consumption. Fortunately, Nestle Philippines, the biggest user of coffee beans, with 80% market share, buys the biggest volumes of local coffee at world market prices.

The Philippines has an average green coffee bean yield of 321 kg per hectare, only one-fifth of Brazil's yield of 1,705.8 kg per hectare in 2016. But in CFP's experience, when all the steps and procedures in its production manual are followed, its demo farms exceed Brazil's yields.



FIRST OFFSPRING

CFP's first offspring enterprise, the Balutakay Coffee Farmers Association (BACOFA-1) was established in 2008 in Sitio Pluto, Barangay Managa, Bansalan, a community comprised mainly of NPA rebel returnees who reside at the foothills of Mount Apo. Nine years later, in 2017, CFP initiated BACOFA-2, a coffee processing project, in a neighboring community of the Bagobo-Tagabawa tribe.

From the BACOF A-1 experience, board member Ariel Dubria said, “Yield and quality can be achieved by planting Arabica at the right altitude and, more importantly, with the right attitude – the discipline to follow exactly each step of coffee cultivation.” The very low average Philippine yield of 300-400 kg per hectare is due mainly to shortcuts taken by most farmers in the recommended processes.

As of August 2018, PAR communities have been organized in 33 out of 81 provinces in the Philippines - 20 in Mindanao, four in the Visayas, and nine in Luzon. Social enterprises in six communities in Davao, Bukidnon, Kalinga and Capiz that are in different stages of development. The oldest, BACOF A 1, is very close to self-actualization, having already exported its first crop of roasted beans.

ADDING VALUE

Even before it began its operations, CFP negotiated for Fairtrade arrangements with supportive buyers of coffee in Canada. This assured CFP and its partner-communities that they would be able to sell their products at the most favorable prices. While Fairtrade yields the best price, Fairtrade imposes certain conditions. It requires the discipline of following the best agronomic practices at each stage of coffee growing,

to attain high yields and good quality beans at the lowest production cost, within the shortest cropping timetable.

The social preparation is a lengthy process where the community leaders are identified, trained and mentored to demonstrate the “heart of a servant, the soul of a teacher, the mind of a manager, and the strength of a leader”.

Another way CFP has increased value-added is by going up the value chain. While green coffee beans (GCB) sell at around Php 150 per kg, selling roasted, single-sourced coffee to institutional and coffee-chain buyers earns a markedly higher

price. Selling branded coffee drinks directly to consumers increases the net value added earned, although with more associated investments and expenses. CFP operates a coffee shop in Davao and smaller Kapeyapaan kiosks in other urban areas. In the planning stage is blending its premium arabica seconds with cream and sugar to make consumer products like 2-in-1 and 3-in-1 coffee in sachets.

The key success factor in the unique blend of coffee and peacebuilding of Coffee for Peace and the Peace Builders Community Inc. is their leader-manager training program. The lengthy and contextualized social preparation and the strong technical enterprise required are intrinsic to the success of the social enterprise.

On November 10, 2017, Twinkle Bautista (tribal name Tala Alngag) and Jobelyn Basas (tribal name Sihaya Ansibod), young leader-managers at Coffee for Peace, joined the pitching contest of the 2017 BPI Sinag Accelerate boot camp.

CFP had successfully nurtured its first offspring social enterprise, the Balutakay Coffee Farmers Association (BACOF A-1) in the foothills of Mt. Apo, which recently exported its first



batch of coffee beans. Their pitch today focused on an adjunct coffee processing project, BACOFA-2, in neighboring Barangay Managa of the Bagobo-Tagabawa tribal community.

Typical of a Coffee for Peace project, the timeline for this project spans five years including social preparation and the planting and growing of coffee trees. It was on Year 2 of the time line, which was focused on training the Bagobo community in quality control.

The leader-managers sought funding of Php 550,000 to purchase land for a coffee mill, a parchment huller, a moisture meter, and drying beds.

The project had a high profit potential with most of the value-added coming from coffee roasting at the assumed Fairtrade institutional selling price of Php 700 per kg., green coffee bean (GCB) price conservatively put at Php 140 per kg., and an assumed low farming yield in 2017 of about 450 kg per hectare versus the best global yield (Brazil) of 1,700 kg per hectare.

Among their slides, if they were asked, was the ambitious five-year forecast for the entire Coffee for Peace enterprise project, including BACOFA 1 and 2, and other initiatives in Kalinga-Sumacher, Capiz and Kalinga-Banao.

It turned out that Tala and Sihaya had nothing to worry about. Coffee for Peace was chosen one of ten winners at the 2017 BPI Accelerate program.

Two weeks later, at the 2nd National Coffee Conference in Baguio City, BACOFA-1 ranked first in coffee quality grading, with a cupping score of 85.7 as scored by the International Q1 Cup Grader. With this win, bids for GCBs from the BACOFA-1 farm went as high as Php 500 per kg versus the projected Php 140 per kg.

Now, that deserves a cuppa!

<https://www.coffeeforpeace.com/>

<https://www.facebook.com/coffeeforpeace/>



Tahanan by Sumika: Edaya Cordillera's Tahanan Program CULTURAL IMMERSION VIA HOMESTAY

Ayaka Yamashita, a masteral student at the University of Tokyo, came to Itogon in Benguet in 2010, to do research for her masteral thesis on the small-scale gold miners in the Cordillera. She ended up starting a social enterprise promoting the region's creative bamboo craft that has evolved into a platform for cultural revitalization and exchange, the empowerment of communities, and the development of the youth through education programs.

Edgar Banasan, a master bamboo craftsman was Ayaka's translator and guide. One of the few remaining masters of bamboo crafting in Kalinga, he was eking out a living in small scale mining because he could not make enough from his craft. Through Edgar, Ayaka witnessed the "disappearing culture" of Kalinga as she discovered the amazing bamboo craftsmanship of the Cordillera.

ESTABLISHING EDAYA

Shortly after her graduation from the university in Japan in 2012, Ayaka returned to Itogon and, with Edgar, who she had urged to go back to bamboo crafting, co-founded EDAYA, a non-profit organization based both in Tokyo and Itogon. Akaya originally conceived EDAYA (which is named after Edgar and herself, combining the first syllables of their names) as "a bamboo creative design and art project in the Asian region for accelerating social innovation, including the rediscovery of the value of local tradition in the global context."

But within a couple of years, EDAYA began to offer a range of educational and cultural experiences in the Cordillera to foreign students.

In 2014, Edgar and Akaya were joined by Wryneth Gay Mayapit or Wry, a Social Anthropology graduate and a native of Sagada, who helped create community programs involving the youth and low-income families.

INITIAL PRODUCTS AND SERVICES

EDAYA's first products were high-end bamboo jewelry and bamboo instruments which merged traditional with modern designs and technologies, using gold extracted from the Cordillera by small miners through chemical-free practices. Next, they introduced EDAYA Journey, a series of community-engaging activities with the youth, which includes field surveys, cultural workshops and exhibitions that promote the protection and conservation of traditional Cordillera culture.

Then came the EDAYA Caravan that introduced EDAYA products and EDAYA Journey to rural communities in Japan. This later evolved into a cultural exchange and network building program with communities in Japan and Myanmar, with bamboo as the medium.

The Kalinga community immediately embraced the homestay program. Hosting foreigners in their homes would be a new experience.

Finally, EDAYA Education came next and introduced social innovation and social entrepreneurship to the out-of-school and unemployed Cordillera youth, with the aim of transforming them into change catalysts. Meanwhile, EDAYA's "bamboo experience" continued to offer visitors workshops on making bamboo bracelets, instruments, and utensils, and cooking food using bamboo.

THE TAHANAN HOMESTAY PROGRAM

The idea of a homestay program cropped up when EDAYA's Japanese clients in the bamboo experience asked to visit other areas in the Cordilleras aside from its base in Tuding. EDAYA designed Tahanan, a homestay program under its education program, where clients are lodged with partner families to experience the life of a typical Cordillera household while they enjoy the sights.

With the expansion of its programs and activities, EDAYA's core management team re-designed the organization. EDAYA, under Ayaka and Edgar, would focus on developing its line of bamboo jewelry and other bamboo-related activities, and cultivate the Japanese market. SUMIKA, the Kankanaey word for "grow and prosper", was created to take charge of EDAYA Education and the Tahanan homestay and tour project, with Wry at the helm.

Tahanan-SUMIKA's homestay and curated community tourism program offers socially responsible travelers wanting to experience "last-mile communities" the opportunity to immerse in the lives of the people in rural Cordillera, and provide an alternative source of income for poor families in the area by developing them into responsible hosts to socially-conscious guests.

The Kalinga community immediately embraced the homestay program. They had never earned or learned much from the tourists who visited their area. Hosting foreigners in their homes would be a new experience. Wry and her team held meetings with the host families about what they should be sensitive to and careful about when hosting foreigners in their homes.

Cultural tourism and cultural immersion merge seamlessly in the Tahanan program, which rides on the global trend of tourists who don't want just to photograph a place, but to understand and appreciate the local culture by immersing in the lives of the people. The Tahanan homestay offers even more: the breathtaking natural environment of rural Cordillera, which is still relatively unspoiled.



THE HOMESTAY HOSTS

Tahanan's first foray in homestay was in Kalinga where the EDAYA team had been working with the community since 2012 and the local families are all personally known to the organization. The community suggested activities and some host families even brought their guests to neighboring areas and requested them to speak at the Kalinga schools and share their culture with the students.

Their first guests were AIESEC (International Association for the Exchange of Students for Technical Experience, the world's largest youth-run organization) members from Japanese universities who came as "interns". Then came other university students and foreigners who were learning English in Baguio. On the average, the interns stayed in the communities for six days.

The next homestay location is Sagada, a popular tourist destination famous for its caves and waterfalls. Wry, a native of Sagada, knows most of the people there and is very familiar with their customs, livelihood and hobbies.

Tahanan is preparing to operate in Abra where 20 potential host families have been identified. Abra is more accessible from Baguio (five hours travel) than Kalinga (12 to 14 hours) or

Sagada (six hours). Its indigenous community is also the most distinct and interesting in terms of folklore and traditions. But Tahanan still has to figure out the “carrying capacity” of the community to absorb foreigners without falling into commercialism and losing their identity and values in the process.

SOCIAL AND ECONOMIC ARRANGEMENTS

Tahanan makes sure that the local hosts have an extra bedroom (or can free up one) separate from where the family sleeps and can provide beddings and linens for their guests. There must be someone in the family at home to tend to the interns while other family members are out working or in school.

Typically, a homestay program begins with exposure to various facets of community life (school, church, livelihood, environment, people, and way of life). The interns attend community gatherings where they exchange cultural stories with the natives. A cultural immersion experience, it involves visits to locations that entail hiking, and participative

Cultural tourism and cultural immersion merge seamlessly in the Sumika-Tahanan program, which rides on the global trend of tourists who don't want just to photograph a place, but to understand and appreciate the local culture by immersing in the lives of the people.

activities such as the bamboo experience, where the host families teach their guests techniques in cooking with bamboo, playing bamboo games with kids, and making bamboo utensils. At the end of the tour, they come together with the community for a simple feast. The homestay packages range from six days to two weeks.

Tahanan charges the tourists a package fee that includes initial accommodations during

orientation, transportation, and official youth tour guides from the communities, and pays the host families Php 500 per person per night and Php 200 per day for their guests' meals. But being a very gracious and generous people, it is customary in the Cordillera communities to invite guests over for breakfast, lunch or dinner, which reduces the food expenses of the host families.

The Japanese interns describe their homestay experience as “life changing” and many have expressed the desire to return after they graduate. So far, the program has brought in 30 homestayors, including interns from Indonesia and France. While this is not enough to make the Homestay a viable social enterprise, Tahanan does not want to inundate the indigenous communities with too many tourists. Hence, they are very careful in choosing interns.

OPPORTUNITIES AND PROBLEMS

Wry sees both opportunities and challenges ahead for Tahanan. A survey of past and potential customers (123 respondents, all foreign nationals) shows that the majority of Tahanan's potential clients are university students and office/company workers coming



from the 16-30 age group, most of them Japanese. A big percentage of the respondents indicated “cultural experience” as the most preferred reason for traveling to the Philippines.

Tahanan takes note of millennials, young travelers between the ages of 16 and 34, who represent 20% of international travel, seeking new and more meaningful experiences in less touristic spots. By 2020, the number of millennial tourists is expected to increase by 47%, reaching 320 million. If it wants to attract this large segment of travelers, Tahanan will have to deliver more “authentic” services intertwined with responsible tourism.

The Department of Tourism’s guidelines and accreditation standards on homestay tourism, pose a challenge because complying with them will require more intensive screening of the families who want to become hosts. Another potential problem is an ASEAN resolution that aims “to develop a comprehensive homestay standard that could be adopted by the ASEAN member states”. The ASEAN criteria are quite daunting, covering security, health and sanitation issues, professional reservation and registration systems; partnerships with professional tour and travel groups and public agencies, among others. Meeting these criteria would be difficult for the rural communities that Tahanan works with. It would demand more from the family hosts than they might be willing to take on. ☹

<http://edaya-arts.com/>

<https://www.facebook.com/pg/edayacordilleraph/>

Three women are shown in a row, each holding a piece of traditional T'boli woven fabric. They are wearing colorful, patterned blouses and sarongs. The background is a lush, green outdoor setting with trees and a wooden structure. The text 'Lake Sebu Indigenous Women Weavers Association, Inc. (LASIWAI)' and 'WEAVERS OF DREAMS' is overlaid on the image.

Lake Sebu Indigenous Women Weavers Association, Inc. (LASIWAI)

WEAVERS OF DREAMS

Surrounded by mountains and rolling hills, the town of Lake Sebu in South Cotabato is home to several indigenous tribes, most notably the T'boli, who comprise 60% of its population. The T'bolis take pride in their unique identity that is deeply-rooted in their heritage, among which is the ancient craft of *t'nalak* weaving.

The age-old tradition has its roots in legend. It is believed that Fu Dalu, the goddess of abaca, appeared in the dreams of tribe members and taught them to weave abaca strands dyed in the traditional colors of red and black, into patterns. The goddess manifested herself only to a few select women who were accorded the status of “dreamweavers”.

While the patterns originated from dreams and Fu Dalu herself, the dreamweavers were allowed to share their designs with other women. In 1998, the late dreamweaver Lang Dulay was named a national living treasure for her immense body of work consisting of over 100 designs.

Traditionally, *t'nalak* cloth is used as a blanket and as clothing on special occasions such as royal weddings. But as tourism grew in Lake Sebu, and *t'nalak* weaving became a well-known art form, the T'boli sold their abaca cloth by the meter and *t'nalak* made its way to the ateliers of designers and artisans who used the natural fabric to make bags, wallets, sleeves for gadgets, and other commercial items.

WEAVERS OF DREAMS

Jenita Eko and Jelly Escarlota, both from Barangay Klubi in the uplands of Lake Sebu, took note of this trend and the opportunity it presented, and thought of turning T'boli weaving into an empowering and income-generating activity for the women of the town.

They met at a youth gathering called by the municipality of T'boli to brainstorm on what could be done for the mothers in Lake Sebu who lacked stable sources of income, which put them at a disadvantage in the community. The men, who were accustomed to being the breadwinners and decision-makers in the household, believed that women belong at home, taking care of the children and doing everyday chores. This often resulted in domestic abuse which was rampant in Lake Sebu.

Jenita and Jelly zeroed in on an integral aspect of their T'boli identity, *t'nalak* weaving.

T'boli women were already weaving *t'nalak* to earn some cash, however negligible. The weavers sold abaca cloth to traders for Php 30 to Php 70 a meter, which was not a fair price, considering that it takes almost four months to weave a five-meter length of high-quality cloth.

Jenita's mother was one such woman. "I was able to graduate because of my mother's weaving," said Jenita, who has a degree in political science. It was in response to this injustice that she and Jelly put up the Lake Sebu Indigenous Women Weavers Association Inc. or LASIWWAI in 2004, to empower the T'boli weavers in barangays Klubi, Lamkadi, and Lamdalag, socially and economically.

THE DREAM TAKES SHAPE

Although it is rooted in the tradition of *t'nalak* weaving, the primary goal of LASIWWAI is to improve the quality of life of the women in the community.

From 2002 to 2004, before its official registration, LASIWWAI focused on agriculture, teaching members how to grow and harvest corn, rice, abaca and native chickens, mainly for consumption and the surplus for selling.

Jenita and Jelly focused on Klubi and nearby barangays where the community had been through several cooperatives organized by government which failed due to mismanagement, and colored their impression of what should have been be an altruistic communal endeavor. For two years, Jenita and Jelly broke down the community's resistance by coaxing the women to step out of their homes and take on the work usually done by the men, starting with agriculture and poultry farming.

Jenita was firm: *t'nalak* weaving should be done only in the traditional way. "We want to preserve its integrity, because if we don't, we will lose our identity. It is what makes us different."

"We wanted the mothers to provide their children with a nutritious diet," said Jenita. "We felt that a poultry farm would help them achieve that." A couple of months later, they taught the women how to grow their own vegetables.

Only after they had gained the trust of the community did they venture into *t'nalak* weaving. Jenita and Jelly tweaked their mission to incorporate education. One of the major hurdles was language and communication. "T'boli women are naturally quiet and less likely to say



what's on their mind,” says Jenita. To break down their inhibition Jenita talked with the women regularly, opening them to new ways of, thinking and doing, and encouraging them to share their ideas and opinions.

CULTURAL INTEGRITY

Tradition and modernization tend to be at odds with one another. In terms of *t'nalak* weaving, the question of whether the T'boli should continue using the traditional back strap or explore weaving with a loom, sparked debate. The National Commission on Culture and the Arts (NCCA) wanted to preserve the craft and keep it as authentic as possible. But the Department of Science and Technology (DOST) was in favor of mechanizing the weaving to speed up production.

LASIWWAI was firm: *t'nalak* weaving should be done only in the traditional way. “We want to preserve the integrity, because if we don't, we will lose our identity,” says Jenita. “It is what makes us different.” She rejected the suggestion to use cotton instead of abaca fiber, arguing that cultivating abaca is actually beneficial to the forests of Lake Sebu because abaca plantations lessen tree cutting as people become aware of the importance of the crop in their livelihood.

Barangay Klubi has around 200 hectares planted to abaca. Each weaver owns at least one hectare from which she can harvest an average of two kilos of abaca per month to make *t'nalak*.

The T'bolis have a sacred relationship with the environment; they believe that anitos or house spirits guard the sanctity of the forests. The locals are therefore careful not to misuse or abuse its resources. The women are mindful of the way they dye abaca cloth. The traditional way involves boiling plants that produce the desired color (black or red) and laying the abaca strands over it until they absorb the colors through the steam, a process

that takes around 15 days. For quicker coloring, the women use vegetable dyes, avoiding the synthetic ones that are harmful to the environment. To make sure that the dyes are disposed of correctly, LASIWWAI set up a septic tank in Klubi where the excess dye is stored.

EMPOWERING THE WEAVERS

LASIWWAI has 85 weavers, 20 of who are senior citizens. Only five of the women have finished schooling; the rest are stay-at-home mothers who, until they joined the association, relied only on the income of their husbands.

Most of the weavers live in nipa, bamboo, and thatch houses, where they do the weaving that they learned from their mothers and grandmothers. Some have had experience selling their *t'nalak*, but most are unequipped to deal with the demands of the trade.

The weavers are formed into clusters of 15 to 25 members composed mainly of family members representing two to three generations of weavers. A cluster head oversees the weaving and reports to the president.

There are four classifications of *t'nalak* weave: Luxe, Finesse, Regular, and Coarse. Luxe is for luxury products such as high-end bags and clothing. Finesse is also used for bags, clothing, and home products, but at mid-range prices. Regular and Coarse *t'nalak* have less sheen and vibrancy, and are used for everyday products like notebooks, picture frames, boxes, and coin purses.

The T'bolis have a sacred relationship with the environment; they believe that anitos or house spirits guard the sanctity of the forests. The locals are therefore careful not to misuse or abuse its resources.

The weavers are categorized according to their capabilities. Some clusters are experts in Luxe *t'nalak*, which involves the traditional process of dyeing through steaming. Others

who are relatively new to the craft are assigned to weave the two-toned cloth, which is easier and faster to make. A weaver can complete a five-meter roll of regular *t'nalak* in 30 days. The traditional cloth, which is of the highest quality, takes four months to complete.

After weaving, the rolls are subjected to quality control. If there are minor faults like loose threads or crumpling, the rolls are sent back for refining. If there are major mistakes like color inaccuracies, the fabric may have to be redone, causing delays in delivery and lower prices to appease the client. But Jenita and Jelly have learned from experience and have set up a contingency measure. When they accept an order, they instruct the weavers to make more than what is required so there is a back-up on hand should some rolls have defects.

Jenita takes charge of marketing, with the internet as her main outlet. When she is invited to seminars in Mindanao and Manila, she brings products to display what LASIWWAI weavers are capable of. Joining bazaars is not an economical option for selling and marketing as it is too costly to fly to Manila, where the most popular bazaars are held. But bazaars are a good way to connect with buyers, so they choose carefully which ones to

participate in, making sure that the buyers belong to the high-end market and can afford LASIWWAI's fine quality products.

COMMUNITY PROJECTS

Apart from weaving, LASIWWAI has set up projects that benefit the community. It has a nursery and kindergarten school in a two-storey building which also houses a living heritage museum where traditional instruments, weapons, and clothing of the T'boli tribe are displayed along with ancient *t'nalak* patterns that have been passed on through generations.

The residents of Klubi benefit from water supplied by the association and a post-harvest facility that has a mini rice mill, corn mill, corn sheller, and solar dryer for use by small-scale farmers who make up half of the 700 farmers in the barangay. LASIWWAI also provides financial support to its scholars in grade school and high school.



Its community projects are supported by donations for the Australian Embassy which gave Php 1,260,000 for the construction of the post-harvest facility, and the Fides Foundation that donated Php 250,000 for the museum.

THE BUSINESS MODEL

At its inception in 2001, each of the 85 members was required to pay a Php 100 membership fee. The Php 8,500 collected was part of the starting capital of LASIWWAI, along with Php 15,000 donated by the office of the mayor when the association was officially registered. When they officially made the transition from farming to *t'nalak* weaving in 2004, the challenge was to make it sustainable by finding buyers of the fabric made by the weavers.

In 2006, LASIWWAI entered into a partnership with Non-Timber Forest Products (NTFP), a company that bought *t'nalak* for export to ASEAN and the European Union. NTFP provided funds to improve the quality of LASIWWAI's products. It was a good opportunity for the enterprise and its members to refine their business operations and output. Although the partnership did not last, LASIWWAI gained a stronger foothold on its social enterprise, which resulted in a more structured business model that empowered the weavers and earned them more income.

The women weavers are paid based on their output and the classification of *t'nalak* that they produce. Before she begins production, a weaver is given a cash advance to purchase raw materials and food, and 50% down payment on the cloth she is expected to produce. Members with specialized roles earn a bit more. Dyeing is an art which involves expertise and dyers are paid Php 100 per meter. After the weaving and dyeing, the cloth is subjected to retouching, pounding and ironing. Members who perform these tasks are paid Php 250 per meter. Cluster heads also receive an incentive of Php 5 to Php 10 per meter.



The association does not earn only from orders, but also from walk-in customers, bazaars, and sales during Jenita's speaking engagements. Luxe and Finesse *t'nalak* cloth sell for Php 1,200 per meter, regular *t'nalak* for Php 695 per meter.

LASIWWAI uses 50% of its net profits for operations and the other 50% is spent on the living heritage museum, kindergarten school, and post-harvest facility.

In March 2017, LASIWWAI received Php 100,000 from BPI Sinag as one of 10 finalists in its pitching competition. The association used the award to build a mini store in Klubi where *t'nalak* cloth and small products such as wallets, passport holders, pencil cases, etc. are on sale for walk-in buyers. Jenita and Jelly also plan to set up a coffee shop in the store where buyers can hang out.

BUILDING STRONG RELATIONSHIPS

Most of the weavers work most from home where Jenita and Jenny visit them frequently to see how they are doing. It is important for to establish good relations not just with the women, but also the community at large. More than being bosses, they know they have to



be what the people need them to be – life coach, adviser, listening ear, teacher, counselor, peace maker, banker. They lend money to anyone who needs help for their children’s schooling, sans interest (compared to other lenders in the area who charge an exorbitant 20% per week), as long as they pay their association dues.

Overall, Jenita says, it is about establishing trust with the community.

The success of LASIWWAI lies in its ability to create strong relationships with the community of weavers. T’lanak weaving has rekindled an appreciation for and pride in a craft that was, in the past, reserved mainly for the home and the immediate community, and empowered the T’boli women with financial freedom in a tribe that is traditionally patriarchal.

A weaver, Delia Lambong says that while she and the other women are happy to be earning from weaving, it is not their priority to make money. Jenita explains that it is not in the T’boli nature to accumulate wealth and keep track of expenditures; they spend only on necessities like food and their children’s schooling. They are satisfied to have work that provides them enough for everyday expenses.

LASIWWAI plans to invest more in training and upgrading the skills of the weavers. It intends to gather all the designs done by dreamweavers, including the exclusive patterns of particular clusters, and preserve them for posterity. The weavers are encouraged to learn designing, dyeing, retouching and other processes in *t’nalak* weaving so they can earn more. ✨

<https://www.facebook.com/pg/lasiwwai/>



Happy Helpers Inc.

HAPPY CLEANERS, HAPPY HOMES

House cleaning is a chore that many people would rather not do. Even the most meticulous homemaker is bound to miss a dust ball, a slippery bathtub, a dirty window. This is why Happy Helpers, Inc., a social enterprise that offers professional cleaning services to homes and offices is such a welcome idea.

“Definitely, the best cleaners we have ever had! Very fast and efficient, and our house has never been cleaner,” wrote a satisfied client on Happy Helpers’ Facebook page.

“Cheerful staff and very satisfied with their cleaning service. I will definitely recommend them to my friends and family,” gushed another.

Such positive feedback is food for the soul for Maan Sicam and Joanna Endaya, two ex-patriates who introduced part-time high-quality house cleaning services in Metro Manila, a convenience that they enjoyed when they lived in Sao Paolo, Canada and the UK.

Happy Helpers offers a wide array of services, from Deep Cleaning, Subscription Cleaning for regular clients, Post Construction and Moving-In/Out Cleaning, to Upholstery Cleaning. Interested clients call in or send an email or text through its contact information posted online. All services are pre-arranged and scheduled at least two days ahead to ensure sufficient manpower.

In 2017, Happy Helpers joined the BPI Sinag Accelerate Program and was one of ten social enterprises given a cash award. BPI Sinag Accelerate aims “to discover, equip and

empower social entrepreneurs with innovative ideas and existing mission-driven and socially-conscious enterprises that can help uplift Filipino communities.”

HOW IT BEGAN

When Maan Sicam returned to Manila in 2014 after living six years abroad as an ex-pat’s wife and full-time mom to four young kids, she toyed with the idea of establishing a company offering house cleaning services to condominium dwellers who opt not to have house help. She contacted Joanne Endaya, a mother of two, who had managed a recruitment firm in Canada, to brainstorm and put the operation together.

They did their research and decided to pursue house cleaning as a social enterprise with two main advocacies: the empowerment of women and care for the environment. Bound

by the belief that “a happy home starts with a clean home” and “everybody needs a little help”, they created Happy Helpers, Inc.

The three women were a formidable team who had one mission in mind – to help women become better versions of themselves.

Maan is the administrator. Jo handles operations and client management services. Their friend Memey Mendoza, who

worked in community organizing for 11 years, takes care of human resources. Together, the three women are a formidable team bent on helping housewives and mothers become better versions of themselves.

Happy Helpers had to be synonymous to quality service, and the devil was in the details. The women looked into every aspect of the business, every detail in the process of house cleaning – from recruiting the right helpers down to the kind of rags and cleaning agents to be used – until they were confident that they had it down pat.

RUNNING THE BUSINESS

Upon receiving a service request, the operations unit identifies the helpers to be assigned. The kind of service needed is determined and clarified with the client, particularly if the client requests for additional services that are not part of the usual cleaning package. The appropriate number of helpers are deployed depending on the size of the area to be cleaned. The company sends a minimum of two helpers per client and adds more cleaners for bigger units, to ensure they meet the five-hour cleaning time allotted (excluding a 30-minute break).

The list of tasks to be done is long and detailed, and leaves practically no room for misunderstanding. Happy Helpers makes it clear to the clients what the cleaners will and will not do. They will clean and organize the kitchen, sweep and mop all floor areas, wipe walls, doors, tables and shelves, scrub and disinfect bathrooms, clean windows only from the inside, change bed sheets, and vacuum beds and sofas, but they will not clean inside appliances, cabinets, closets and shower curtains, or organize cabinets and cupboards. However, they are available for additional tasks and services such as getting things organized or unpacked, laundry, ironing, etc., if management is informed ahead of time.

To meet client expectations, the helpers must embody the professionalism, reliability, trustworthiness, and positive disposition that the company is known for. Thus, Happy Helpers has prioritized recruitment and training of its helpers and providing them needed support, both monetary and non-monetary.



THE RECRUITMENT PROCESS

Maan's team was all set to go to the Gawad Kalinga villages to recruit part-time helpers when they learned that the community already had other possible sources of income and the women had become selective. So, they sought the help of the barangay captain of Pinagsama Phase 1 & 2 and Signal Village in Taguig, with a base population of about 200,000 residents.

The five-hour work day is the result of a time-and-motion study the owners made while observing the execution of each task. It is attractive to the helpers who are also mothers and housewives who must still attend to the children and household chores. The clients also appreciate the five-hour work limit since it allowed them to observe the cleaning if they wished, after which they could still schedule activities for the rest of their day.

RECRUITMENT BLUES

Early on, the company had a hard time in its recruitment of cleaners. The turnover was high. Negative feedback was on the rise. They even had to stop marketing their services for a while until they addressed this concern. They went through a lot of trial and error, until they found the formula that worked.

The owners followed a rigorous eight-step recruitment process that requires multiple screenings, interviews, home visits, orientations, on-the-job training with demonstration, and actual observation.

For three days, the recruits are oriented on the Happy Helpers Cleaning Protocols, which includes the use of environment-friendly cleaning agents, and specific procedures, cleaning

tools and equipment for use in different parts of the home. The helpers are taught the correct proportions in using liquid solutions and the use of microfiber rags, color-coded for use in different parts of the house. This is followed by five-days of actual on-the-job experience where the helpers are deployed to an actual client under observation by a cleaning coach.

Only around 24% of the trainees make it. This stringent process has produced quality helpers who know the job and the rules, and have the right attitude towards work. There have since been less client complaints and less problems with tardiness.

The entire recruitment-to-training process takes two months, a far cry from the hit-and-miss method the enterprise employed at the start.

ROOM FOR GROWTH

Consistent with its mission statement, Happy Helpers offers opportunities for growth for helpers with leadership potential. Maceng, a former Happy Helper, is an all-around person in the office and a cleaning protocol champion, fondly called “coach” by the other helpers. She supervises the helpers undergoing on-the-job training, rating them based on their values and their observance of the cleaning protocols. The helpers get immediate feedback, called “positive reinforcement”, so they can make the necessary adjustments.

The immediate feedback helps both the helpers and the coach deal with issues that need to be addressed. The management relies on the head coach to guarantee that the helpers are trained well and are worth investing in as Happy Helpers. Maceng also holds one-on-one sessions with the helpers to let them know how they are performing.

The vision of Happy Helpers is “to provide women from underprivileged communities, dignified work through part-time jobs that augment their household income while giving them the time and flexibility to take care of their family.”

RETENTION TOOLS

After recruitment, Happy Helpers has to address the issue of retention. Once trained, some helpers just leave and transfer to another job. Maan imputed the cost of recruitment and training and came up with “retention tools” that promote the culture of positivity to encourage the helpers to stay in the company.

One is the “morning huddle”, an 11-minute meeting conducted every morning between 6:30 and 7:00 AM, before the helpers leave for work. It consists of a one-minute review of the cleaning protocols, two-minutes for breathing and visualization exercises to remove any negativity in their system, and a prayer. The rest of the time, the workers get positive reinforcement. The routine has helped the helpers absorb positive values which has reduced incident reports (from an average of ten down to four per month), and increased the number of good reviews.

In the van on the way to their work places, the helpers share stories and vent their sentiments about work and their problems at home. Management conducts informal surveys on what the helpers talk about in the van, to better understand their situation and offer solutions or extend assistance, as necessary.



Management has also made a conscious effort to establish goal congruence with the helpers by consulting them in drafting the enterprise's vision and mission statement. The vision of Happy Helpers reads: "To provide women from underprivileged communities, dignified work through part-time jobs that augment their household income while giving them the time and flexibility to take care of their families." The workers have embraced this as the company's reason for being and their role in its success.

RETOOLING

Management holds monthly trainings where the helpers are updated on their performance, developments in the company in terms of new policies, equipment, vehicles, etc., and events and activities that the company participates in, one of which are medical missions on women's health.

The helpers are rated against five values that were devised in consultation with the helpers themselves: *Positibong Disposisyon* (Positive State of Mind), *Palaging Tapat* (Always Honest), *Pakikitungong may Paggalang* (Courteous and Respectful), *Pagpapahalaga sa Pamilya ng Happy Helpers* (High Regard for the Happy Helpers Team - peers, drivers, management, head office), and *Professional sa Puso at Gawa* (Professional in Heart and Action).

When there are incident reports, the helpers are asked to identify which P they have violated as indicated in the complaint. This is in line with the performance appraisal implemented by management based on a leveling system in terms of skills and values.



But prior to leveling, the management gives feedback to the helper regarding her earnings, the number of jobs finished, and incident reports, if there are any.

Management also looks into the helpers' complaints about the clients. A helper who has an issue against the client is made to write an incident report which is processed by management. The workers complain about the use of harsh language, condescending behavior, and giving wrong information, such as the size of the area to be cleaned which compromises the helpers' ability to finish the work on time, and even non-payment for the services rendered.

Maan has hired two full-time staff to manage active clients. Online inquiries that take too much of the staff's time away from operations have been outsourced to another company. These changes have allowed the company to respond more effectively to their current clients and retain them. They have also been able to get new clients, which contribute 40% of total sales.

They also tightened their operations to address problems that irritate clients such as late arrival of cleaners, lack of cleaning equipment, and/or out of order equipment. Happy Helpers now has three drivers to ferry helpers to and from their cleaning jobs, and an operations assistant is assigned to clean and maintain the cleaning equipment and monitor the inventory.

REWARDING

Happy Helpers makes sure that its helpers earn the minimum wage. They are paid Php 64 per hour or Php 320 for five hours. They do not spend anything on the job. Everything is provided by the enterprise, from transportation down to the last cleaning rag. Those with the potential to become a supervisor or a cleaning coach are groomed and eventually earn more than the minimum.

The helpers are enrolled in ATM accounts for safe and easy access to their earnings. The management has also applied for on-the-job accident insurance coverage, and third-party liability, for cases where damage to the property of the client is incurred.



In addition, the helpers earn a star for every good feedback, which translates to one kilo of rice for every three stars they get. They are entitled to a token prize for every Deep Clean client who becomes a subscription client. There are also incentives for wearing complete uniform, having no Incident Report, and attendance in the morning huddle.

MISSION VS. BUSINESS

After five years in the business, Happy Helpers has learned that operational excellence is the outcome of good human resource management. It has reached the 50-helper mark, 13 of who are company veterans. It has two cleaning coaches and is grooming a third one. It has put up a community-based office while Client Management Services remains at the head office in Taguig.

Meanwhile, Maan ponders the meaning of her social enterprise. The majority of the helpers have no work background. They are full-time housewives who had the guts to try out for the job. Happy Helpers has been an effective platform to help them improve themselves. If after they are trained and have acquired valuable experience, they choose to leave the company for a better opportunity, Maan knows she should be happy that Happy Helpers has fulfilled its mission of empowering women with skills and values, and the confidence to pursue higher goals. ☺

<https://www.happyhelpers.ph/>

<https://www.facebook.com/HappyHelpersManila/>



Lamlifew Village Museum and School of Living Traditions

PRESERVING B'LAAN CULTURE, UPLIFTING LIVES

Lamlifew is a quiet village in Sarangani province that, in its slow, unhurried way, has transformed itself into a leader in the preservation of B'laan culture and traditions.

In 2005, the women of Lamlifew organized themselves into the Lamlifew Tribal Women's Association (LTWA) to establish a social enterprise based on the B'laan tribe's traditional weaving and beadwork that, they felt, they had to preserve, lest they lose it. In November 2008, they opened a community museum - the Lamlifew Village Museum and School of Living Traditions" (LVMST).

The women themselves built the museum-school, from thatch, rattan and bamboo, which houses a variety of ancestral artifacts and relics sourced from members of the tribe. The collection ranges from hunting and fishing implements and domestic tools, to tribal garments. The Village Museum has been hailed by the museum expert Marian Pastor Roces as "the first living museum operated and managed by an indigenous women's association in Southeast Asia."

The School of Living Traditions (SLT) was brought about by the felt need to preserve, restore, and promote the B'laans' cultural heritage against the deleterious influences of modern technology, western influence, and rising materialism which, they observed, was distorting their cultural heritage, especially among the youth. Says Maribeth Ditan, the treasurer of LTWA, "Oftentimes this has resulted in deforming their values orientation and they have less appreciation for their culture and traditions."

With technical assistance from the provincial government of Sarangani, the LTWA transferred indigenous skills – weaving of traditional cloth and clothing, the manufacturing of B’laan accessories, such as necklaces, earrings, bracelets, and baskets – by cultural experts to local learners, among them, women and youth.

The LTWA started with 45 members, with each member contributing Php 1,000 to jumpstart its operations. Through the years, they have partnered with NGOs such as the ABS-CBN Lingkod Kapamilya Foundation, the American Women’s Club of the Philippines, TAO Management, Inc, Dole Philippines, United Laboratories and the Metropolitan Museum, among others, and national and local government offices that have supported the museum and school.

The social enterprise is run mostly by the women. In January 2018, it had 160 employees, almost half of whom are women. The museum/school employs 83 traditional designers, 25 B’laan child performers, 10 B’laan men for maintenance and site development, two cultural tour guides, ten B’laan women for catering and services, four naturalists, and 26 workers who make modern attire with indigenous-inspired designs.

With its revival of traditional arts and crafts, LTWA provides sustained livelihood for the women in its immediate community and nearby areas

where there is a lack of livelihood opportunities – the B’laan families in Sitios Lamlifew, Datal, Tampal, and Malungon in Sarangani, mostly poor farmers with an average household of seven members, and the B’laan women of Sitios Flom, Katlong, and Almaray in Barangay Datal Tampal, and Sitio BukayYeel in Polomolok, South Cotabato.

When it has a many orders for baskets, dresses, and necklaces that the workers in Lamlifew cannot meet, the association seeks out experienced weavers from these places. The raw materials for weaving and the school and museum’s catering services are supplied by the farmers of Lamlifew, most of who are husbands of association members, which means additional income for their families.

SYSTEMS

Members get 45 percent of the selling price of their products and the association keeps the rest. The weavers work on one or several pieces at a time – on tribal dresses and dyed fabrics, beadwork and bamboo baskets. The selling price for each of the handicrafts depends on the materials used, product size, and the intricacy of the work required. Customized orders – local and international – are accepted according to a fixed protocol.

Their work schedule is flexible, to accommodate the everyday routine and lifestyle of the B’laans. The tribal weavers and artisans work mostly from their homes, although the backstrap weavers need to use heavy equipment such as the loom machine, and work in the shop.

The Village Museum has been hailed by the museum expert Marian Pastor Roces as “the first living museum operated and managed by an indigenous women’s association in Southeast Asia.”

Aside from its handmade crafts, LTWA derives revenues from cultural excursions to the village museum. The association charges an entrance fee of Php 300 for access to the museum, live weaving demonstrations, B'laan children's music and dance performances, and a snack. The museum requires guests to book two to three days ahead to give the community ample time to prepare. Each guide attends to a maximum of 30 guests for a one-to-two-hour cultural tour. Walk-ins can also be attended to, depending on the availability of staff.

MARKETING THE MUSEUM

Lamlifew is accessible via a 30 to 45-minute ride by jeepney, motorcycle, tricycle, car, or a small bus from Alabel, the capital of Sarangani, or from General Santos City. In 2016, the Museum had 2,789 visitors but the number dropped significantly in 2017 to 1,668. The association thinks the 50% decline is due to the imposition of Martial Law in Mindanao in May 2017.

Depending on the season, the Lamlifew Village Museum and School of Living Traditions receives three to 100 visitors in a month, with foreign tourists, travel and culture bloggers, and students as the usual customers. Visitor traffic is at its peak when schools conduct their field trips, people spend their holidays in the province, and when the local government brings its guests.



LTWA relies on its members, customers and partners to market their products and cultural services. The Village Museum has been featured in television shows that have been aired in the country and overseas. A partner, ABS-CBN Lingkod Kapamilya-Bantay Kalikasan, has tapped its mother company to produce marketing content for showing in mainstream and social media. Moreover, bloggers and other social media influencers have boosted the online noise about Lamlifew's immersive cultural tours, and travel agencies have included the LVMSLT as a destination.

The association joins trade fairs and exhibits, and participates in conventions sponsored by the local government of Sarangani and private cultural groups where artisans display their abaca and malong fabrics, native attire and beadworks, and promote LTWA's cultural village tours.

A designer from Davao introduced a new product line to the B'laan artisans – scarves – that LTWA now offers. Scarves are flexible in terms of the weave design, unlike clothing where the artisans cannot deviate much from the patterns, out of respect for tradition.

LTWA makes customized ethnic fashion gowns for Emi Ingles, a designer based in General Santos and Davao City. It also creates clothing and accessories for export to the United States.

One of the association's biggest competitors is the Tboli tribe in Lake Sebu, that has similar designs as the B'laans that they sell at lower prices. LTWA treasurer Maribeth Ditan says, "To overcome competition, we narrate the story and meaning behind each design and the manner and time when such and such colors should be worn."

The association received a one-time grant of Php 15,000 from the LGU that it used to renovate the fences of the entire museum village, and improve the bridge in the compound. LTWA also plans to develop an existing multipurpose center into accommodations for visitors or researchers.

STRENGTHENING THE MANAGEMENT STRUCTURE

The social enterprise is generally well managed, but certain constraints have affected its growth. Maribeth Ditan was worried that their social enterprise which was registered in 2005, only started to make a profit in 2012 and their profit levels were on the decline. Pondering the situation, she realized that only the top two or three people in the association had the capacity to run the business. At the very least, Maribeth monitored the flow of the budget in her ledger. But after the death of the president, Helen Lumbos,

in 2017, Maribeth said LTWA needed help, especially in training its members, very few of who are knowledgeable of the trade, much less management strategies.

"To overcome competition, we narrate the story and meaning behind each design and the manner and time when such and such colors should be worn." – Maribeth Ditan, LTWA Treasurer

Maribeth and Laarni, the third association leader, joined BPI Sinag's Bootcamp in 2017 where they were exposed to basic skills in bookkeeping, which

made it easier for them to account for the association's funds systematically. Their BPI Sinag mentor, Marvin Beduya, emphasized that the enterprise could not grow if only one or two people are working for its expansion. They needed to build capacity in the middle management level to implement their growth plans. More specifically, LTWA needed to increase its knowledge of basic accounting and financial management as they expect more client transactions in the future.

Their mentor pointed out that the B'laans have a strong cultural capital and community support system. They have a stable, traditional system of collective administration to manage the domain. He also saw an emerging class of young B'laan professionals and concluded that the community was entering the stage of self-actualization. Beyond Maribeth and Laarni, they need more people who can work directly with the world outside their community.

IMPACT OF THE SOCIAL ENTERPRISE

Since its establishment as an association, LTWA has met some of its organizational objectives that have improved the lives of the B'laans in Sitio Lamlifew. In the association's prior initiatives, the community has gained a holistic perspective on how they should treat their environment, their culture and their livelihood.

The women of Lamlifew have generated income for their families which has stabilized the finances of their households. Seventy-two percent of the B'laan women in Sitio Lamlifew are members of LTWA, which guarantees an increase in the net income of their families. Since LTWA sources its materials like abaca and catering supplies from local suppliers, it assures farmers that their products are sold at a good price. Children are permitted to do beadwork during their free time. With each family member contributing to the household income, most families in Lamlifew now eat three meals a day and can pay for their children's educational fees and living expenses.

In terms of community-based initiatives, LTWA has delivered a school feeding programs and free handicraft-making workshops for children. Many of the children have better nutrition and can earn a viable income at an early age.

Slash-and-burn farming kaingin in Sitio Lamlifew has been reduced – brought about by a change in the community's environmental behavior. LTWA prioritizes the purchase of local farmers' produce which has encouraged them to plant more and protect their lands from which they derive their income.

The tribe's level of environmental awareness has also been raised by its joint activities with ALKFI-Bantay Kalikasan that focus on nature preservation such as the greening project of the Luan River and an "Earth Warrior" seminar. The people are now environmentally-conscious enough to monitor and prevent the practice of "slash-and-burn" in their area.

IMPROVING THE SOCIAL ENTERPRISE

LTWA identifies three action steps to improve its social enterprise. First, is developing the association's operational skills and capabilities, especially in finance management. Second, is organizing itself into a cooperative to provide greater income for the members with less income taxes that have to pay. As a cooperative, the LTWA will also have better access to sponsorships and donations from partner agencies. Lastly, the group must expand its beneficiary reach by recruiting possible workers from nearby sitios and provinces. This way, it will have enough manpower to meet client demands, as it inspires other tribes to protect their heritage, stabilize their economic condition, and preserve their environment. ☺

<https://lamlifew.weebly.com/lamlifew-village-museum.html>



Citihub

AFFORDABLE LODGING FOR WORKERS IN THE BIG CITY

A factory worker who lives in Novaliches gets up at the crack of dawn to catch his bus to work in Mandaluyong City. At the end of the day, exhausted from work and the commute through traffic, he gets home late, hungry and tired. The daily commute is punishing and it costs him over Php 3,000 a month in bus, jeepney and tricycle rides, which cuts deeply into his meager income. But he has no choice. Renting even a bed space in the city is simply beyond his means.

The sorry plight of the daily wage earner was in the mind of Panya Boonsirithum, a real estate developer, when he founded Citihub, an affordable housing facility in the heart of Metro Manila for factory workers and students who live far away from their workplaces.

IN SEARCH OF CSR

Panya's family was into building commercial structures such as business process outsourcing (BPO) buildings, schools, and dormitories until they decided to pursue a corporate social responsibility (CSR) project building dormitories in Metro Manila for low-income earners who live in the outskirts of the city where the cost of housing is more affordable. Panya's research showed that workers in Metro Manila shell out between Php 120 to Php 150 a day for their long commute to and from work, and those who rent pay from Php 800 to Php 3,000 per month for a bed space.

In searching for a cost-effective structure for the CSR project, Panya stumbled on discarded container vans, some 70,000 of them, parked in the port of Manila. The containers were

left by companies that imported products from abroad, but had no products to export back. It was more expensive to return empty containers, so the importers simply left them in the port. The volume of idle container vans was so high, port authorities had to lease land to park them.

Panya's discovery of containers lying idle pricked his social conscience. "Imagine if these containers were used for sheltering the Yolanda victims or were converted into schools, they would be better put to use."

A EUREKA MOMENT

It was also a eureka moment. He could build dormitories by recycling container vans. Comparing the cost of building a dorm using traditional construction materials to dorms made from container vans, he found out that the latter would be 30 percent cheaper and faster to build. "It's like Lego."

After ensuring the structural integrity and cost effectiveness of container vans, Panya developed a sustainable business model that addressed a social need as it earned profits or the developer. It was at this point, he says, that the CSR project morphed into a social enterprise initiative.

Panya's discovery of containers lying idle pricked his social conscience. "Imagine if these containers were used for sheltering the Yolanda victims or were converted into schools, they would be better put to use."

A critical factor was the availability of land where the dorms would be built. The venture would charge low rental fees to dormers, so it needed enough accommodations for it be sustainable. According to Panya, the ideal land area for a dorm facility using container vans was 1,200 square meters. But property of this size or bigger in the metropolis was hard to find and expensive to buy or lease.

DEALING WITH LANDOWNERS

As he grappled with the land issue, Panya studied the nature of the real estate market, in particular, the behavior of landowners. "There are pockets of empty lots out there, but the owners don't need money yet or are just waiting for the right time to develop these properties. In the meantime, they don't want to be stuck to a long-term lease."

Most property owners purchase land as an investment. Instead of placing money in the bank, they buy real estate with the expectation that property values will rise in the future. However, Panya noted that property values do not always rise when expected and often, landowners have to wait many years for their assets to appreciate, which exposes them to risks.

"Some landowners have to wait about 10 years or so before they get the prices they want for their properties," Panya observed. "But in the meantime, they pay the real estate tax, worry about squatters taking over their property, and other issues."

Panya offers landowners a revenue-sharing scheme in return for providing the site for the dorm and the investment needed to build it. Under this arrangement, landowners are paid rent and receive 85 percent of the total revenues from dorm rental fees while Panya gets 15 percent of the revenues.

According to Panya, a 400-bed dorm requires an investment of about Php 14 to Php 18 million, with a payback period of roughly five years.



FINALLY, CITIHUB

Panya established Citihub in 2011. Its pitch was: inexpensive living spaces for low-income local migrant workers and students in close proximity to work places and schools, providing savings and better quality of life for the renters. His first dorm site was in Mandaluyong in an area measuring 800 square meters.

He started with four container vans with 60 bed spaces that rented at Php 1,700 for a non-aircon area and Php 2,400 for an air-conditioned area. These prices covered lodging, water, electricity, and Internet access. At these rates, Panya figured, the boarders saved a lot in commuting expenses.

“If you divide Php 2,400 by 30 days, that’s Php 73 per day, and if you divide Php 1,700 by 30 days, that’s Php 56 per day. These are even cheaper than a Jollibee meal! Compared to spending Php 120 to Php 50 for transportation everyday, the container room is definitely cheaper.”

By May 2017, the Mandaluyong dorm had expanded to 16 container vans for 260 male borders.

It is also a profitable business. Panya said a 1,000-square meter facility of 15 container vans with 22 beds per van yields about Php 8.1 million in annual revenues, including

commercial sales. Minus an online charge of two percent (2%) and operating expenses, the dorm facility earns an operating income of Php 3.6 million a year.

MARKETING CITIHUB

Panya markets Citihub through social media and the distribution of flyers in high traffic areas. Bookings can be made online where Citihub is actively promoted by online travel agencies. Bookings and payments can also be made in retail outlets like 7-11 branches and partner payment facilities. But according to Panya, a very effective promotional tool is word of mouth.

“For every 10 renters we have, they usually bring in one new renter,” he said.

Panya works with a lean staff: two to handle the facility’s administration, and a guard to provide security. Most of the details usually handled by actual personnel such as bookings, payments, and marketing activities are done online.

Bed space applicants are screened for health and security issues. A company ID card suffices as medical clearance. Says Panya, “Since the company requires an annual

medical certificate from their workers, we are assured that those who show valid company IDs are healthy.” But NBI clearances are required by barangay officials. “The barangay wants to make sure these people are not criminals who will create problems in the community.”

“Young entrepreneurs have to be inspired. They need to champion a cause and take part in building this cause. They have to be aggressive and not passive. They need to develop the will to bring change.”

In May 2017, Panya opened a second 400-bed facility in Sta.

Mesa, Manila and a bigger 600-bed facility in Quezon City was inaugurated the following month. Furthermore, a third 400-bed facility opened in Cainta, Rizal in August that year.

Citihub has improved its production process and can pre-fabricate the containers even before the land is secured. This has cut construction time from six to three months.

FUTURE PLANS

As part of his CSR commitment, Panya plans to offer financial literacy seminars for his boarders to help them better manage their money. Also on the planning board is an all-women dorm. Thus far, with its dorms located close to factories, Citihub has catered only to male clients.

“The market depends on the location,” he said. “If the site is near malls, then we will put up an all-female dorm.”

Panya offers words of advice to young entrepreneurs who wish to create a difference in the country. “Young entrepreneurs have to be inspired. They need to champion a cause



and take part in building this cause. They have to be aggressive and not passive. They need to develop the will to bring change.”

Panya is happy with the outcome of his social enterprise. Once a traditional businessman, he has since embraced social entrepreneurship and made it his advocacy. But he is also a realist who diligently does the numbers. For all the noble intentions that a social enterprise has, he knows that these would not be achieved unless the enterprise is well-managed and professionally-run.

“Social enterprise is now my advocacy and I think every business should be a social enterprise activity,” Panya said. “But in the long run, it has to be sustainable.” ☹

<https://citihub.com.ph/>

<https://www.facebook.com/citihub/>

A group of women, mostly of Asian descent, are gathered around a long table in a kitchen or food preparation area. They are wearing green aprons and are focused on preparing food. On the table, there are various ingredients, including green beans, tomatoes, and leafy greens. There are also plastic containers, a bottle of Knorr seasoning, and a small television in the background. The setting appears to be a community kitchen or a food processing center.

Got Heart Foundation

ENSURING SUSTAINABLE LIVELIHOODS FOR INDIGENOUS PEOPLES

"I do what I do as a commitment of thanksgiving for all the blessings. It's so wonderful to be part of a person/community's journey out of poverty with dignity. Through these years, I've learned that the more we give of ourselves, the more meaningful and purposeful life becomes. It's nice to wake up every day knowing that life is meaningful."

- Melissa Yap, Founder, Got Heart; Owner, Earth Kitchen

Melissa Yeung-Yap has always had a heart for helping others. Early on, she was already into volunteer work, eagerly offering her services to various charities, orphanages, even housing projects all over the country. It was in one of her projects in Mindanao that she realized that while NGOs have the heart and means to help the poor, they don't necessarily have the expertise to develop enterprises that are sustainable for the communities they work with.

This started her quest for a sustainable livelihood program for the poor.

In 2007, at age 22, after graduating from the Ateneo de Manila University's Development Studies Program, Melissa went for a Masters in Entrepreneurship at the Asian Institute of Management (class of 2008), and founded the Got Heart Foundation.

Building on her experience in development work and her education in entrepreneurship, Melissa set up Got Heart Foundation as a means to create "Sustainable, Holistic, Independent, and Dignified (SHInDig)" rural communities. She saw that while indigenous communities could produce quality goods that should have a demand, they did not have the means to generate a market outside their areas. Some communities had undergone

training from NGOs and TESDA and actually produced items that passed market standards, but they were living below the poverty line. Melissa sought to correct this by establishing partnerships with indigenous communities to produce quality goods that she would market through Got Heart Foundation.

She said, “They just needed extra help in marketing their products.”

This realization is the foundation of Got Heart’s vision to transform its partner communities into SHInDig areas. As a channel for the communities to distribute their products to the appropriate markets, Got Heart ensures a steady income for impoverished communities in hard to access areas of the country.

The partnership also includes product development using organic materials that are endemic in the community. “We do super heavy R&D on community’s herbs and products. We don’t just source [the products from] them. We discover it with them,” says Melissa.

Got Heart is a timely response to the growing movement for sustainable living that has increased the demand for natural, environment-friendly, recyclable products, free trade, and ethical consumption.

The process is a mix of science and art involving two levels of development. The initial stage is product ideation supported by the community’s practices. Got Heart does the research to identify potential products and their uses by asking local healers or *manghihiilot* about the medicinal values of plants that are endemic in the community. Then they experiment with the community in processing the materials.

The key element, Melissa says, is consultation with the locals. The communities are involved in actual ideation and product development, after which the raw materials are shipped to the Got Heart laboratory, or its Earth Kitchen commissary in Manila, for final processing before the products are sold directly to consumers in the Got Heart store eliminating the middlemen.

PRODUCT POSITIONING

Got Heart is a timely response to the growing movement for sustainable living that has increased the demand for natural, environment-friendly, recyclable products, free trade, and ethical consumption. In fact, organic and all-natural produce have begun to penetrate the mainstream market.

“We were not sure that we could cover our expenses, so we started small”, on a tent in an empty lot owned by Melissa’s parents. “We had two employees, scholars of Got Heart who had graduated but couldn’t find stable jobs, so I hired them.”

Got Heart also markets organic vegetables grown by the indigenous communities. When they were getting more and more vegetables, Melissa partnered with the Hizon brothers and set up Earth Kitchen, a farm-to-table restaurant that sources its products directly from Got Heart’s partner rural communities.

Melissa's enterprises – the Got Heart Shop, Earth Kitchen, and the Got HeARTt Gallery, where local artists display their creations, are housed on Katipunan Avenue, in White Plains, Quezon City.

Got Heart describes itself as, “A one-stop shop for all-natural, organic, and local food and non-food products. It carefully curates the best products from our Indigenous People communities and small business partners.”

It prides itself in the fact that its products are ethically-sourced from its partner communities all over the country, are organic and all-natural, are not found in the market, and are not mass produced.

“We’re not doing it to be special, we’re doing it because it needs to be done,” says Melissa.



COMMUNITY IMPACT

Got Heart has more than 200 partners in the communities under its wing who supply the restaurant and the store. Some of these communities are the Abellings and Aetas in Tarlac, Mangyans in Mindoro, Lupang Pangako in Payatas, and Kalayaan in Nueva Ecija.

Melissa says that some communities have already become concessionaires of SM supermarket. Others are engaged in talks with big multinational companies that are interested in their products.

REASONABLE PRICES

The store has a wide variety of products, both food and non-food. The products are reasonably priced with a cost margin of 20-35%, which, Melissa says, is “enough to keep everything sustainable.” They are still slightly higher than the mainstream market, but are on the same level, if not lower, compared to similar organic and all-natural products.

Some of their most popular products are personal care items such as soaps, shampoos, lotions, and sanitizers that are formulated in Got Heart's laboratory, inspired by alternative

medicine practices of its partner communities. Because of the positive reception of the market, Melissa is pushing the health care line for wider distribution.



ECOLOGICAL PACKAGING

Got Heart's commitment to sustainable living extends to the packaging of products, that has to be as environment-friendly as possible. Customers are encouraged to bring their own containers, especially for food products, shampoos, soaps, oils and lotions that are stored in big jars and are priced per gram. Buyers may also buy generic packaging that can be reused. The store has reusable containers for sale.

Got Heart is run by a staff of 24 – 18 are assigned in Earth Kitchen, four are managers and store-keepers, and three are dedicated solely to research, development and community coordination. Most of the employees are graduates of the foundation's scholarship program. Melissa personally handles the partnerships with rural communities.

A SPECIAL DEMOGRAPHIC

Outside of the store, Got Heart markets the products through social media which, Melissa says, is "the most inexpensive way we can promote our products." Its website explains the mission of the foundation and the different social enterprises registered under it. The page, as well as an Instagram account ([instagram.com/gotheartshop](https://www.instagram.com/gotheartshop)) catalogues its products, while actual online transactions are directed to their Lazada page.

Got Heart caters to a very specific demographic—health conscious Filipinas in their 20s to 40s who are in the AB income bracket. While the women are on the older side of the spectrum, Got Heart is becoming more popular with yuppies who are interested in sustainable and

environment-friendly products and would like to make a difference in their own small way. It makes sense therefore that its promotions revolve around the digital sphere. But organic marketing – word of mouth – has also helped create traction among advocates of sustainable living.

BUSINESS EXPANSION

With its products getting more attention, Melissa thought of expanding her base and opening an outlet in Megamall Fashion Hall to cater to a more general audience. However, without

“We’re not doing it to be special, we’re doing it because it needs to be done.”

the financial backing to amplify production, she decided not to push through with it. “Since we don’t have mass-produced stuff yet, we decided to stick to our core, for now, which is to create higher value products. Instead

of putting up different stores for now, we’re more focused on creating a more solid line of products. We’re bringing the ones that we’ve developed with the community so we can control the branding, the quality.”

FARM TO SCHOOL PROGRAM

Besides its store and restaurants, Got Heart runs a farm-to-school program in rural communities where school farms run by teachers and parents are put up next to public schools and the produce is used to feed students, especially the indigenous peoples who live in impoverished communities.

Melissa wrote in a pitch for funding in 2015, “Most of the IPs live in the mountains, but they are not skilled and knowledgeable to improve their lands. Most of them are illiterate so they resort to clearing/burning, which could barely help put food on the table. While their children go to school, they have poor performance and attendance due to hunger. With the food gardens, parents are taught how to farm, so they can produce food on their own. The children are fed a nutritious and well-balanced diet in school, which affects their academics positively. Unlike other feeding programs, this farm-to-school framework works best because it is highly-sustainable.”

Got Heart established a pilot project in a municipality in Palawan where eight garden communities were created, each in different stages of development. Half of the harvest is used to feed the “wasted” and “severely wasted” students daily, while all other students are fed weekly. The other half of the harvest is sold in the market.

Twelve years into its existence, Got Heart is focusing on expanding its farm to school program and area development, as it continues research and development of food and self-care products that combine indigenous knowledge and modern technology. Eventually, Melissa intends to bring these to the mainstream market. ☺

<https://www.gotheartfoundation.org/>

<https://www.facebook.com/GotHeartPH/>



Accents and Petals Crafts and Accessories

FOREVER FLOWERS BLOOM FROM TRASH

When Dean and Liberty Canuso decided to go into business as entrepreneurs, they wanted to do it in their home town of La Trinidad, to benefit their fellow Cordillerans. They wanted their enterprise to be environment friendly, using recycled materials.

Liberty is a crafter, but Dean has degrees in political science and law from the Baguio Colleges Foundation (2005). He only had to pass the bar to become a lawyer. But first, he went to Manila where he found work as an online marketing manager for a company in Pasig City. It was the pre-Facebook era and Dean learned about online selling using Friendster, Google and other blogging and selling venues.

He never took the bar because, Dean said, “I really enjoyed engaging in business.”

Dean and Liberty started their first venture in Manila buying cookies wholesale and repacking them to re-sell, with a capital of Php 5,000. In 2010, the couple returned to Baguio where Liberty saw an opportunity making paper beads. In the next three years, they sold more than Php 200,000 worth of paper beads in the local and international markets. With his background in online selling in his previous job, Dean handily used the internet to reach buyers through e-selling.

A FRESH NICHE

The paper beads were doing well, but they saw another opportunity – the market was wide open for recycled products. “It was a fresh niche and we focused our energies on it,” says Dean.

Initially, they thought of making small handcrafted woodworks with wood sourced from the region. However, it was counter-intuitive to their desire to use recycled products.

“Although it was feasible, in the long run, it would be contradictory because it would harm the environment.”

Dean saw huge potential in recycling and creating crafts out of garbage. “There was an oversupply of garbage and recyclable materials. We just needed to create demand for it.” They found their niche making “forever flowers” to respond to a growing demand for “green” weddings, in the US, in particular.

“Fresh flowers dry out after three days and volumes are discarded and turned into waste. Forever flowers don’t wither and can actually be passed on or reused,” says Dean.

“Our objectives can be summarized in one statement. Accents and Petals aims to provide stable job opportunities to our fellow Cordilleran IPs while using recycled and sustainable materials – a situation that is beneficial to both the community and the environment.”

“Forever flowers” made from wood chips, paper, corn husk and other throwaway materials would be their main offerings and the clients would be the brides. Besides helping reduce landfill waste by creating eco-friendly floral arrangements out of recyclable garbage, Dean and Liberty wanted to provide stable jobs for their fellow Cordillerans and other disadvantaged groups in the nearby provinces.

The mission statement of Accents and Petals Crafts and Accessories reads: “The environment is degrading day by day and unless we have a shared commitment to protect it, we cannot provide a sustainable future for our children. Mindful of the earth’s current predicament, Accents and Petals Crafts and Accessories was founded with sustainability in mind. It is our goal to decrease waste by offering an eco-friendly and long-lasting alternative to real flowers.”

Besides “forever” wedding flowers, Accents and Petals creates other eco-friendly products such as paper beads, plarn (plastic yarn) bags and purses, candy wrapper and magazine purses, decoupage home decor, recycled bottles, upcycled cans and pallet wood creations.

Basically, they use reclaimed or salvaged wooden shipping crates, empty toilet tissue cores, cartolina, used gift wrappers, old books, comics, magazines, newspapers, used boxes and packaging, paper bags, greeting cards, even cancelled checks and love letters. They also utilize cornhusk sourced from corn vendors across Luzon; plastic yarn made from used plastic bags, burlap sacks, denim and other fabrics, fresh and dry leaves, and, when a bride requires it, real dried flowers. Other materials they use are discarded soda and PET bottles, yarn, ribbons, grasses and twigs, wine bottles, glass jars, milk cans, empty packing tape tubes, etc. – practically anything they can buy and collect for recycling.

THERE’S GOLD IN THE DUMP

Scouting for suppliers, they found in Tarlac, Nueva Ecija, Quirino and Ilocos Sur abundant supplies of raw materials that La Trinidad and Baguio did not have. Dean taught the



communities where he sourced the materials that “there is gold in the dump”, and if they sold sell their trash to him instead of throwing it in the landfill, “ they would be helping the environment while earning at the same time.”

Accents and Petals has crafters who work in the shop are involved in production, marketing and shipping. “We believe they are happy working with us. We provide free lunch and two snacks daily and they are earning more than the minimum wage,” says Dean. They also have 20 home-based production partners composed of housewives, stay-at-home fathers, single mothers and out-of-school youth who make the flowers at home with materials provided by the company.

“We provide all the materials and tools such as petals, glue, glue gun etc. They are thankful for the livelihood opportunity we provide and are happy with the arrangement where they can work at their own pace. They can complete other tasks while working on our flowers. Their outputs are paid weekly or monthly.”

Dean says that because the crafting requires patience and attention to details, the company looks for workers who are meticulous and diligent and are able to deliver on time. So far, Accents and Petals has been able to meet production deadlines, but any delays could back up delivery and it will take up to six months for the product can reach its customer.

Production targets are imposed in the shop, but outsourced suppliers work at their own pace. The company buys their finished products per piece. Dean says that they buy even the rejects. Outsourced workers can produce from 100 to 250 pieces a month.

The company also has indirect beneficiaries, communities that supply raw/waste materials and finished ecoflowers, mostly social enterprises such as Maddela Flowers and Crafts in Maddela, Quirino that makes fossilized flowers, Tresvalles Cornhusk Flowers in Pura, Tarlac that makes cornhusk flowers, and poor families in Caloocan City who make wood flowers. Accents and Petals also sources products from students of Benguet State University who have been trained by Dean in entrepreneurship, recycling and flower-making.

In its first seven years, 90% of the company’s recycled flowers were shipped overseas, reaching over 5,000 brides in more than 50 countries. Sixty-five percent (65%) of their customers are brides. The rest are corporations, hotels and restaurants that use them for accents in decorating.

REACHING OUT

“The wedding industry is rapidly embracing this amazing concept of eco-flowers,” says Dean, “And Accents and Petals is fortunate to be at the forefront of the wedding industry’s efforts to support the ‘going green’ movement.”

They have standard bouquets in their on-line catalogue, but Dean says, “We can custom-make one to match the bride’s wedding colors and theme.” The clients have the option to choose one material or a combination of a wide array of fillers and accents which can include crystals, feathers, dried grasses and flowers, preserved fruits, pine cones, sea shells, paper beads, wood beads, sequins, pearls, etc. Each product is priced differently, depending on the design.



To make their business known, Dean and Liberty reached out to organizations of ecowarriors and advocates of eco-friendly products overseas who helped promote their products on-line and by word of mouth. They also contacted the Facebook sites of ecofriendly shops until Accents and Petals became part of a list of online shops that actively promote environmentally sustainable products.

While it was easy to market Accents and Petals products abroad, it took a while for local brides and florists to accept the concept of forever flowers. “When we were introducing the flowers in 2010, brides, florists and event coordinators disregarded us, labelling our products as artificial and tacky. It took a while for people to understand that what we were creating were much more than fake flowers. They are beautifully designed. They can last forever. They are unique and special. And most importantly, they can make the world a little better.”

THE EXPANSION PROJECT

With the growing popularity of green weddings abroad, Accents and Petals had to keep up with the demand for eco-flowers. When the need for their handcrafted flowers increased

exponentially in 2016, Dean and Liberty thought it was the perfect time to expand operations, and to re-introduce their products to the local market.

Green weddings finally began to gain traction in the Philippines with an increasing number of florists offering alternative flower arrangements made from fabric, paper, old jewelry and the like. “I believe that our continued campaign and example of encouraging couples to go the recycled route must be paying off,” says Dean.

With the aim, “to become the top provider of handcrafted forever flowers and pioneer of a zero-waste wedding industry in the Philippines within the next five years”, Accents and Petals focused on three things: increase inventory, train more production partners, and build a bigger workspace/warehouse and showroom. Dean also specified that 100% of materials would be sourced from the local community, and 100% of the manpower/beneficiaries would come from the indigenous peoples in the Cordillera.

“Our objectives can be summarized in one statement. Accents and Petals aims to provide stable job opportunities to our fellow Cordilleran IPs while using recycled and sustainable materials – a situation that is beneficial to both the community and the environment.”

To increase inventory, the company acquired a petal cutter/press machine costing Php 150,000. Where previously, each petal was cut by hand which was time consuming, the machine boosted production from 10,000 to more than 25,000 flowers per month, increasing the volume of waste materials they recycled by 100%.

From 31 workers, Dean hired more than 80 paying them higher than minimum wage. He also increased the number of suppliers and production partners by 30 to 50%.

Construction of the warehouse began in 2016 and was completed in 2017. The warehouse is a three-storey building that houses a craft room, a stockroom, a workshop/training room, a showroom and a photo studio.

The cost of the building/warehouse, salaries, inventory and all other expenses for the expansion amounting to Php 1.3 million were covered by Accents and Petals. But Dean joined the BPI Sinag Accelerate Boot Camp in 2017 to pitch for additional funds and acquire new knowledge.

“Before I entered the boot camp, I thought I was good enough. But when I was there, I felt like a ‘sisiw’ (a very young chick). My 100% confidence level plummeted to only 10%. I learned a lot of things that I had not yet experienced. The additional knowledge helped us expand to a market we are not targeting – the local market.”

BOOT CAMP

“Before I entered the boot camp, I thought I was good enough. But when I was there, I felt like a ‘sisiw’ (a very young chick). My 100% confidence level plummeted to only 10%. I learned a



lot of things that I had not yet experienced. The additional knowledge helped us expand to a market we are not targeting – the local market.”

In BPI Sinag, Dean met other local social entrepreneurs who were doing well. After the boot camp, he resolved to raise his local sales by 20% in 2018.

“We were already doing well in the overseas market. It felt good to open to the local market.” After six years in operation, Accents and Petals finally began promoting their products locally. Its first salvo was a wedding fair it held in September 2018 in La Trinidad where they re-introduced their products to local wedding suppliers and clients.

Dean’s expansion plan coincided with a sudden 500% increase in shipping rates that brought their funds down in the second half of 2017. With shipping costs already paid by their overseas clients who make up 90% of his clientele, Dean was in financial trouble. He had to absorb the difference.

“We really went for aggressive marketing. I mustered the courage to go to offices to talk to even doctors and lawyers to avail of our products and services.” His efforts, which he supported with a social media campaign, strengthened the local market. In spite of the losses in the second half of 2017, Accents and Petals’ financial statements in June 2018 showed that it was able to recover and still made huge profits.

As a social entrepreneur, Dean Canuso calls himself an advocate for the protection of the environment through recycling and tree planting. He is also an online marketing lecturer and social media marketer. His social enterprise, Accents and Petals, on the other hand, continues to make an impact as it creates beautiful flowers that deliver the message, “Not all things destined for the landfill are necessarily garbage.” ☺

<https://www.facebook.com/AccentsandPetals/>



Palamigan Co.

MAKING ICE AVAILABLE TO EVERYONE

In the rural areas, ice is a premium product, a luxury. But it is a basic need for fisherfolk who need to preserve the freshness of their catch, and for the community at large to savor the simple joys of eating ice drop, ice candy, halo-halo, and taking cold drinks.

Two sportsmen and entrepreneurs with a passion for helping their fellowmen, Sergio “Coach Vip” Isada Jr. and Rodmark Ruschi Barriga, established Palamigan, Inc., a social enterprise that developed a micro ice plant using Brine Immersion Machines (BRIM) that can be installed in distant communities where is electricity and clean water.

Palamigan’s BRIM has the capacity to produce one to 1.3 tons of ice and ice derivatives such as ice drop and ice candy, every day. Brine immersion is the second fastest method of freezing in the world (the only method faster being the liquid nitrogen freezing). These micro ice plants can be put up virtually anywhere there is electricity and running water.

NOT A NEW TECHNOLOGY

“The first commercial ice plants used this technology. The Eskimos were using it. So, it is not new technology, just a new market for an old one,” says Rodmark.

The inspiration for BRIM came to Coach Vip during a road trip with his wife in 2013. Stopping in sweltering Tuguegarao, in Northern Luzon, he saw a fixed version of the BRIM operated by a local entrepreneur who was selling about 10,000-12,000 sticks of ice drop a day. He immediately saw its potential for small fishing villages.

Coach Vip and Rodmark developed their first BRIM in Coach Vip's garage on Scout Fuentebella Street, in Quezon City. Says Rodmark, "We made a small machine that was capable of going to sub-zero temperatures in 15 minutes. But we were not going to sell it the big hotels and restaurants but to the little livelihood endeavors, like the fresh buko juice and fruit juice vendors. Up to today, that small machine can produce 600 kilos of ice per day."

HOLISTIC AND SIMPLE

Palamigan's approach was holistic, and simple: technology plus education plus systems and support, equals livelihood and community service. With this model, they hoped to provide easier access to ice and freezing capability to more Filipinos, especially in rural and/or coastal areas, and create entrepreneurs who, in turn, will create jobs, and thereby generate more wealth and a better quality of life for themselves.

Rodmark laid out the basis for Palamigan Co.'s social venture. In the poorer regions of the Philippines, necessities such as ice and freezing facilities are considered luxuries. The small fisherfolk who comprise 85% of the fishing sector, are among the poorest of the poor. Rodmark noted, "Facing pressure from dwindling fish resources, most of these fisherfolk also face the burden of time, as they have to dispose of their catch within the span of a few hours because they do not have access to ice, much less to any kind of freezing technology. More often than not, these fisherfolk are taken advantage of by middlemen who buy their catch at very low prices."

"The first commercial ice plants used BRIM technology. The Eskimos were using it. So, it is not new technology, just a new market for an old one."

Rodmark wanted to introduce BRIM to the communities so he tied up with a social enterprise that worked with many communities around the country. But after they set up a BRIM at the enterprise's learning-demonstration farm Rodmark says, "we got lost".

LOST IN THE DARK

"There we were at the Garden, hoping to get linked to the foundation's many communities all over the country, but we were being asked to make gourmet ice drop and gourmet coffee for their well-heeled guests who were visiting the Garden. We could not resonate with the set-up there."

Rodmark said that Palamigan Co. had already sold 12 units, four to micro-entrepreneurs – two in Metro Manila, one in Concepcion, Tarlac, and one in Tacloban. He did not know the status of these enterprises but the one in Tacloban has closed down. The remaining eight units include the Scout Fuentebella facility. Two machines were set up in Basco, Batanes, to serve fishermen who had bountiful catches of flying fish. Palamigan entered into a social franchising arrangement with a local partner where they would be paid over time as the ice plants made money. At first, Rodmark was getting positive reports that the Batanes ice plants were each selling 800 kilos of ice per day. However, after a few months, Palamigan stopped receiving reports or any share of the profits.

“We were in the dark. We had built 12 ice plants in three years, we had spent so much money, but we had no manpower, no money back. We didn’t realize that the poor communities we were dealing with needed a lot of hand-holding. We were so naïve.”

LEARNING FROM A MENTOR

In 2018, Rodmark was invited by the BPI Foundation to join Final Pitch, a contest among social enterprises. He also joined BPI Sinag’s accelerate program where he was introduced to the ecosystem of social entrepreneurship and got advice from other social entrepreneurs. To his surprise, Palamigan Co. won two Php 500,000 awards from BPI Foundation. Their Php 1 million prize was sufficient capital to re-think and re-strategize their business plan.

Rodmark also met his mentor, Professor Eduardo A. Morato, Jr.

After reading Rodmark’s Social Enterprise Development Plan that he submitted to the BPI Sinag contest for the acceleration of social enterprises, Dr. Morato asked Rodmark, “Why are you partnering with the communities on the products that they sell, like fish or

“We were in the dark. We had built 12 ice plants in three years, we had spent so much money, but we had no manpower, no money back. We didn’t realize that the poor communities we were dealing with needed a lot of hand-holding. We were so naïve.”

ice drop or ice or any other product? Why don’t you stick to selling the machine and get paid up front for it? Aren’t you banging your head against the wall with the most problematic business model of all, running after the sales and profits of the communities you deal with? You don’t even have people on the ground. And you are all over the country. You have become a charity

organization, a society of bleeding hearts. Unless and until you can prove that you are a viable business first, nobody will take you seriously as a good social enterprise. The funders will stay away. If, however, you are able to prove your business viability, the funders will come.”

Rodmark and Coach Vip stopped their approach and have since changed their business model. Rodmark put it plainly, “We had to find a way to get paid right away. We had to find a way to be sustainable.” They also learned to distinguish between their customers and their beneficiaries.

Dr. Morato reminded Rodmark: “You don’t have to be searching for communities to be a true-blue social enterprise as you and Coach Vip want. If you really want to help communities, partner with very credible corporate foundations or with very large cooperatives that provide development officers, social workers, business expertise, technical assistance and the whole shebang. You don’t have to be all things to all men and women all the time.”



NEW PARTNERS, NEW MARKETS

Palamigan went into talks with potential partners, large microfinance institution like Grameen Bank Philippines, the Center for Agricultural and Rural Development (CARD), and Bayan EDGE. “Grameen Bank wants to finance its own clients. CARD wants us to find the communities that they will then fund.” Already CARD has installed a machine in Mulanay, Quezon, and a second one is scheduled in Leyte. Palamigan’s role is to train the community in operating the machine and monitor the progress of its users. Ten to 12 more ice plants are scheduled to be installed in 2019, including three in Siargao and two in Manila.

Joining pitching contests like The Final Pitch and BPI Sinag and winning Php 1 million in prize money, has given Palamigan the confidence and stature to promote the company and its technology. Rodmark is also enrolled at the Masters in Entrepreneurship-Social Enterprise Development track (MESEDEV) of the Ateneo Graduate School of Business where he met a potential buyer who is interested in putting up BRIM plant in a resort complex. This would open an entirely new market for Palamigan. ☺

<https://www.facebook.com/palamiganco/>



Saret Organic Farmville

THE BITTERSWEET SAGA OF CHOCOLIZ

Paul Saret truly believes in his product. Chokoliz is a minimally processed health bar derived from whole cacao beans. Chokoliz is made without pressing, blending, conching and tempering the cacao beans, which is how chocolate is processed into bars.

Technically, Chokoliz is not a dark chocolate bar. It is, in fact, a category unto itself. Cacao beans are processed into cocoa which is the main ingredient of chocolates. Dark chocolate uses the cocoa mass, which is only 50% of the cacao bean. When cacao is processed into chocolate, the bitterness of the bean is removed, its surface is smoothened, and ingredients are added to it for sweetness and taste. Chokoliz uses the entire bean for its unsweetened cacao bars (but the company also makes bars using coconut nectar as a sweetener).

Chokoliz is a product of Saret Organic Farmville (SOF) based in Bulacan, a social enterprise which uses only organic and natural ingredients in keeping with the consumer trend towards healthy and environment friendly foods.

Coconut nectar is high in vitamins and minerals and has a lower glycemic index compared to honey and cane sugar, which is welcomed by diabetics. Cacao has a high anti-oxidant capacity which helps the cardiovascular system and fight cancer.

Paul, who heads the enterprise, wants to keep its cacao bar “real, simple but more beneficial” and utilizes only simple methods in manufacturing Chokoliz. The cacao is processed at below 50 degrees Celsius to retain its essential oils and make it more potent as a health product. It has superior health benefits over regular dark chocolate brands

because the cacao is organically-grown, minimally-processed, and does not contain any other ingredient apart from whole cacao nibs and coconut nectar.

But Paul has a problem. Although there is a definite market for pure cacao products among health-conscious consumers, the market is small. In 2018, SOF sold a total of 7,116 Chocoliz bars at prices ranging from Php 112 to Php 144, for a total sales of Php 878,304, which is way below break-even point.

ORGANIC FARMING

Saret Organic Farmville (SOF) was established in 2013 by Paul's father, Guillermo "Jun" Saret, an engineer, with an initial capital of Php 700,000, after he retired from Leonie Agri Corporation (LAC) where he was president. LAC, the farm subsidiary of a large pharmaceutical

company where Jun also worked as senior vice president and chief innovations officer, is the first and largest organic-certified social farm enterprise in the Philippines.

The challenge was how to get the existing consumers of cacao nibs to try Chocoliz and make them realize its superior health benefits.

Jun Saret hoped to replicate his success at LAC in his own agribusiness venture. He bought 5.9 hectares of farmland in Sta.

Rosa, Nueva Ecija where he cultivated lemongrass and calamansi which were processed into all-natural juices. In 2014, he involved his son, Paul, and his daughter, Ruth, in the company, making them president and vice president, respectively, and enrolled them in a Social Business Club training program for aspiring social entrepreneurs.

This has enabled Jun to focus on his passion – agriculture – working hands-on with the farm communities, training them in organic methods and representing the company in collaborative work with the Departments of Agriculture, Trade and Industry, and Science and Technology.

As president of SOF, Paul handles marketing, finance and administration, and sets overall strategic directions. Ruth supervises manufacturing operations, product development, human resource and inventory management.

From its founding, SOF worked with farmer cooperatives in Nueva Ecija, Bicol, South Cotabato and Aurora and established distribution channels in the country to market its agri-based products – natural alternative sweeteners, biofunctional beverages, fresh vegetable produce, dehydrated herbs and spice powders. In 2018, Paul and Ruth decided to stop production of SOF's wide array of products and concentrate on its best-selling brand, Chocoliz. They also focused their community efforts on the indigenous upland farmers of Doña Remedios Trinidad (DRT), a municipality two hours away from the Sarets' hometown in Balagtas, Bulacan.

That same year, SOF entered the BPI Sinag contest for accelerating the growth and development of social enterprises where it presented its plans for Chocoliz, and won a Php 500,000 cash award as one of the top five entries.

The prize money was barely enough to achieve SOF's social and business objectives; they would need about Php 10 million for their new venture. In the meantime, Paul relied on his father's retirement fund and the revenues earned from their diverse ventures.

THE UPLAND FARMERS OF DOÑA REMEDIOS-TRINIDAD

SOF bought raw cacao beans cacao from its farmer partners in Dingalan, Aurora, General Santos City, and Camarines Sur, but after they trained their suppliers in processing the beans, they began purchasing them as fermented, roasted cacao nibs.

SOF developed a 100-hectare cacao plantation in DRT, to provide an alternative livelihood to the upland, indigenous farmers of Barangay Camachin who made a living from illegal logging, charcoal burning and bentonite mining. Cacao planting in the 100 hectares started in 2017 and the harvest will be ready only in late 2019 to 2020. In the meantime, the enterprise offers other livelihood opportunities to the farmers, such as growing vegetables and herbs.

With the Municipal Environment and Natural Resources Office and the Provincial Agricultural Office, SOF redeveloped the agro-forestry sector in DRT with training, capacity building and education campaigns on the preservation of the environment. For this, SOF developed a 2,000 square meter demo and model farm where the IPs are taught about environmental protection.



POSITIONING IN THE MARKET

Among the healthy dark chocolate brands with organic ingredients and sugar-free attributes in the market, Paul positioned Chokoliz as the brand with the highest perceived health benefits. There are many entrants into the cacao nibs' market due the health trend. Paul chose to differentiate Chokoliz by molding the nibs into bars. The challenge was how to get the consumers of cacao nibs to try Chokoliz and realize its superior health benefits.

There was nothing much he could do about the price because his cost was high due to economies of scale. The average price of cacao nibs in the market is Php 1.38 per gram versus the Chokoliz cacao bar which costs Php 2.80 per gram.

Being a small company, SOF sells its products mostly in specialty stores, retail store chains, malls, online selling sites, and a few individual resellers. Most of the business is handled online. All SOF does is manage its inventory, confirm availability of stocks for orders, and hand over the sold items to the courier after an order is placed. Apart from this, SOF's B2C (business-to-consumer) interaction happens through ads, website visits, social media accounts and participation in events and trade fairs.

Dark-chocolate-lovers defined quality as having a good balance of bitter and sweet, softness of texture, and melts smoothly in the mouth at body temperature.

Over five years, SOF has joined a total of 74 events in malls, offices, small retail spaces and major exhibit centers nationwide. SOF uses direct feedback from customers during events and personal interactions to adjust its product. For instance, Chokoliz cacao bars used to be sweetened with brown sugar, but when SOF found that their health-conscious customers absolutely did not want any sugar in the product, they looked for reliable suppliers of organically-grown coconut sap sugar, that they re-developed and tweaked as an alternative sweetener.

They have also revised the packaging design based on consumer feedback.

Paul observes that their consumers willingly give feedback to help improve the product because they need and want good food options to fit their lifestyle.

Saret Organic Farmville has 17 retail partners with 58 outlets nationwide and six online selling platforms. Thirty-eight percent of the retail stores are located in Metro Manila, while 62% are in key cities in urbanized provinces outside the capital. SOF could not put its product in major retail stores before it acquired its license from the Food and Drug Administration (FDA), which took a while to process. Now, with its FDA license, SOF has intensified its sales tactics with more aggressive and personal marketing to retail and online sellers, who constitute more than 90% of total sales.

Retail sellers often sell by consignment which has caused working capital problems for SOF because most of its current assets are tied to inventory. The seller usually pays later than 60 days, so SOF's cash is tied to receivables, which hampers its operations and potential for growth. SOF recently revised its pricing scheme for resellers by giving incentives for COD and 30-day outright payments, offering 30% off the Suggested Retail Price instead of the usual 20%. It also offers free shipping within Metro Manila.

KEY SUCCESS FACTORS

Paul Saret identifies key success factors in the chocolate business.

Taste, he says, is the most important factor. A study he conducted indicates that the perfect formula for a great bar is that it is tasty first before it is nutritious. In other words, if it is delicious, customers will love it and buy it over and over again. If it is healthy as well, even more so!



To understand what customers mean by a good-tasting, high-quality bar of chocolate, the SOF study interviewed several dark-chocolate-lovers who defined quality as having a good balance of bitter and sweet, softness of texture, and melts smoothly in the mouth at body temperature.

In its current state, according to the study, Chocoliz does not qualify as good-tasting. Those who take it are hard-core health buffs who eat raw eggs in the morning, skip meat, dairy and sugars, and rave about raw, minimally-processed food. However, there are not many of these types to assure the company of financial sustainability.

Packaging is another factor. Chocoliz's packaging hardly looks like chocolates, or even food, at first glance. Some buyers have commented that they look like elegant notebooks. The trick is to strike a balance between communicating the brand's message while keeping it attractive.

Chocoliz comes in only two versions, sweetened and unsweetened. It could consider coming up with a variety of products that incorporate healthy food ingredients like nuts, berries, and others into its cacao bars.

Retail market reach is another critical variable, according to the survey. The most successful among the competing local brands are those with the widest market reach, both physical and online. Market leaders have their own special gondolas and shelf design. Some supermarkets like Rustan's have special sections for organic-only or local-brands-only goods.

Finally, a major success factor is a stable source of consistently high-quality cacao beans in high volumes. Saret Organic Farmville is fortunate in this regard with its steady supply of cacao beans from its community building efforts and strong relationship with the farming sector.

FACING A TOUGH REALITY

Paul Gerard Saret and SOF have spent considerable time, effort and money manufacturing and marketing Chocoliz. However, the sales volume and value are still quite low. Most of the sales are on consignment basis, which has wreaked havoc on inventory levels and accounts receivable.

While Chocoliz has garnered praise from the health-oriented market, most consumers do not take kindly to its bitter taste, the coarseness of its texture, and its tenuous position between cacao nibs and really indulgent, mouth-melting sweetened chocolate bars.

This puts Paul in a dilemma. Should he stick to his market positioning or should he look for a better alternative in a crowded and tough marketplace?

If sales of Chocoliz, remain low, SOF will be hard put to fulfill its social mission to increase the incomes of the upland farmers so they do not go back to their environmentally harmful practices. However, addressing the reality of the market more forcefully will somehow impact on the product priorities of SOF. ✂

<https://www.saretorganics.com/>

<http://www.facebook.com/saretorganics>

<https://www.facebook.com/chocolizph/>

A person with a headband and face paint is working on a wooden structure in a workshop. The background shows a pile of wood and a building under construction.

Association of Differently-abled Persons in Iloilo Multipurpose Cooperative

FOR PWDs BY PWDs

In 2004, the Association of Differently-Abled Persons in Iloilo Multi-Purpose Cooperative (ADPIMPC or, simply, ADPI) won a contract to produce 100,000 armchairs for classroom use by the Department of Education (DepEd) over ten years, or 10,000 chairs a year.

The coop had sought the help of the National Federation of Cooperatives of Persons with Disability (NFCPWD or NFC) for projects that could ensure its financial stability. NFC suggested that they make a bid to supply armchairs that DepEd needs for use in public schools. The coop already had the machinery it acquired for the production of assistive devices, so making armchairs would be an appropriate product line.

ADPI secured the deal under a sub-contract with NFC.

LOFTY AIMS

Located in a vast property in Leganes, Iloilo, ADPI was organized to provide its members, who are mostly PWD, with sustainable livelihood and employment opportunities, and address systemic daily challenges faced by its members by providing them access to programs and initiatives that enable them to perform tasks independently and capacitate them financially. ADPI aims campaigns for the proper implementation of Republic Act 7277 (Magna Carta Law for Persons with Disability) to strengthen the rights and protection of PWDs.

Although the Magna Carta has opened opportunities for PWDs to be represented in government affairs, the country is still far from being PWD-inclusive. The stigma surrounding

persons with disabilities due to an inadequate understanding of their condition, continues to hinder their full participation in society.

The land in Leganes was grant to the cooperative in 2015 by CBM, an international organization that helps PWDs across the globe. Before settling in their own property in Leganes, the coop rented in different parts of Iloilo, including the regional office of TESDA.

Says Xerxes Gulmatico, manager of ADPI, “We were like nomads. We kept moving from one place to another. We had investments that were not followed through when we moved. They were just left behind.”

In June, 2018, three years after they moved to Leganes, the compound was hit by a small tornado that destroyed its woodshop. This happened barely a year after ADPI was chosen one of ten winners in BPI Sinag’s search for social enterprises and won a cash price of Php 500,000. ADPI used the award to rebuild the woodshop. But the freak accident caused delays in production and delivery of the DepEd project, which was critical for the coop’s sustainability.

GRANTS AND OTHER ASSISTANCE

Over the years, ADPI has sustained itself by mobilizing its members’ equity contribution, seeking and receiving grants, and tapping financial institutions for their borrowing needs. While members’ equity only amounted to Php 1. 27 million in 2017, it has received grants totaling Php 4.1 million. The social enterprise is well supported, financially and technically, by both public and private organizations.

Aside from previous grants that allowed them to purchase some assets, the coop continues to solicit financial assistance from various organizations. It opened a credit line in Landbank which allows it to acquire loans. They also have an outstanding loan from NFC, which they are paying through their subcontract agreement.

The cooperative relies greatly on its partnerships with government offices in marketing its products. Its most widely-quoted claim to fame is that it is the region’s supplier of DepEd’s school chairs and office tables.

In September 2018, ADPI submitted a proposal to DTI’s Shared Service Facility Program for a Php 3 million peso grant to buy industrial equipment for their furniture-making business. The cooperative is also in talks with the Japanese Embassy to build another training facility in the Leganes compound.

OPERATIONS

The cooperative has no capacity to organize a technical training workshop for its workers. But with assistance from TESDA and other government agencies, its workers undergo training to ensure their technical knowledge of the business.

ADPI also does not have a standardized process for production, delivery, and design. Their designs are highly customized, depending on the need of the client. Orders are usually delivered after two weeks. However, the DepEd project, which requires mass production of armchairs, has a five-month (150 days) timeline.

SOCIAL INNOVATION

The cooperative's members are mostly PWD (80%), and their immediate relatives (20%). As of September 2018, it had 133 members, 80 of whom were active. Some 40 members are hired by the coop as contractual workers for the DepEd project, and 10 others as regular workers for other projects. They earn between Php 3,500 and Php 5,000 a month, depending on their productivity. Employees other than the those in manufacturing earn between Php 7,000 and Php 7,800 per month. The production head receives Php 8,400 while the general manager is paid Php 10,000 monthly.

Although these rates are lower than what most businesses pay, they are well appreciated by the PWDs who represent 80% of their workforce, and who may not otherwise have such income opportunities.

ADPI's mobilizing and organizing a workforce composed mainly of PWDs has become a model for the social inclusion of a marginalized and vulnerable group. This very act has created a social value proposition which attracts and converges government, church and private sector funding and technical and marketing assistance.

The goods produced by ADPI, with the tagline, "Proudly made by persons with disabilities", are given higher premium by its target market. Says Mario, a coop official, "What we want to communicate is, if you bought a product from us, you have already helped someone from the PWD sector."

He says ADPI's furniture are "a close second in quality" to that produced by its competitors using more advanced technology. "Our product quality does not differ much from high-end competitors. The difference is in the prices of our products. Our competitors use highly-mechanized methods in manufacturing, so their prices are not as high as ours."

Aside from furniture-making, ADPI makes souvenir and novelty items using discarded wood pieces from its furniture projects and engineered bamboo. The coop has partnered with the University of the Philippines Visayas Community-Based Bamboo Enterprise (UPV CBBE) which manufactures engineered bamboo as its contribution to the mitigation of climate change-induced disasters, considering bamboo's carbon capture capability and its

The act of mobilizing and organizing a workforce composed mainly of PWDs is a social innovation that is a model for the social inclusion of a marginalized and vulnerable group. It creates a social value proposition which attracts and converges government, church and private sector funding and technical and marketing assistance.

cheaper reforestation cost. This has increased the demand for bamboo which has encouraged farmers to plant it as a crop. This initiative can potentially increase the farmers' income per hectare by 78% and revive the bamboo industry in Iloilo.

MARKETING

The cooperative relies greatly on its partnerships with government offices and its past clients in marketing their products, using their endorsements as trophies that legitimize their business. Its most widely-quoted claim to fame is that it is the region's supplier of DepEd's school chairs and office tables.

A QUESTION OF SUSTAINABILITY

Both Mario and Xerxes are candid about the challenges that the cooperative faces, the most serious of which is the liquidity problem. Much its annual income depends on the project with DepEd through NFC. Some 58% of their sales from January to June 2018 were from their contract with NFC for the DepEd project. Delays in payment, particularly by DepEd, have gravely affected the cooperative's liquidity status.

ADPI's contract with DepEd stipulates the price of one armchair at Php 670 (which includes delivery cost), for a potential revenue of Php 6,700,000. There are also orders for wooden teacher's table with chair at Php 3,850 for a set. However, ADPI's price of Php 670 per armchair is way below its breakeven price of Php 900 per chair.

The total sales generated by ADPI for all its contracts amounted to Php 4 million in 2016 and Php 5.65 million in 2017. However, its net surplus was only Php 45,120 in 2016 and Php 49,414 in 2017 which was barely enough to pay a short-term loan (payable in a year's time) amounting to Php 7.7 million in 2017.

As of June 2018, the cooperative's sales amounted to Php 2,453,000, seventy percent (70%) of which was in accounts receivables, amounting to Php 1,719,200.

Its financial statements show a sudden increase in working capital (accounts receivable and merchandise inventory) from Php 4.45 million in 2016 to Php 9.85 million in 2017. To finance these and other assets (property, plant and equipment), ADPI's loan payable to the banks (both short term and long term) rose from Php 7.6 million in 2016 to Php 14.1 million in 2017.

Xerxes admits that there is a general distrust among the members about the coop's sustainability. It's almost total dependence on the DepEd project is a source of insecurity and instability. Although it is the coop's major business, the contract has not translated to ADPI's profitability.

To assure members of the cooperative's potential and encourage active participation, ADPI has expanded the furniture-making business beyond its DepEd contract, for which they will need more machines for mass production. They also have plans to invest in farming and other ventures outside of furniture-making. ✂

<http://adpi-mpc.tripod.com/>
<https://www.facebook.com/adpimpc/>



Additional Cases



Karaw CraftVentures Inc.

EMPOWERING INMATES THROUGH CRAFTS

On a busy weekday, a group of women working on various novelty items in a small production area in Naga City are taking their lunch break. They talk about the joys of their lives. One proudly announces that her daughter will soon enter high school. Another is thrilled to have saved enough money to start her own small sari-sari store business. Meanwhile, the woman next to her is excited to see her husband who is coming to visit her in a few days. The motley crew is just like any group of women friends who hang out together on week-ends. However, these women have no such freedom. They live in a forbidding environment no one would want to be in. They are prison inmates and their home is the Naga City jail.

Although incarcerated, the women inmates are hopeful. They have been getting a lot of support from Karaw CraftVentures Inc., a social enterprise established to address the plight of prison inmates, that segment of society that has had little attention from the private sector. In Naga City, Karaw CraftVentures Inc. is working with women inmates in producing novelty items that are sold to retail and institutional customers in Naga and Metro Manila.

Karaw co-founder and chief executive officer (CEO), Paul Andrew C. Orpiada, says, “There are only a few organizations that are involved in addressing the welfare of inmates. Basically, it’s just the government that supports their rehabilitation. But for private organizations, it is very rare to engage with inmates. I saw an unfulfilled market.”

A COLLEGE PROJECT

It started as a group project to fulfill a requirement of their business management course. With his college classmates, Paul and his groupmates established Karaw CraftVentures as a social enterprise guided by the vision of “a community of mindful artisans that promotes an

eco-ethical approach to sustainability”; and the mission, “Karaw CraftVentures contributes to the enhancement of underserved Filipino artisans by creating upcycled crafts while spurring economic mobility in their communities.”

In Bicolano, the word karaw means “play”. The group thought it communicated their concept of playing with recycled materials to come up with innovative products. The word karaw also reflects Paul’s creative inclinations.

He views himself as an artist who enjoys creating stuff, but he is also a man of other passions, like entrepreneurship, engaging in community outreach, and environmentalism. Ultimately, Paul incorporated these essential facets of his personality to start a business of producing novelty products from recycled materials.

In his community work in Naga, Paul came across the inmates in the Naga City Jail who are practically forgotten by society. His research on prisons in the country revealed that inmates live under deplorable conditions inside the prison walls. The number of inmates in Philippine jails had also risen (by 26% from 2010 to 2014), and the congestion rate is as high as 314 percent.

Paul found out that the majority of inmates are in prison for petty crimes arising from poverty, and seven out of 10 formerly imprisoned individuals commit new crimes and half of them end up back in prison within three years.

Paul also found out that the majority of inmates are in prison for petty crimes arising from poverty, and seven out of 10 formerly imprisoned individuals commit new crimes and half of them end up back in prison within three years.

He realized that inmate rehabilitation must be reinforced with productive activities so that prisoners can learn skills they will need to reintegrate back into society. Deep inside, he was sure they had hope, that the inmates could still become a part of the labor force and contribute to the country’s economic growth.

He wanted to provide the inmates with a positive, productive environment that would enable them to rediscover their creativity, skills, and personal value.

Karaw CraftVentures’s flagship endeavor was the Rag Pet Project which entailed the upcycling or processing of rags and waste materials by women inmates in the Naga City Jail to produce novelty gifts and other craft items. The Rag Pet Project embodied the core values that Paul and his partners aimed to uphold:

- R – Rediscover creativity and creative play
- A – Appreciate Filipino arts and culture
- G – Give and show love to others through gifts
- P – Provide sustainable livelihood
- E – Empower society’s underserved sectors
- T – Transform scraps into useful crafts



In developing and promoting the Karaw brand, Paul and his partners emphasized the aspect of play and the creativity that it fosters in people. “Once we are able to tell the story behind the name, people get it,” Paul said. “Even if a person’s old, he or she still has the spirit of a kid – one that is very creative, very curious, eager to learn. This is the idea behind our brand and it is a reflection of our personality. Always discovering. Being playful.”

Paul partnered with various organizations that provided resources to jumpstart the venture. Paul and his partners solicited funds that they used as working capital of the enterprise and for the training to 11 women inmates of the Naga City Jail. Through his contacts in the artistic community, like-minded artists and organizations extended help in product development and providing further skills training of inmates. The trainings were held in the jail, which was also the venue for the actual production of novelty items.

MADE FROM RAGS, FILLED WITH LOVE

However, this initiative was only a requirement for a school project, and Paul and his partners had a hard time sustaining the enterprise after graduation when they took full-time jobs and went their separate ways. But Paul saw the value and potential of Karaw, and wanting to pursue it for the long term, he invited two new partners to help him run the business.

Paul again actively sought organizations to help him sustain the enterprise. Hope Foundation, a non-government organization (NGO) supported by the World Bank provided a two-story building in Naga City to house Karaw’s production area and office, rent-free. Caritas Philippines assisted in marketing the venture. Paul also participated in the BPI Social Enterprise Sinag Program in 2015 where Karaw emerged as one of the winners with a grant of Php 500,000 from the BPI Foundation.

Paul’s business model necessitated partnerships and linkages with public and private sector organizations. This emanated from the main value proposition of “providing unique, upcycled novelty gifts and eco-ethical products with brands positioned as artisanal, sustainable, and contemporary.” Its flagship project was the Rag Pet Project, with its slogan, “made from rags, filled with love.”

Using a business model canvass, he listed the key partners he needed to engage with: inmate-artisans, the Bureau of Jail Management and Penology (BMJP), NGOs, the Department of Trade Industry (DTI), volunteers, and other strategic alliances. The business model also entailed developing channels, utilizing essential resources, developing customer segments and relationships, and keeping tabs of revenues and expenses. On the production and marketing value chain aspects, Paul had to cultivate strong relationships with suppliers/garment manufacturers, inmate artisans, and customers.

Paul and his partners also had to market and promote the enterprise to key customers, namely, the corporate market, event planners, novelty gift and souvenir shops, book shops, students,

“Even if a person is old, he or she still has the spirit of a kid – one that is very creative, very curious, eager to learn. This is the idea behind our brand and it is a reflection of our personality. Always discovering. Being playful.”

and young professionals, each of which derive particular benefits and look for specific products from Karaw.

Karaw offers its products at various prices. Trophies cost around Php 1,200 each, while bags are priced at Php 700. It sells puppet books for Php 450 each, while T-shirts cost Php 350. Prices of key chains, pouches, and plush toys range from Php 140 to

Php 230. Karaw earns roughly Php 15 per key chain; Php 25 for a pouch; Php 35 for a T-shirt; Php 50 for a stuff/plush toy; and Php 250 per bag.

The BPI Sinag grant enabled Paul and his partners to invest in three sewing machines, a laminating machine, and working capital needs. Paul commissioned two in-house artisans to come up with designs and assist the inmate artisan workers in making the products.

Karaw oversees production in two areas, within the city jail and on the ground floor of a two-story building in Naga which functions as the assembly hub. The production flow starts with the procurement of scrap rags and raw materials from garment manufacturers in the city. The inmate artisans process the scrap materials in the production area of the jail. The raw products made by inmates are then sent to the assembly hub for final processing.

The inmate artisans are paid wages, of which 80 percent goes directly to the worker, and 20 percent to a savings fund for the workers.

To promote his enterprise, Paul participated in trade shows in Metro Manila sponsored by DTI, and shows held in Naga City. In 2016, he expanded his operations by setting-up a retail store/showroom under the Gikan Collective brand. It was Paul's biggest investment in 2016 worth around Php 250,000. This was supported by Caritas Philippines, which provided another free space in another building in Naga. While Gikan Collective is a brand developed by Karaw CraftVentures, the latter is more of a hub for budding entrepreneurs, artists, artisans, and start-ups.

IMPACT AND CHALLENGES

While the production of novelty items is the main enterprise of Karaw CraftVentures, Paul and his partners have initiated other vital activities for the personal and professional development of the inmates. These include reconnection with their families, team building seminars, training and capacity-building, faith sharing sessions, recreational activities; and livelihood seminars on food production, beauty care, massage therapy, and other livelihood activities.

In a span of five years starting 2012, Karaw CraftVentures has achieved modest but significant gains for the enterprise and its beneficiaries. From just 11 inmate artisans involved in production in 2012, the number rose to 36 by the end of 2016. The other notable outcomes of the enterprise are the following:

- Provided livelihood trainings to a total of 104 inmates;
- Two out of seven inmate artisans released were still connected with the social enterprise, while the rest were successfully employed;
- Twenty percent (20%) of the inmates' monthly income was saved;
- Inmate artisans achieved 100 percent productivity in their participation in the social enterprise;
- 65 volunteers from four organizations were engaged in the enterprise; and
- Almost three tons of scrap fabrics from three garment manufacturers were upcycled into novelty items.



Although Karaw Craft Ventures has achieved notable outcomes, Paul has had to address certain internal issues for it to become sustainable. Topping the list is the need for the partners to focus on the enterprise. While Paul is totally committed to Karaw CraftVentures, he cannot let go of his teaching job at the Ateneo de Naga University where he teaches social entrepreneurship and business management.

“Even if I decide to work full-time in the venture, I still have that feeling that it cannot sustain my personal needs,” Paul said. “I have a teaching job from Ateneo de Naga college and handle four subjects. I didn’t expect that teaching would consume so much of my time.”

With the conflicting demands of their work, Paul and his partners find it difficult to fulfill their responsibilities in running Karaw, such as submitting reports required by their funding partners and organizing official documents relevant to the business (e.g., sales reports, tax reports, contracts, etc.). For Karaw CraftVentures to scale-up, become fully sustainable, come up with more innovative products, and fully develop its brand, it has to be formalized and registered as a business entity. Consequently, the company’s structure must respond to the key functions and tasks needed to run the enterprise, namely, finance, operations, marketing, and community development.

He realized that inmate rehabilitation must be reinforced with productive activities so that prisoners can learn skills they will need to reintegrate back into society. Deep inside, he was sure they had hope, that the inmates could still become a part of the labor force and contribute to the country’s economic growth.

“The grant is depleting and sooner or later, we will have to rely on our own efforts to keep the business going,” Paul said. “We need to focus, set priorities, and pursue better time management. We also need to trust people. For the most part, I did most of the job, I handled marketing and product development. Other people need to do these tasks or I’ll get burned out.”

Nevertheless, Paul is quite excited about the future directions of his social enterprise. Paul is focusing on a part of Karaw’s mandate to promote Filipino tradition and arts by developing novelty items called Enkantures, based on Filipino mythical creatures. It is also preparing designs depicting iconic Bicol landmarks, one of which was the Mayon Volcano.

WORTHY OF REPLICATION

KarawVentures was born out of a social entrepreneur’s desire to actualize his advocacies of artistic and environmental protection. By targeting one of the most vulnerable groups in the society, Paul has shown his commitment to undertake meaningful social development interventions for beneficiaries that are not commonly targeted by social enterprises. To make his venture sustainable, he has pursued strategies worthy of replication by other social enterprises.

For one, he has made effective use of networking and linking strategies that have enabled him to develop the skills of his beneficiaries, raise funds to support his operations and marketing efforts, and attract large numbers of volunteers to help him sustain the programs and projects of the enterprise. These collaborative arrangements encompass the public sector through various government agencies, and the private sector through religious organizations, corporations, and NGOs.



A second key strategy Paul employed is expanding his market distribution channels and product lines. In particular, he created another channel to sell his products through Gikan and began developing new novelty crafts that his beneficiaries can make and sell.

Third, Paul applied an integrated social development approach for his social enterprise. Aside from providing livelihood and income to beneficiaries, he introduced programs that promoted their professional well-being, reconnected them with family and mainstream society, and nurtured a positive, happy environment for convicts to realize that a better life awaits them in the future. Paul's integrated social development strategy is a noteworthy initiative that aims for lasting transformation in Karaw's target beneficiaries. ✂

<https://www.facebook.com/KarawCraftventures/>



AKABA Bags

IN PARTNERSHIP WITH WEAVING COMMUNITIES

To pass their business management course at the Ateneo de Manila University, Joseph Daniel Lumain and some classmates at the Ateneo de Manila University had to produce and sell backpacks and tote bags, using Php 90,000 borrowed from their parents.

The project was viable. The students earned enough to return their parents' "investment," with profits left over for the group members. Lumain decided to continue the venture after college, not purely for business, but as a social enterprise. While in school, he had been exposed to social entrepreneurship and had become a convert. He was joined by fellow Ateneans Alexander Fong, Kristine Ongtengco and EJ Isada-Mariano.

Working with the energy and drive of the young (the founders were in their early twenties), they founded AKABA Ltd. Design Co. in 2014 as a for profit corporation. The name is derived from abaca, a local hemp used for native handwoven items.

AKABA's vision and mission included promotion of cultural heritage and social impact. The bags transitioned from using purely commercial textile to incorporating ethnic hand weaves. Instead of buying the cloth from middlemen, AKABA partnered directly with communities of weavers.

THE WEAVING COMMUNITIES

AKABA's first partner community was Gawad Kalinga Namnama in Laoag. As orders for the bags increased and they needed a variety of ethnic weaves, AKABA tied up with eight

other community suppliers: *inabel* weavers in Isabela, the Mangyans of Oriental Mindoro who produced *ramit*, and traditional weavers in Zamboanga, Basilan and Sulu who made *sinalunan*, *bunga* and *pis yabit*. Most of their partners were organized groups, such as the Nagbacalan Weavers Cooperative, GK Namnama, the Mangyan Heritage Center, the Yakan Weaving Center, and GK Sulu.

In all, more than 100 weavers supply AKABA regularly. Most of the weavers are women who live in rural areas (54%) and indigenous peoples (34%), almost all of who learned the craft from previous generations.

The weavers are motivated to revive the traditional crafts as a regular source of income. They earn more because AKABA matches, not the middlemen's buying price, but the cloths' selling price in the market. AKABA places its orders and collects the finished cloth every three months. AKABA also shoulders the cost of materials and supplies the threads to ensure the colors are correct.

GK NAMNAMA

The exception are the weavers of Gawad Kalinga Namnama, who are new to weaving. GK Namnama is a village of 30 plus households located some distance from Laoag City, the capital of Ilocos Norte where most of the men earn a living working at construction sites and the women by doing laundry in Laoag.

On AKABA's request, around 30 residents of GK Namnama were trained by the government's Fiber Industry Development Authority in loom weaving. But of the 30, only eight completed the one-month training and only six became AKABA's regular suppliers: husband and wife Amado and Betty Bitanga, Jane Olindang and Liway, since 2014, and Remy Aquino and Minda Mariano since 2016.

“We feel proud when we see our work in the AKABA bags they post on Facebook. We may not have finished college, but we have been featured on AKABA's Facebook.”

Each weaver is provided with a loom – Amado, Jane and Liway have new looms that can produce new designs; Betty, Minda and Remy have traditional looms that turn out only the basic striped *inabel*. The smaller new looms are placed at the weavers' houses, while the old looms, too large to fit in the homes, are in the weaving center in GK Namnama.

From January to July 2017, the weavers supplied AKABA with Php 147,153.00 worth of *inabel*. They are paid per piece: Php 150 per yard for the basic striped *inabel*, and Php 200 for *inabel* “with design” which takes longer to produce. The designs are created by the weavers themselves. Weavers who started working for AKABA in 2014 are given SSS, Philhealth and Pag-ibig benefits, and all are provided with school supplies and groceries.

BETTER INCOMES

Individual incomes depend on how fast the weaver works, the hours put in each day, and the type of cloth produced. Their earnings are estimated from a low of Php 1,000 to a high of



Php 10,000 per month, which supplements the family income brought home by their husbands who work in construction, collect and sell empty bottles, or sell cassava, empanada, kikiam and fishballs.

“Weaving has helped us send our children to school, and there are benefits like school supplies and groceries,” said Jane. “I used to do laundry in Laoag and I’m earning about the same now. But I don’t have to spend for transportation to and from the city.”

The fare to the city is only ten pesos for a jeepney ride, but with few public jeeps plying the route, residents are forced to take pedicabs, which charge Php 50 per person.

“I had no work then and was financially dependent on my husband, a construction worker,” said Minda, 64. “I’m glad I learned to make abel at this age and help my grandchildren with some of their expenses in school.”

At the start, the weavers’ main worry was their daily cash flow. If they completed the orders on time and passed quality standards, they received approximately Php 300 to 400 a day, which is higher than the prescribed minimum wage of Php 252 to 280 per day in the region. But since weavers were paid only after they completed their orders, which is every three months, they had to borrow from their neighbors to make ends meet until the next pay day.

When Jane brought up this problem to Lumain, the latter asked the weavers to open a bank account which enabled them to get advance payment for the work they completed for the week, instead of three months later. “AKABA understands our situation,” she said.

KNOWLEDGE AND SKILLS

Aside from the income, Amado values the knowledge and skills he has gained and is proud that the designs he has created are selling. “We feel proud when we see our work in the AKABA bags they post on Facebook,” Jane adds. “We may not have finished college, but we have been featured on AKABA’s Facebook.”

Some of the weavers are confident that as they gain experience, they will become as productive and efficient as the weavers of Paoay, whom they saw action when they trained at the Paoay weavers’ cooperative center. They doubt, however, if they can recruit more weavers in the village. “They prefer to do laundry in the city because they get money at the

end of the day,” Jane said. “Maybe they’re not motivated to join us because they can still find alternative jobs.”

“Some neighbors residing in and outside the village expressed interest in weaving but they did not follow through,” said Amado. “When they see how we do it, they say it’s difficult. We had male trainees in 2014 but they dropped out after somebody told them that weaving is for women.”

The weavers have the same basic dream – to see their children finish college. To improve their craft, they wish to have more trainings, especially in making weaves with designs, tools for maintaining their looms, and newer looms to enable them to step up from the basic *inabel* to more intricate weaves.

REVENUE MODEL

AKABA derives its revenues mainly from the production and sale of bags. Although some groups have inquired about buying ethnic weaves from AKABA, they are told to go directly to the weavers. “We don’t want to sell fabric because we don’t want to be middlemen,” said Lumain. “But we can connect them to the communities.”

Like other BPI Sinag nominees (2016), AKABA has raised additional funds by joining competitions, such as, the “I Am A Changemaker” competition organized by the British Council in the Philippines (Php100,000); the “Social Entrepreneurship Venture Day Manila” of the Ateneo Center for Social Entrepreneurship (Php 50,000); and the “Be The Next GKonomist 2014” award by GKonomics (Php 150,000).

AKABA has also attracted investors from Singapore and Indonesia, with plans to expand its distribution channels by having brick-and-mortar stores in Metro Manila and California.

SOURCING MATERIALS

The bags are made with imported cotton canvas as the main material. Polyester is used for the lining to make the bags durable and “to aid in the structural integrity of the product.” Genuine cow leather sourced from Bulacan and tanned using eco-friendly

methods such as vegetable oil tanning, is used for the straps and as accents. The metal accessories made of non-toxic, nickel-free zinc alloy in brushed light gold finish, are imported.

“People want to inspect the bag first before paying for it. They don’t want to buy anything that looks good in the pictures, but is bad when they actually get it. We want the customers assured of the quality.”

Hand-weaving is a slow process, despite the introduction of lighter looms. Woven cloth comprises 30 to 40 percent of AKABA bags, but more

cloth is used for tote bags. AKABA supplies the threads to ensure that the right colors are used. It adjusts its output based on the availability of the cloth. If the supply of a particular cloth is low, then fewer designs using it are made.

There are coordinators or leaders in each community to receive orders from AKABA, farm out assignments, and monitor the quality of the work. The weavers are usually able to meet deadlines, and sometimes finish ahead of time.

MANAGING SUCCESS

The manufacture of bags used to be consigned to a producer experienced in manufacturing corporate giveaways. “Production was not a big issue in 2014 and 2015,” says Lumain. “We had only two collections a year (six bags per collection) and we were working part-time, not expecting big sales. We sold the bags only after they were finished.”

When the bags became sellable, however, production delays became a problem. “There would be months when the demand was there but we had no bags to sell. So, in November 2016, we decided to produce the bags in-house. We leased a space from the manufacturer, where we had workers making the bags under our pay. After that, we had enough bags to make weekly deliveries.”



AKABA has four regular workers: a cutter, a sewer and two assemblers producing 40 to 70 bags a week. All are regular workers receiving the basic wage.

The problem of availability of raw materials has been avoided so far because lead times have been established. Designs to be released, say in January, are in production three months ahead. There is a one-month lead time for the procurement of leather and other supplies. Weavers are given three months to complete orders.

The key functions at AKABA are performed by Lumain, Mariano and Fong. Mariano is chief executive officer and creative director. Lumain is in charge of AKABA's social programs and deals directly with partner communities. Fong is in charge of finance and sales and oversees production. All three pitch in to subject the prototypes to stress tests that



simulate wear and tear. “We do this because we give a one-year warranty, since all bags for export have warranties,” says Lumain.

MARKETING

AKABA caters to the A and B market, the youth in particular. The price per item ranges from Php 1,800 to more than Php 5,000. “Bakit ang expensive e local lang naman (Why is it expensive when it is only locally produced),” was a common feedback when the bags were first introduced to the market in October 2014. Despite the initial reaction, demand for AKABA bags rose swiftly with gross sales of Php70,000 in the last quarter of 2014. By August 2017, sales had jumped to more than Php2 million.

“We want to establish AKABA as a brand comparable to the top lines, like Herschel,” said Ej Mariano. “Right now, we’re not even reaching the A and B market. We get feedback that customers save up to buy our bags.”

AKABA maintains a showroom at Robins Design Center in Pasig City. It has three main modes of selling – online, corporate orders, and through selected distributors/outlets, with e-commerce accounting for most of the sales. The bags are delivered through a courier service owned by the family of one of AKABA’s founders; hence it enjoys concessionary rates. Shipping is free nationwide while cash-on-delivery services are available in Metro Manila.

EXPANSION

AKABA designs are not patented, and even if they were, they can be easily copied. In fact, a few look-alikes have already appeared in the market. “At this stage, we can be easily eaten up, especially if someone big comes along,” said Lumain. Thus, AKABA has embarked on expanding its market, with new product lines that include footwear and apparel and its own stores to sell its products.

“We’re doing this is to get ahead of the competition,” he said. “We want to move up. We want people to know that AKABA is not just a bag company. We’re a fashion brand utilizing handwoven textiles.”

Expansion would mean more income for the weavers. For AKABA, it also means more capital outlay and risks in branching out to products entirely different from bags. But AKABA's young owners are confident that they can handle the risks.

“We’ve been releasing two to three new designs a month from January to May this year,” said Lumain. “Now that we’re planning to have our own outlets, we’re developing more than a hundred designs by August, to include clothing and shoes.” Production of the shoes and apparel will be subcontracted.

“We have distributors but right now, we’re still feeling out where to locate the outlets,” said Lumain. “They should be in a place where there is both the space and the market.”

Although ACABA has sold 80% of its bags through online marketing, Lumain is confident that they can move products through the outlets as well. He explained. “Although most countries are going into online shopping now, we’re still a mall-centric country. People want to inspect the bag first before paying for it. They don’t want to buy anything that looks good in the pictures, but is bad when they actually get it. We want the customers assured of the quality.”

IMPACT ON BENEFICIARIES AND THE LOOM WEAVING INDUSTRY

For more than 100 weavers nationwide, producing handwoven cloth for AKABA has become a regular source of income. Weavers, including the younger ones, are encouraged to stick to the craft and improve on it by producing new designs. This is especially true for indigenous weavers, for whom livelihood opportunities are scarce.

With other Fairtrade groups, AKABA is establishing new norms by setting prices higher than what middlemen and commercial buyers offer. Based on feedback posted in its Facebook account, the value of ethnic cloth has risen in the eyes of buyers as they read stories about the artisans and the 100-year old craft.

AKABA is also opening opportunities for preserving and further developing loom weaving in the Philippines by developing new product lines where ethnic cloth can be used and further promoted. ✂

<https://akaba.co/>

<https://www.facebook.com/AKABAc/>



Dalareich Food Products

ALL IN THE FAMILY

Dalareich Food started as a one-woman enterprise by Elsa, to supplement her household income. The quality of her tablea was good enough for the product to be sold by the big supermarkets in Tagbilaran, Bohol. As the market expanded, Elsa hired and trained workers to mass produce her tablea, but the business continued to be operated like a typical cottage industry, with improvised equipment and cheap packaging.

Enter Dalareich, Elsa's daughter, fresh from college, with ideas about bringing her mother's tablea business into the 21st century. She began marketing her mother's tablea on Facebook and convinced her to take a soft loan from the Department of Science and Technology to improve the production area, utensils and equipment, and the packaging of the tablea. Through her initiative, the market expanded to include the malls in Cebu City. The enterprise is set to move to a new production site that will include a store and bakeshop selling chocolate-based cakes and pastries.

Growing and modernizing the enterprise has entailed substantial costs, and Elsa is worried whether the returns will be sufficient to recover what they have spent.

HOW THE BUSINESS STARTED: ELSA'S STORY

Elsa Pata learned the craft of tablea-making from her mother, who in turn learned from her in-laws.

"I was my mother's assistant since I was in grade school," she said. "My mother went from house to house selling her tablea to help my father, a tuba-gatherer, feed the family. Her capital was just enough to cook one kilo of cacao beans at a time."

Elsa dropped out of school after Grade 6 and worked in several factories making miswa, cornstarch and corn coffee, and stoppe only when she got married, at age 19, to Ricardo Polot, a tricycle driver and furniture polisher. She bore five children, and returned to tablea-making in 1994 to augment her husband's income.

"I worked on five kilos of beans at a time since I didn't have enough capital," Elsa recalls. "I decided to sell to the sari-sari stores because I knew, from my mother's experience, that households often bought tablea on credit. I was happy if I sold 10 to 20 packs."

She took a job as street sweeper to earn more, but continued making tablea. She would rise at 3:00 a.m. to prepare the chocolate tablets that her husband delivered to her customers. When she lost her job in 2004 (the politician who hired her lost in the election), Elsa went back to tablea-making full-time, this time with the help of her two oldest children, both girls.

The contrasting attitudes of mother (prudence) and daughter (drive to innovate) as well as their hands-on style of running the enterprise have combined to ensure that growth is slow but sure, profits are made and quality is maintained, even as traditional processes are slowly modernized.

As Elsa's business grew and she could afford to buy more cacao from Davao, she decided to move in on the supermarkets in the malls that had sprouted in Tagbilaran. This time, sales were up to 100 to 200 packs per delivery.

Her income from tablea helped send her children to college, and her husband, who once pooh-poohed her idea of growing her business, relented. He quit his various jobs to help turn tablea into the Polot family business. By 2015, Elsa was buying 100 to 200 sacks of cacao from Davao to meet orders.

Dalareich Tableya was registered with the Department of Trade and Industry in 1998; in 2012, its name was changed to Dalareich Food Products.

HOW THE BUSINESS MODERNIZED: DALAREICH'S STORY

Dalareich is Elsa's second child. Her name was coined by a politician who passed by the Polots' home while campaigning. Pointing at Elsa's bulging tummy, he kidded, "Name that baby Dollar Rich for luck."

The Polot children grew up with the smell of cacao roasting in the kitchen. Dalareich and her older sister Irene started helping peel the roasted beans when they were still in grade school. When Dalareich was in high school, she helped deliver her mother's tablea to the malls.

Dalareich completed her course in computer engineering and worked in a company until she resigned to join the family business in 2011, with ideas on how to modernize the way it was run.



Elsa believed that change was unnecessary, especially if it meant more expenses. However, in 2012, Dalareich convinced her mother to avail of a Php 230,000 soft loan (at 1% interest from the Department of Science and Technology). The DOST consultants who evaluated the plant in line with its Manufacturing Productivity Extension Program (MPEx), observed, among other things, that the “crude” improvised roaster Elsa was using was not food grade, the work space was too small with no room for expansion, and the packaging of the tablea did not indicate the standard information on the product, as required by law.

The loan package facilitated the shift from wood to LPG as fuel for roasting the beans; the acquisition of a grinder and roaster, stainless steel tables, racks and sink; and professional packaging (including essentials such as ingredients, nutrition facts, BFAD LTO number, shelf life and bar code).

Dalareich designed the new packaging to replace the “ice candy-like” plastic wrapping Elsa used. The new look gave her more confidence to sell the tablea on Facebook and take the next bold step – bringing the product to the supermarkets in Cebu City.

To Elsa’s surprise, her daughter established, over time, around 50 outlets for her tablea in Cebu, including two plush hotels which serves hot cocoa to guests in the morning. Online promotion also resulted in orders from the U.S., Canada, Australia, Singapore and Korea.

“Most Filipinos don’t appreciate the value of tablea,” Dalareich said. “I want to elevate its image and produce my own line of premium chocolates.”

Her dream drove her to join and win the first Young Women’s Entrepreneur Bootcamp (YWEB) in September 2013 sponsored by the Samahan ng mga Pilipina para sa Reporma at Kaunlaran (Spark!) and the U.S. Embassy. There she spoke of another dream: “Bohol is known worldwide for its Chocolate Hills. I also want Bohol to be known as the home of chocolates.”

Dalareich used her cash award of USD 5,000 from YWEB to buy a sports utility vehicle that she uses to deliver orders. She also applied for and was accepted to a one-month chocolate-making course in Belgium. A “go-getter” like her mother, she started producing premium chocolates for the high-end market in 2014.

SOCIAL ENTERPRISE BUSINESS MODEL

Boholanos are *sikwate* (Cebuano for chocolate) drinkers and there are a number of local tablea-makers catering to them. However, the bulk of cacao beans used to make Bohol chocolate comes from Mindanao. Dalareich buys her beans from a big farmer in Bohol. But she plans to get poor Boholano farmers to plant new cacao trees and rehabilitate the old ones which are of the criollo variety, which is treasured worldwide as the finest cacao bean because of its distinctive complex taste not found in the more common hybrid varieties.

Dalareich has been looking for a donor to finance cacao production and provide technical and other assistance to poor farmers in one barangay. “To be able to help more farmers, we need to educate them to become entrepreneurs too and educate them on what are they producing,” she wrote in her scale-up proposal to BPI Sinag.



Establishing new cacao farms will serve several goals: It will help poor farmers and their families who can sell their beans at current global and Fairtrade prices. It will supply the current and growing need of the enterprise and other tablea makers in the province who are importing from Mindanao. More housewives and part-time students can be employed in tablea production, and it will help boost Bohol's tourism by opening chocolate-tours to tourists.

At present, Dalareich Foods Corporation employs 14 workers in the chocolate plant. “It is hard to find a job in Tagbilaran because the malls have an age limit for sales ladies,” says Jocelyn Valdez, the plant's lone bean roaster trained personally by Elsa.

Analee Barbarona is the plant's cacao grinder. “I don't worry about household expenses anymore. I was able to buy appliances like a television set and rice cooker,” she said. Jocelyn and Analee were also able to buy motorcycles on installment.

REVENUE MODEL

Dalareich Food Products has two main products: tablea for the general market and Ginto premium chocolates for high-end customers. The tablea is clearly the money-maker. But Dalareich hopes to engage her mother in a friendly competition.

“Many people want to buy her premium chocolates,” said Elsa, “but she doesn’t have enough to sell because her machine is small.” Dalareich’s chocolate maker has a capacity of five kilos of beans per batch. “Her profit per gram is bigger but she has made a bigger investment,” Elsa added. “And it will take long to recover that investment.”

Since 2012, Dalareich Food Products has spent more to improve its facilities and productivity. Besides the purchases using the DOST loan, the family has bought a chocolate making machine, and constructed a bigger worksite that it has since replaced with a new building.

OPERATIONS

The enterprise has two sources of cacao beans: Mindanao for the tablea, and Bohol for the premium chocolate. Dalareich says the beans taste different depending on where it is grown. She prefers the beans grown in Bohol.

So far, there has not been a problem with supply, except in November, when there is a shortage of beans and the demand for tablea is at its peak. Elsa stocks up around 50 to 100 sacks of beans to ensure that her tablea-making continues. The price of cacao ranges from Php 135 to 180 per kilo, inclusive of shipping cost.

Elsa employs the traditional way of making tablea: roast the cacao beans, peel off the skin, grind the beans, knead and mold the chocolate into the desired shape and sizes, pack.

Dalareich has been looking for a donor to finance cacao production and provide technical and other assistance to poor farmers in one barangay. “To be able to help more farmers, we need to educate them to become entrepreneurs too and educate them on what are they producing.”

Workers are deployed along the production line with specific assignments: one specializes in roasting, another is responsible for grinding, ten workers are assigned to mold, and two workers do the packaging.

Elsa keeps a close watch over the process, making sure that the time-tested procedures that made her tablea a success are being followed. Quality control is done by observing the smoke, color and smell of the roasting

beans, ensuring that the roasted beans are separated from the crust before grinding them the right number of times, and that the chocolate is tempered before molding.

Productivity and efficiency improved when the enterprise mechanized roasting and grinding in 2012, but there are still technical and efficiency issues to resolve. Winnowing is done using

a bilao and this takes time. In 2017, the tablea plant's output was only 100 kilos of tablea per week, which was just enough for the Tagbilaran and Cebu markets. Thus, Dalareich's plan to expand to Luzon was temporarily put on hold.

"We will need to double production to accept more orders," she said. She calculates that in order to do that, they will need a winnowing machine, another grinder, and a roaster.

For the premium chocolates, Dalareich is the chocolate maker, assisted by one staff. She has developed several premium bars for the high-end market: plain or flavored dark chocolate, roasted cacao nibs covered with white chocolate, pralines etc., sold individually as Ginto or as Pilak and Tanso Collections.

MANAGEMENT

The management of the enterprise is a family affair, with each member handling specific functions. Elsa, the president, handles the training and supervision of workers as well as collection; Ricardo, the vice president, supervises the workers and handles deliveries and repair of machines; Irene is the finance officer, and Dalareich is the General Manager in charge of marketing and production of premium chocolates. They have no office or administration staff. Elsa and Dalareich agree that they should hire a secretary and a cashier, and maybe a supervisor to sub for Elsa. Bookkeeping is outsourced to a neighbor, who also serves as external auditor. Ricardo and Dalareich Polot alternate as company drivers.

MARKETING

The earlier generations of chocolate makers established their markets by personally making house-to-house, store-to-store and supermarket-to-supermarket calls. Dalareich uses social media to promote the tablea and premium chocolates and has succeeded in popularizing the brand. Dalareich supplies the major markets in Bohol – five major supermarkets in Tagbilaran and resorts, and 50 outlets in Cebu, located mostly in the malls.

In Tagbilaran, Dalareich's monthly sales range from a low of Php 400,000 to a high of Php 800,000. Sales usually peak in April and May but are down in February and March, and from June to August.

"We also get orders through Facebook," Dalareich said. "We've got offers for distributorship and inquiries from Pinoys abroad. But they don't want my premium chocolates. They want the tablea."

FAMILY ISSUES AND PLANS

Mother and daughters admit that they argue about how to run the enterprise, particularly any move that would entail big expenses. "I would not have agreed to the new building were it not for the BPI Sinag cash award," said Elsa. "To give way to the new building, we had to take down the plant we built earlier. A pity – we spent Php 500,000 for it. We've spent Php 2 million on the new building so far, on top of what we got from BPI Sinag."

Dalareich and Irene see the new building as an opportunity to promote and sell new and existing products. The ground floor will be for the tablea plant and the upper floor for a

Dalareich Chocolate House



choco shop showcasing what they have, including a new line of cakes and pastries that Irene wants to develop.

A goal in the near future is expansion of the market – to the U.S. and other countries for Elsa; nationwide for Irene. Dalareich’s dream is focused on Bohol – for the province to be known not only for its Chocolate Hills but also for quality chocolates.

IMPACT ON TARGETED BENEFICIARIES

The social side of the enterprise – Dalareich’s plan to assist farmers in rejuvenating traditional cacao varieties and planting new ones – has yet to be realized as she looks for funders for her project. While the enterprise helps provide employment to women in the area, Dalareich Food Products needs to further define its goals and identity as a social enterprise to differentiate itself from an enterprise doing corporate social responsibility.

The contrasting attitudes of mother (prudence) and daughter (drive to innovate) as well as their hands-on style of running the enterprise have combined to ensure that growth is slow but sure, profits are made and quality is maintained, even as traditional processes are slowly modernized.

As the enterprise mechanizes parts of its operations, less workers will be employed. Hopefully, future expansion of the market and therefore production of more tablea and specialty chocolates, will necessitate the employment of additional workers.

<http://dalareichchocolatehouse.com/>
<https://www.facebook.com/dalareichtablea/>



Virtualahan

TRAINING PWDs FOR REAL JOBS ONLINE

Ryan Gersava is a certified medical technologist who wanted to be a doctor. However, because of a disability, he realized that he could never be one. Says Ryan, “I realized that since that dream couldn’t work out, I had to have a new dream for myself.”

His dream took the shape of a social enterprise that trains people like himself, persons with disabilities, for jobs that they can do without having to leave their homes. With his older siblings, Josh and Rose, who are both experienced IT professionals, Ryan formed Virtualahan, a school for virtual assistants (VA) in the Philippines. A virtual assistant is a home-based, self-employed individual who provides professional administrative, technical or creative support to clients located far from where he or she is located.

Based in Davao City, Virtualahan was established in October 2015 to cater to the VA industry, which in 2015, was projected to provide US\$5 billion worth of services worldwide by 2018, as the demand for online services was expected to grow.

Virtualahan is focused on persons who suffer from employment discrimination, notably persons with disabilities, and those with communicable diseases such as HIV/AIDs, and Hepatitis B.

Ryan’s two older siblings, both experienced freelance IT professionals who were already rendering service to the community as Seventh Day Adventists, readily agreed to help. They also brought in some friends in the IT business to work as volunteers or paid trainers.

Ryan was 24 years old and his older siblings were in their late 20s. Together they founded Virtualahan “to empower the marginalized Filipino virtual assistants through education, employment and entrepreneurship”, by establishing a school “that optimizes opportunity through Information and Communications Technology.”

Through Virtualahan, they aimed to increase employment and access to job opportunities for PWDs, increase the income of their graduates, increase the total well-being and quality of life of its students, and increase awareness on Hepatitis B vaccination and HIV testing.

THE TRAINING PROGRAM

The training program runs for 120 to 150 hours over six-weeks, broken down into four-hour daily sessions from Monday to Thursday. All sessions are conducted online and “attended” by enrollees from different parts of the country, but from mostly from Davao and Metro Manila. A support group session is also held on Sundays.

The first four weeks focus on developing soft skills and technical know-how, followed by two weeks of internship where students get the chance to apply what they learned.

The course includes a general orientation on virtual assistants, possible online jobs, potential clients and their location; tools that VAs use, such as Gmail, Google Hangouts, spreadsheets (Google and Excel), applications for transferring files; the proper mindset and ethics for VAs as well as the culture of clients and how to effectively communicate with them. It also includes skills and tools needed for online jobs, such as social media marketing and email marketing, e-commerce and graphic design, and the basics of building and managing a website/blog and search engine optimization.

Virtualahan is focused on persons who suffer from employment discrimination, notably persons with disabilities, and those with communicable diseases such as HIV, AIDS, and Hepatitis B.

Virtualahan does not offer its trainees jobs after they graduate, but they provide employment support for three-months after graduation, such as job referrals, assistance in preparing job application letters, or helping with their first outputs on the job.

SOCIAL ENTERPRISE BENEFICIARIES

Virtualahan’s main beneficiaries are PWDs in search of an opportunity to be productive via online jobs. PWDs include the visually impaired, deaf or deaf/blind, orthopedically challenged, and those with speech and language impairment. The social enterprise also welcomes people who are discriminated against due to ailments such as Hepatitis B and HIV/Aids. Hepa B patients in the country number up to 16.7 million, while there were over 32,647 recorded cases of HIV/Aids as of March 2016, with 21 new cases reported each day.

The 2010 census (the 2015 census did not include questions on PWDs) showed that of the 92.1 million population, 1.57 percent or some 1.4 million persons were PWDs. There were

more males (50.9 percent of the total) than females (49.1 percent) with disabilities. Disability was highest among Filipinos ages 5 to 19 years.

While the Magna Carta for Disabled Persons (Republic Act 7277) provides tax incentives for companies that hire PWDs and/or make improvements in their facilities to make these access-friendly, there is still employment discrimination, which makes the idea of getting them online jobs they can do at home attractive.



From its formation in October 2015 up to end-December 2016, Virtualahan trained 103 students, with an employment rate of 70%. Attrition rate was less than 20%, which meant that they were able to keep their jobs 10 months after completing the program. As of July 2017, Virtualahan had trained 15 batches of students, and was mid-way into its 16th batch. A batch averages 12 to 15 students.

Graduates report dual benefits – a boost in self-esteem, and actually landing jobs online. Jobelle Busque works as a virtual assistant to a realtor in Canada producing videos and slideshows showing properties her client is selling and posting them on his website.” Jobelle says. “I work four hours a day for him and earn 2.50 Canadian dollars per hour (more than PhP 1,000), which is not bad for a start. Sometimes my working time is extended for two hours depending on his activities.”

Jobelle, who has a speech and hearing disability, was hired after an interview with her Canadian client. “*Palakasan talaga ng loob* (you should have the guts). I hardly knew anything about real estate but my client trained me how to do my job. He knows I’m a PWD.”

Eduardo Jalandoni, 38, and Ronald Go, 29, both married with children, were paralyzed from the waist down after a motorcycle accident. Eduardo also suffered a stroke, which put his family in deeper financial straits. With the help of friends and a small disability pension, he and his wife tried to make ends meet by starting a small peanut butter business.

But by training under Virtualahan, investing on a laptop and internet connection (around PHP 19,000), Eduardo landed a job as a search engine optimization (SEO) assistant earning PHP 16,000 monthly. “Virtualahan helped me to come out of my shell,” he said. “I am not hiding anymore. This really boosted my confidence and social interaction.”

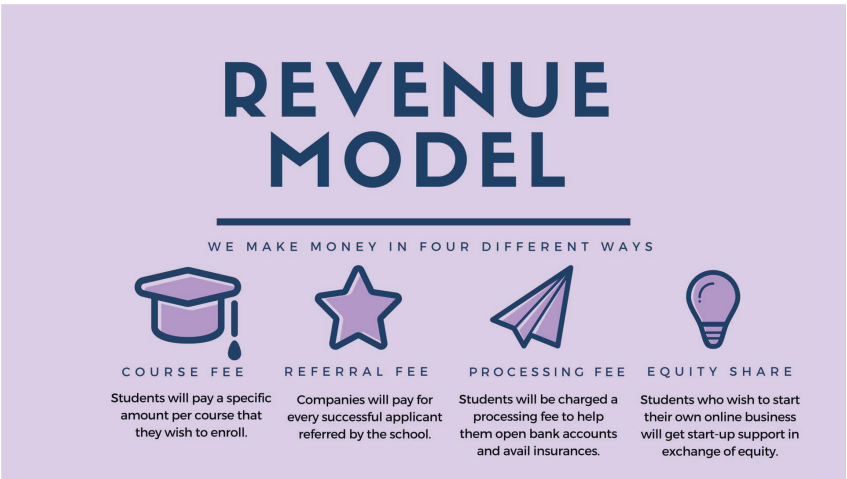
Ronald was already working as a remote IT technical support staff in a business process outsourcing company when he was enrolled by his former employer in Virtualahan. “I wanted to enhance my knowledge and skills,” he says. After the course, Virtualahan hired him as a technical support lead and executive assistant. Based in Vigan, Ilocos Sur, he is able to provide Virtualahan IT technical support by remote control, earning PHP 15,000 to 20,000 a month.

Mariel Valbuena, 25, who graduated cum laude with a degree in Education, major in English, is totally blind. She used to work as a telemarketer but found the commute from her house in Rizal to Makati difficult. She completed her training in Virtualahan and now works as an on-call transcriptionist. “I still have no full-time job but I do market research for an NGO and also transcribe for the National Anti-Poverty Commission. When Virtualahan needs volunteers to help their scholars, I do real time transcription for the hearing impaired during the sessions.” Mariel also handles a discussion topic during the support session meetings on Sundays. “I want to do more with my life and I believe that Go2 Virtualahan will open doors to help me achieve my dreams.”

Rose talks about one of their trainees, a former employee of Accenture who became disabled after a serious ailment. “After the training, he was hired by our former partner in the United States and he is now able to provide for the family again. Many of our graduates have become breadwinners or are able to send their siblings to school, and that’s the most touching part.”

BUSINESS MODEL

The original concept of Virtualahan was to generate revenues from tuition fees, commissions from companies that hire successful trainees, and service and equity fees from students in exchange for securing insurance and assistance in starting their own online business. But for the present, Virtualahan relies on grants and assistance from companies that support its goals and objectives.



“We have attracted financial support, technical assistance, and pro-bono services to help us grow the social enterprise from entities like Philippine Business for Social Progress, Bank of the Philippine Islands Foundation, and the Global Good Fund,” says Ryan. “We have over 30 volunteers from four time zones who are teaching our students and providing us with pro bono services to scale our impact.”

Virtualahan's sponsors also include Lenovo, which supplies the students laptops at discounted prices, and Accenture, which has funded 50 scholars. Ryan charges PhP 25,000 per student, which, he says, is comparable to the cost of similar online courses. He estimates the monthly cost of operating the social enterprise at PhP 180,000 to 200,000.

While the first batches consisted of paying students, including non-PWDs, the succeeding two batches were composed mainly of PWD scholars who applied through Facebook or were referred by PWD organizations. "Although they are sponsored," Rose explains, "the

While the Magna Carta for Disabled Persons (Republic Act 7277) provides tax incentives for companies that hire PWDs and/or make improvements in their facilities to make these access-friendly, there is still employment discrimination, which makes the idea of getting them online jobs they can do at home attractive.

arrangement is train now, pay later. Three months after they get a job, we ask them to pay a certain amount for a period of ten months, so they also feel that they are contributing to the community."

"So far, we have not received any payment," says Josh, "But Ryan is trying to strengthen compliance with this agreement. Right now, our graduates have jobs but are part-timers or on-trial, and that is the problem. We help them get jobs but only a few have regular

and fulltime jobs. We can't impose on them to pay since they have other bills to settle. But we hope to overcome that challenge which is for them to get full time jobs with competitive compensation so they become financially stable."

As such, the three siblings have not been able to draw regular salaries from their work for Virtualahan. Josh and Rose support themselves through fees from online clients that they service between training sessions.

"We earned significant revenues when we were accepting paying students," Rose says. Operations was financed by tuition fees. "Fortunately, Accenture is supporting us so we are able to upgrade the systems and tools we are using. We bought tools and applications that are really useful for students. Before we were using tools that could be downloaded for free but these only allowed a few users to enter the system."

MANAGEMENT FUNCTIONS

The Gersava siblings have divided the management of Virtualahan three-ways. Ryan focuses on network building, Josh on training, and Rose on marketing and community building. Marketing is mainly through Facebook and networking with PWD groups in the Philippines. "We started with PWD organizations in Davao, and signed a memorandum of agreement with the Association of Differently Abled Persons so we can easily find scholars."

"We've received inquiries from the hearing impaired but we need to hire an in-house transcriber, which we can't afford yet. Each hearing-impaired student needs a transcriber,"



says Rose. “We need to find the perfect software that transcribes voice to text in Taglish (Tagalog and English). There is a software that can do that but it’s super-expensive.”

To run the trainings, there are six coaches, including Josh and Rose. Josh oversees the training program and prepares the schedules of the coaches. “Our coaches have fulltime jobs or have their own clients. I have to ensure that their schedule matches ours,” he explains. “I also make sure that all the materials are readied for the coaches, and I also help students after the sessions.”

IMPROVEMENTS AND INNOVATIONS

Over time, the siblings have introduced changes to improve operations. The training module has undergone four major revisions with the help of Virtualahan’s partner coaches. Screening of students had been tightened as well as preparations before the sessions to ensure the smooth conduct of classes and to prevent fallouts.

Most of the requirements for acceptance are technical: a computer/laptop in good working condition that can run the applications to be installed, Internet speed of at least 3mbps (from previous experience, students with slow internet connections fall behind), student availability for the sessions, good communication skills and can communicate in English, and computer literacy or at least knows the basics of using a computer.

“We don’t want fallouts, as much as possible,” says Rose. “Our goal is 100% completion of the course, with good performance.”

Ninety percent of students from Batch 13 to 16 were scholars. One or two paying students are still accommodated per batch, but “only if they love our advocacy,” Rose says. “Before,

some paying students were detached or not able to relate with the PWDs. We don't want any separation or grouping. So, during the screening I also try to find out if they have the heart so all will be in harmony during the training."

"Scaling up is our biggest challenge now," said Ryan. "We are dealing with a very sensitive group with very specific needs so building a process for scale is never easy. We recently formed a partnership with the Technical Education and Skills Authority (TESDA) to develop a certification program to roll out our training to different cities in the country. We are also prototyping our first international expansion in New Zealand."

IMPACT

Virtualahan has opened up for PWDs a line of work that they can very well do, regardless of speech, hearing and visual impediments, or difficulties in mobility. After the training, many Virtualahan graduates are able to get jobs as virtual assistants, enabling them to support themselves and their families. Their self-confidence and morale are lifted as they become as productive as abled citizens.

Virtualahan has gone beyond online trainings to form a community of PWDs that meet online on Sundays and, on occasion, gather for actual "meet-ups." This community has become a venue and forum for sharing problems, providing support to each other, and inspiring other PWDs. By being members of this community, many Virtualahan graduates have become advocates, raising awareness on the situation and aspirations of PWDs. ✂

<https://www.virtualahan.com/>

<https://www.facebook.com/virtualahan/>



CocoAsenso

ENABLING A SUSTAINABLE SUPPLY CHAIN FOR COCONUT FARMERS IN SAMAR

Asa Feinstein initially went to the Philippines as an Agriculture Development Consultant of Cuso International, on a USAID-funded project in Paranas, Samar. He arrived in the country with extensive experience in agriculture and development, which started when he took his bachelor's degree in Natural Resource Conversation and Master's in Development Practice at the University of British Columbia in Canada.

In Paranas, Asa was exposed to the plight of the coconut farmers. Working closely with the community, he grew his network of locals, most of whom were part of the Paranas Integrated Farmers Association. After the program with Cuso ended, Asa decided to stay in Paranas and test a social enterprise model that would enable a sustainable coconut product supply chain and create an avenue for the coconut farmers to earn more from their harvest.

With his partner, Jun, a local farm owner who shares his passion for serving the people and giving back by producing high quality products, Asa created the social enterprise known as CocoAsenso. To create an impact, the company has leveraged innovation through technology, a deep understanding of the local industry, and expertise in the development space. A year after the start of operations, the company grew to become the biggest private sector employer in Paranas, a municipality of 40,000 residents.

IDENTIFYING PROBLEMS AND OPPORTUNITIES

The team started by conducting a thorough and extensive survey of farmers to identify problems and potential solutions. Similar to other agriculture sectors, the coconut farmers in Paranas faced multiple issues, including pricing fluctuations and landlessness. With minimal support from the government, there were also problems with irrigation and lack of technical skills and efficient farming techniques.

Coconuts are the main agricultural produce of the country, with 68 out of 79 provinces identified as coconut areas. In 2004, some 3.5M farm workers were dependent on the industry that contributed a 59% share in world coconut exports. Aside from growing year-round, coconuts have multiple by-products, are relatively easy to grow, and are cheaper to manage compared to other crops.

Most of the farms in Paranas, although owned by the local rich, are rented out and tilled by multiple independent local farmers. As payment for rent, the farmers split their revenue in half with the landowner, while he shoulders 100% of the costs.

“We decided to continue operating, even at a loss, for our employees. The laborers could probably go back to informal or project-based jobs, but the women processing the products would not have anywhere to go.”

Locally, coconuts are mainly used to produce copra. Apart from CocoAsenso, there are no buyers of whole coconuts in Paranas. After harvest, the farmers need to process the yield and produce copra to sell. Traditionally, the production of copra is highly manual, costly and time consuming. With high operational costs, rent to the landowners

and pricing fluctuations, farmers barely make any profit. Since there are no buyers of whole coconuts, the farmers are forced to first process the coconut products before selling it.

The CocoAsenso team saw the opportunity to streamline this process to a more efficient and larger scale and a more cost-effective standard, which would allow the farmers to sell whole coconuts and retain more profits.

CocoAsenso also saw the opportunity in another coconut product that produces higher quality oil—desiccated coconut. Compared to copra, desiccated coconut is easier to produce, more convenient to transport and produces cleaner oil. Where copra can be made into generic coconut oil, DC can be made into good quality Virgin Coconut Oil.

A WORLDWIDE MARKET

A Reuters report released in February 2019, notes that “The worldwide market for Virgin Coconut Oil is expected to grow at a CAGR of roughly 2.5% over the next five years and will reach USD750 million in 2024, from USD650 million in 2019.” Factors driving the growth include consumer consumption and the wide range of uses for the product. Most products worldwide are imported from countries like the Philippines and Indonesia.

The Philippines has consistently remained among the top exporters of coconut oil; it is one of the biggest agricultural exports of the country. In 2018, virgin coconut oil had gross export receipts of USD6.948 million from sales of 2,066 MT. The increasing global demand coupled with the stable economic output shows stable growth in supply meeting the ever-increasing demand for coconut products.

A potential concern for the industry is the fluctuating price of copra globally. In mid-2018, the price of copra was Php 13 per kilo, which is lower than the break-even copra production

price of Php 15. Because the coconut industry makes up the bulk of the country's exports, the government is actively involved in initiatives to increase the price. The Biofuels Act of 2006 (Republic Act 9367) which was actively supported by the farmers, coconut producers and the business sector, would have increased the price of copra to around Php 30 per kilo, according to the Philippine Coconut Authority.

Overall, the sustained increase in demand for coconut products shows promising growth for the market. Despite the fluctuating prices, the government's involvement helps manage industry prices, and lifting the market price for coconut products. Competition in the sector is manageable, putting the country among the top suppliers of the product with Indonesia as the only other major supplier.



BUSINESS MODEL

Coco Asenso's Business Model starts with community networking through Asa's previous engagement with Cuso International. This is supplemented by Jun's local network of farmers and the local community. Together, they have partnered with the local municipality and the Paranas Integrated Farmers Association to help empower farmers by ensuring them a sustainable livelihood.

CocoAsenso buys the raw materials directly from the farmers without any middlemen. Whole coconuts are bought for the same price as the yield it would have produced from copra. The farmers, in effect, do not have to shoulder the production cost but they lose the revenue from the shell. Overall, this allows the farmers to actually earn from the harvest, even after paying half the revenue as rent to the landowner.

The coconuts are sorted—good quality coconuts are processed as desiccated coconut and sub-par coconuts are used to make copra. The shell is processed to make charcoal or sold to charcoal processing plants. The husk and water are discarded, but the enterprise has plans to eventually utilize even these discarded parts.



At the start of the CocoAsenso enterprise, the process flow was totally manual. Sorting, peeling, separating the meat and even drying required manpower at every step. Most of the laborers come from farmer families and are familiar with parts of the process end to end. Despite this, the production line has not been operating at peak performance due to a main choke point.

The production line is not maximized because the dryer is too small accommodate the volume of desiccated coconut that is processed. The company has begun to develop a bigger dryer to match the production level.

All products go through multiple quality controls at each stage of process. By 2020, the company aims to develop a product that will pass international and export quality standards, with ISO and FDA compliance.

The last stage is the delivery of good quality products to their customers on time.

Due to the constraint in production capacity, the company only has a few repeat customers and is selective about the Purchase Orders they accept. Only after changes are made to improve the efficiency of the production line does CocoAsenso plan to acquire more local customers and start exploring the export market.

MAIN STRATEGIC INTERVENTIONS

The enterprise's main strategic interventions are summarized as follows:

Technology – improved the end-to-end processing of the coconuts, resulting in faster processing times, optimal production and lower costs. This will allow the enterprise to buy the coconuts at a price where farmers would turn a profit.

Empowerment – through community networking, they provide livelihood for the farmers plus stable jobs for the men and women. This is also done through teaching sustainable farming methods that will help preserve the farmers' livelihood.

Management – to provide guidance, direction and supervision from sourcing, production, marketing and sales.

Operations – 100% of the produce is sourced from local farmers directly, and bought at a fair price which is the same as the revenue from processed copra.

Organization – 100% of laborers and employees come from the local community, most of who are members of the Paranas Integrated Farmers Association or are relatives of the farmers.

The shift from producing copra to desiccated coconut and the establishment of a local processing plant has reduced transportation costs and resources. Most processing plants are based in Lucena and Quezon, where whole coconuts are sent from all over the country. Because the finished desiccated coconuts are much lighter and ready to be sold, there is a significant reduction in carbon footprint from the transportation alone.

Apart from selling the shell to be processed into charcoal, CocoAsenso also plans to develop machinery to convert husks into charcoal. Instead of being discarded as waste, the husks will be used as a more sustainable fuel source. The management team is developing a value chain where all parts of the coconuts are utilized or processed.

OPERATIONS MANAGEMENT, WORKER MOTIVATION

Jun, who is also a local farmer, manages the operations and the employees. Owning and tilling his own farm has helped in managing the laborers in the site. Overall, the team does not have much problems with the workers who require very little supervision. The management team monitors quantity and quality of output.

The workers are aware of CocoAsenso's mission to help the coconut farmer, which keeps them motivated. The enterprise also runs a program where the coconut farmers can recommend a laborer for a stable job at the processing plant. The local network and community built by the enterprise works to its advantage especially in terms of suppliers and employees.

SOCIAL PROBLEMS AND BENEFICIARIES

When CocoAsenso started, there were a lot of inefficiencies within the value chain. The social enterprise has identified potential improvements that will affect the farmers, their



families and even the entire community. This has held true especially in Paranas, where the industry is dominated by local farmers and half the population depends on coconuts as their income.

The coconut farming industry in Paranas is dominated by small farmers who rent the land they till. As rental payment for the land, the landowners get 50% of the revenue from each harvest's copra production, but the tenant farmer can keep 100% from the shell revenue. Typically, the farmer shoulders all the costs associated with farming, harvesting and processing the coconut products.

When the final product, usually copra, is ready to be sold, the farmers have little market power to leverage a better price. In cases where the farmers have to take out loans from the buyers or traders, they are often required to sell the harvest exclusively to the lender. If the farmers want a higher price, they have to transport the products nearer to the city center. The cost of transport is significant as copra is very bulky and heavy.

Done the traditional way, the small-scale production most local farmers practice leaves a lot of waste products that have economic value. Although the shell is sold to make charcoal, the husk and coconut water are discarded.

EMPLOYEE-BASE OF WOMEN AND LABORERS

In 2019, the social enterprise employs 35 full-time workers in the Paranas processing plant. Although most of the laborers are men, processing the desiccated coconut is done mostly by women. Without CocoAsenso, most men would go back to informal jobs as laborers in construction projects or manufacturing and retail distribution sites. For the women, there are barely any jobs available in the municipality, which is why the company deliberately employs as many women as they can, says Asa. The majority of the workers have not experienced job security until CocoAsenso.

Compared to copra, desiccated coconut is easier to produce, more convenient to transport and produces cleaner oil. Where copra can be made into generic coconut oil, desiccated coconut can be made into good quality Virgin Coconut Oil.

All employees receive a fair wage of Php 275 per day and all government mandated benefits. Some of the laborers say their standard of living has improved, with their wages covering most daily needs, healthcare and provisions for their families, plus other tools such as motorcycles and cell phones.

Asa adds, "We have created a very positive work environment for our employees. For example, an in-house cook provides workers with two snacks per shift, music blasts in the production areas, there are occasional trips to the beach, and most workers have joined the CocoAsenso basketball team. We recently contracted a mason who enjoyed working with us so much that he offered to continue working as a general laborer (with a 40% pay cut) after his masonry project was complete."



CHALLENGES GOING FORWARD

In 2019, CocoAsenso has only two or three regular customers. The majority of buyers of desiccated coconut, are small, local, independent buyers who sell to Virgin Coconut Oil processing plants. A small percentage is sold to end users such as bakeries, restaurants and hotels. As the company is just starting out, it is only Asa who serves as the company's sales and marketing arm. He sources potential clients, sends them a quotation and processes their orders.

However, as Asa Feinstein says, "There is much demand for the product abroad."

In early 2019, the CocoAsenso team had to make a tough decision to continue operating despite not being profitable. Asa shared, "We decided to continue operating, even at a loss, for our employees. The laborers could probably go back to informal or project-based jobs, but the women processing the products would not have anywhere to go."

The team, however, understood that the only block to turning a profit is capacity. From September to December 2018, the Paranas site was only processing around 2,200 coconuts daily, with the dryer as the main choke point, putting a cap on production. To manage this, the team has developed their own dryer that will process 4,000 coconuts daily for good unit economics.

FARMER DEVELOPMENT HUBS

In line with its mission to improve livelihood and efficiency in the coconut sector, CocoAsenso plans to mount a farmer development program with will train farmers on efficient farming techniques like planting high value crops between coconut trees and utilizing new machines to speed up the planting process. As part of the model, the processing plant and facilities will become farmer development hubs.

The social enterprise started with something relatively simple—buying whole coconuts and shifting farmers from making copra to selling whole coconuts, in effect, increasing farmer profits by absorbing the processing of their harvest and all costs associated with it.

Once they achieve the goal of becoming a sustainable business, CocoAsenso will use their existing business infrastructure and engage the farmers in improving the productivity of their land, including planting high value crops, contract farming arrangements, partnering with NGOs or government agencies for seeds. If needed, it will expand into group lending or a community bank that will allow farmers easier access to financial services.

A major point CocoAsenso wants to address is the lack of re-planting and the poor maintenance of coconut plantations. From a farmer's perspective, sustainability should take priority over profits. But not all farmers think long-term. With the next generation losing interest in farming, succession planning is not as relevant anymore. CocoAsenso wants to change this perspective and reinforce it through the farmer development hubs.

Jun has been executing this on a small scale. He invites farmers over to his farm to talk about best practices as his way of giving back to his fellow farmers. He says that the team sees this an important program, but they also need to prioritize the profitability of the processing plant.

THE FUTURE IN EXPORTS

In 2018, CocoAsenso submitted a proposal to Bayan Academy to start producing white copra. In terms of cleanliness and purity, white copra is in between desiccated coconut and copra. The idea came from the lack of supply especially in other South East Asian countries like Indonesia. The team saw the opportunity to fill that gap and applied for funding to produce the new product. However, the market eventually recovered and CocoAsenso continued to focus on their two main products.

When production capacity becomes stable and the company meets the required number of coconuts processed daily to turn a profit, the focus will shift to selling and marketing the product for export. CocoAsenso is continuously improving their process to pass all the quality inspections and be certified as ready for export. This will increase their market share, as they reap the higher margins from the streamlined production.

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