

# **Marketing Good Practices (Case Book)**

2010

## **1. About this case book**

The purpose of this case book is to support DTI’s SME counselors to learn from the actual cases on how flagging micro, small and medium enterprises were revived/ improved. These cases are focused on marketing strategies among others.

Each case is categorized into marketing 4P; Product, Price, Place (channel) and Promotion (communication).

It is composed of the following items:

- (1) Company general information
  - Name of company, capital, year established, type of business, number of employees, address and URL.
- (2) Key Factors for success (summary)
- (3) Issues/problems they encountered
- (4) Solutions/ Activities
- (5) Results/Outcome

Cases are taken from Japan and the Philippines. These actual cases will be shared with SME counselors all over the country to provide more effective advices to their clients.

## 2. List of cases

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1	Oita, Japan	SANWA SHURUI Co., Ltd.	Liquor Manufacturing	4
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### 3. Cases in Japan

(1) Sanwa Shurui Co., Ltd. ~from an unknown ‘shochu’<sup>1</sup> to world-wide known ‘Iichiko’

Category	<input checked="" type="checkbox"/> Product <input type="checkbox"/> Price <input type="checkbox"/> Place (Channel) <input checked="" type="checkbox"/> Promotion (Communication)		
Name of company	SANWA SHURUI Co., Ltd.		
Capital	1 billion yen	Year Established	1958
Type of Business	Liquor manufacturer	Number of Employees	336 (as of 2006)
Address	2231-1 Yamamoto, Usa City, Oita, Japan		
URL	<a href="http://www.iichiko.co.jp/en/index.html">http://www.iichiko.co.jp/en/index.html</a>		

#### *Key Factors for Success*

- **Clearly made a target customer and concept of the product.**
  - **Developed own ‘shochu’ made from wheat using totally different method from the traditional ways.**
- **Totally changed the image of ‘shochu’ through modern Advertisement and Package.**
- **Governor of Oita Prefecture as a top salesman.**
  - **Whenever he travelled around Japan, he brought Sanwa’s ‘shochu’ and asked restaurants, where he had dinner, to try the ‘shochu’.**
- **Opened the plant to the public for tour.**
  - **Communication channel with customers.**

#### **Issues**

Sanwa Shurui was established in 1958 in Oita prefecture, a southern part of Japan. For about 20 years, Sanwa produced Japanese rice wine (‘seishu’ –refined ‘sake (liquor)’). However in the late 1970’s, Sanwa was feeling a sense of crises with so many competitors of Japanese rice wine manufacturer around. At that time, when people say ‘sake’, it meant ‘seishu’. ‘Shochu’ was perceived as ‘lower-rank sake’ for those people who can not afford to buy ‘seishu (rice wine)’.

Sanwa thought of how to overcome these crises, and then decided to start producing

<sup>1</sup> ‘shouch’ is an alcoholic beverage of Japan, most commonly distilled from barely, rice or sweet potato. Being distilled, typically it contains 25% alcohol, making it weaker than whisky, but stronger than wine and sake (around 15%). ‘Sake’ is a brewed rice wine. ‘Iichiko (Sanwa’s Shochu brand)’s proof ranges from 20% to 30%.

‘shochu’ with a new method. However, there was already a prominent company which was developing a new ‘shochu’ product, Nikaido-Shuzo, Inc.

So Sanwa needed to make a clear distinction of its own target and product concept from Nikaido-Shuzo.

[Summary of the challenges Sanwa encountered]

- Sanwa’s only product was ‘seishu’ (refined ‘sake’) and they could not find out how to compete with others anymore with their only product.
- Sanwa decided to start developing & producing ‘shochu’, however there were difficulties as;
  1. People’s perception of ‘shochu’ was not good at that time (‘lower-rank sake’, such as a cheap ‘Jin’ in the Philippines)
  2. Nikaido-Shuzo (Sanwa’s competitor) had already started developing a new ‘shochu’ product ahead

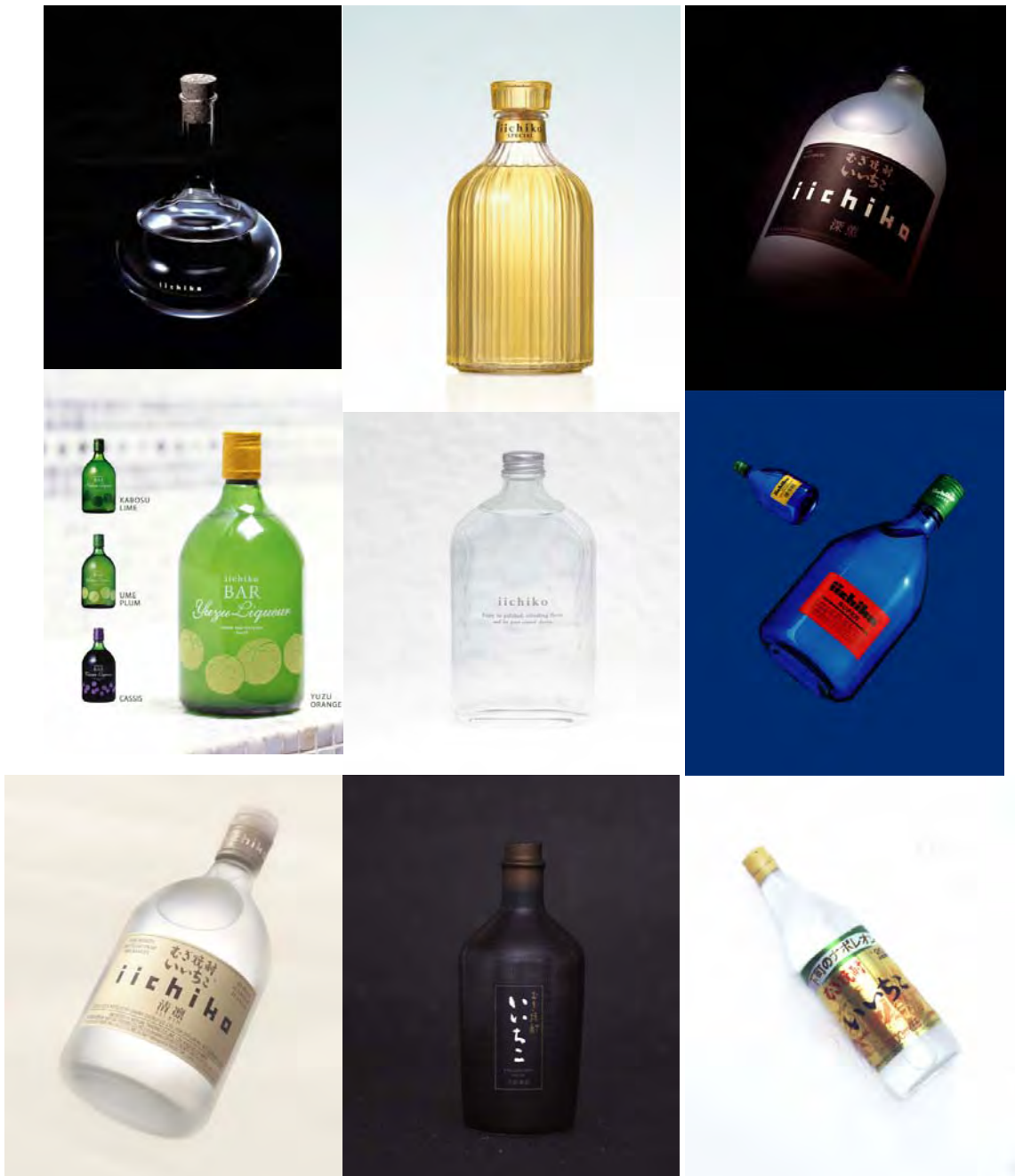
## **Solutions**

### ◇ Product

- Since the customers of ‘shochu’ then were mainly older men who could not afford more expensive ‘sake’, Sanwa targeted their customers to ‘younger generation’. They conducted a marketing research and decided to set a target segment of ‘30’s to 40’s who goes to work by metro (subway), ‘reading “nihon keizai shinbun (The Nikkei; News paper which covers microeconomic issues and trends)” and “Shukan Bunshu (weekly magazine which covers social issues and novels)”’, with more than 6 million of annual income (at that time)’. This was their targeted customer image. Their concept of ‘shochu’ was ‘mild and simple taste which young people will love’.
- Traditional ‘shochu’ had a very strong taste with strong smell of alcohol, which may not be acceptable to younger generation. So Sanwa tried to develop a ‘mild and simple’ taste. They first invited a traditional master brewer to develop a new taste of ‘shochu’, but the traditional master brewer could not get rid of the traditional ‘strong taste with strong smell’. So Sanwa decided not to rely on the traditional master brewer but to develop a new taste with an engineer. At that time, it was not so common for a liquor manufacturer to work together with an engineer, but they usually developed a new product with a master brewer. Sanwa was able to develop a ‘mild and simple’ taste of ‘shochu’ with the engineer with a new method which is based on the comprehensive research.
- As for the naming of a new product, Sanwa opened the participation in naming of a

new product to the public in Oita prefecture. They wanted a name which the regional culture is incorporated, so they selected ‘lichiko’ which in Oita dialect means ‘the best’/ ‘fine’.

- Since 1970’s, Sanwa has developed about 11 kinds of ‘shochu’ under ‘lichiko’ brand based on the sub-segment. Design of the bottle also differs depending on the sub-segment’s concept.



Source: Sanwa Shuryo

✧ Promotion (Communication)

- When Mr. Hiramatsu became a Governor in Oita Prefecture in 1979, he promoted ‘One Village One Product<sup>2</sup>’ to motivate his people to be proud of the product, culture and nature in Oita. ‘Shochu’ became one of the products of ‘One Village One Product’. In 1975, domestic share of ‘shochu’ produced in Oita was only 1%.
- Governor Hiramatsu tried to taste ‘shochu’ made from wheat and he thought it tastes very good. And then he thought of bringing the ‘shochu’ made in Oita to Tokyo and sell it in metro city. However, people in Oita kept telling the Governor that it is very impossible that this Oita made ‘shochu’ will be sold in Tokyo! The Governor never gave up and he told people, ‘Let’s CREATE THE NEEDS. Let’s not just wait for the customer to come to you and buy your product. So we need to work hard for PROMOTION’.
- Firstly, the governor started introducing the ‘shochu’ in the restaurants in Oita. He showed the owner and employees of the restaurants how to enjoy the ‘shochu’. (I.e. put in the short glass, put ‘shochu’ on the rock and then put a several drops of ‘kabosu’ (small green lemon produced in Oita. It’s like ‘calamansi’ but a little bigger size). After the trial, he was confident enough to bring it to Tokyo because all the owners of the restaurants liked it. So whenever he had a business trip to Tokyo, he brought ‘shochu’ bottle with him and introduced it to restaurants by himself. He became a ‘Top Salesman’.
- From 1990’s the market was favorable to them, since people in Japan became more conscious with their health. ‘Shochu’ has lower calories compared to beer and sake, since it does not contain any sugar being distilling. ‘Shochu’ also has lesser purines compared to beer and sake, which causes gout. What is more, you do not feel hung over the next day with ‘shochu’, not like rice wine. So ‘shochu’ became more and more popular especially among women and younger generation. In 2003, total shipment volume of ‘shochu’ exceeded that of ‘sake’ for the first time in the history.
- Sanwa put advertisement posters in the Tokyo metro stations for 1 week every month. In the advertisement poster, there are not many words for promotion, but with a ‘shochu’ bottle in a very fantastic scene with a word, ‘lichiko’.
- Since 1981, Sanwa started to export ‘shochu’ to overseas, mainly for Japanese living abroad. Now they export to 11 countries in the world.
- Sanwa put importance of communication with their customers. With this, they open

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<sup>2</sup> Governor Hiramatsu was invited by former President Fidel Ramos in 1993 and it was started as ‘One Barangay One Product’. Now it is called ‘One Town One Product’.

the plant to the public free. Customers can tour the plant and taste a ‘just made shochu’ there free. In Sanwa’s website, they also have ‘iichiko Forum’ where anyone can join to ask questions or give comments on their products. If there are any comments or questions from the customer at ‘iichiko Forum’, a person in charge of customer service (1 person) responds it within 3 days.

[Role of local government]

- Technical Assistance
- Marketing: Governor himself as a top salesman

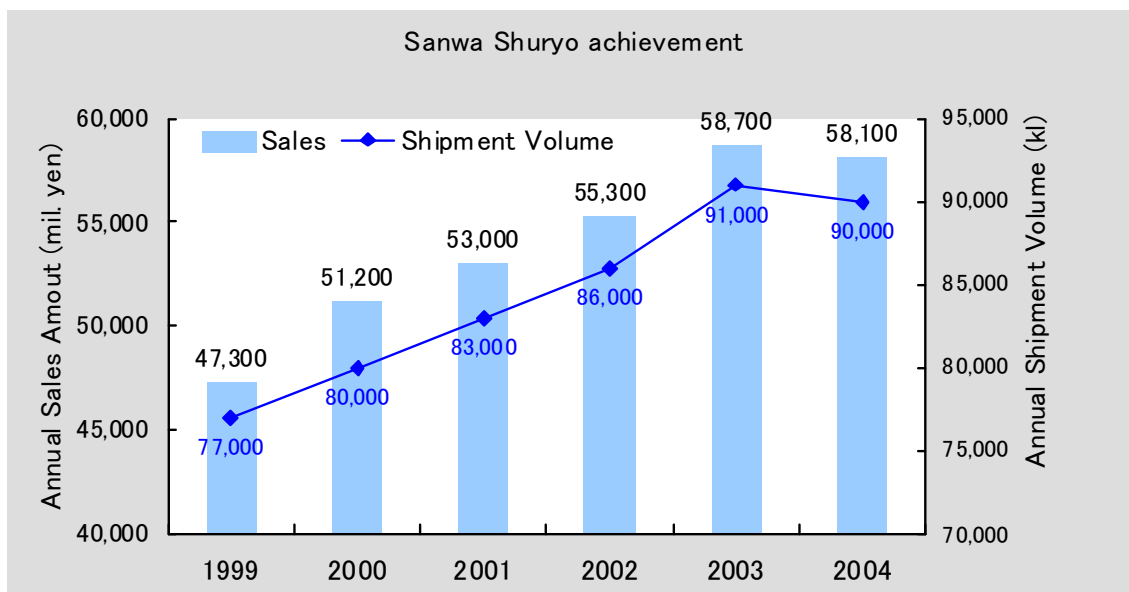
Examples of lichiko’s advertisements.



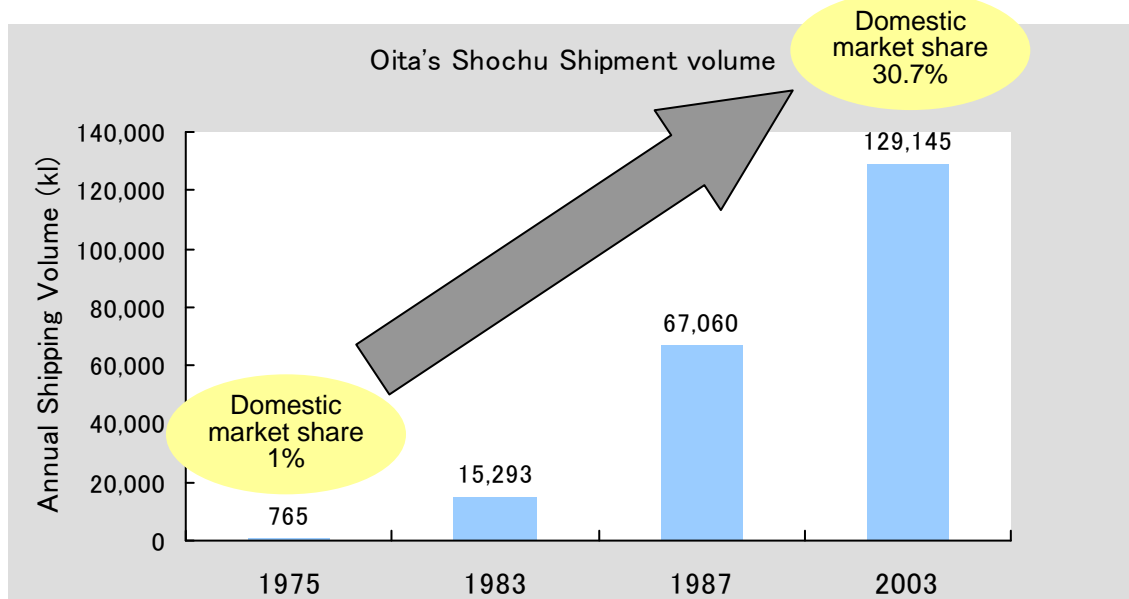
Source: Sanwa Shuryo

## Results

- ✓ Since Sanwa started selling ‘lichiko’ in 1979, their sales has grown and achieved at 47,300 million yen in 1999 (20 years since it appeared on the market).
- ✓ In 2006, its sales amount was 57,461 million yen and net profit was 4,673 million yen. Now lichiko positions No.1 in Japanese ‘shochu’ market.
  - No. 2 Company’s sales amount is 37,049 million yen.
- ✓ Total sales amount of ‘shochu’ in Oita prefecture in 2006 was 2<sup>nd</sup> (about 79,822 million yen) in overall Japan.



Source: Sanwa Shuryo



Source: 地域格差を解消するため出でよグローバル企業家、平松守彦、2007

## (2) Umaji Agricultural Cooperative

Category	<input type="checkbox"/> Product <input type="checkbox"/> Price <input checked="" type="checkbox"/> Place (Channel) <input checked="" type="checkbox"/> Promotion (Communication)		
Name of company	Umaji Agricultural Cooperative		
Capital	170 million yen	Year Established	1948
Type of Business	‘Yuzu’ (citrus) processed products manufacturing	Number of Employees	81 (About 70 for processing products)
Address	3888-4 Umajimura, Aki-gun, Kouchi, Japan		
URL	<a href="http://www.yuzu.or.jp/">http://www.yuzu.or.jp/</a>		

### *Key Factors for Success*

- **Created brand image as ‘Traditional countryside’, not just selling a ‘product’.**
  - **Village as a whole (‘Umaji’ village) is the Brand.**
  - **Package, Label, Name and TV commercial image give an impression of ‘Mecca’ for people living in cities.**
- **Customer Relation Management (CRM) through Direct Marketing.**
  - **350,000 Customers in Customer Database**
  - **Send News letter and brochure 3 times a year through DM (direct mail).**
  - **Direct Communication with customers through e-mails and tel. Quick response to customers’ requests or complaints.**
- **Healthy & safe, Environmental friendly product.**
  - **No chemical ingredients in the product. Safe for their own kids to drink. It is an accredited drink by local government.**
  - **Developed another product made of ‘Yuzu’ Skin which they formerly just threw away.**

### *Issues*

Umaji village is located in Kochi which has the largest (about 36%) share of ‘Yuzu (citrus)’ cultivation in Japan. Since 1965, Umaji village shifted from rice to ‘Yuzu’ production because of rice acreage reduction policy. Umaji village is a small village which has only 1,069 populations (as of end of December, 2008). In the village, there are no high-ways, no

rail-ways, no traffic lights and no convenience stores.

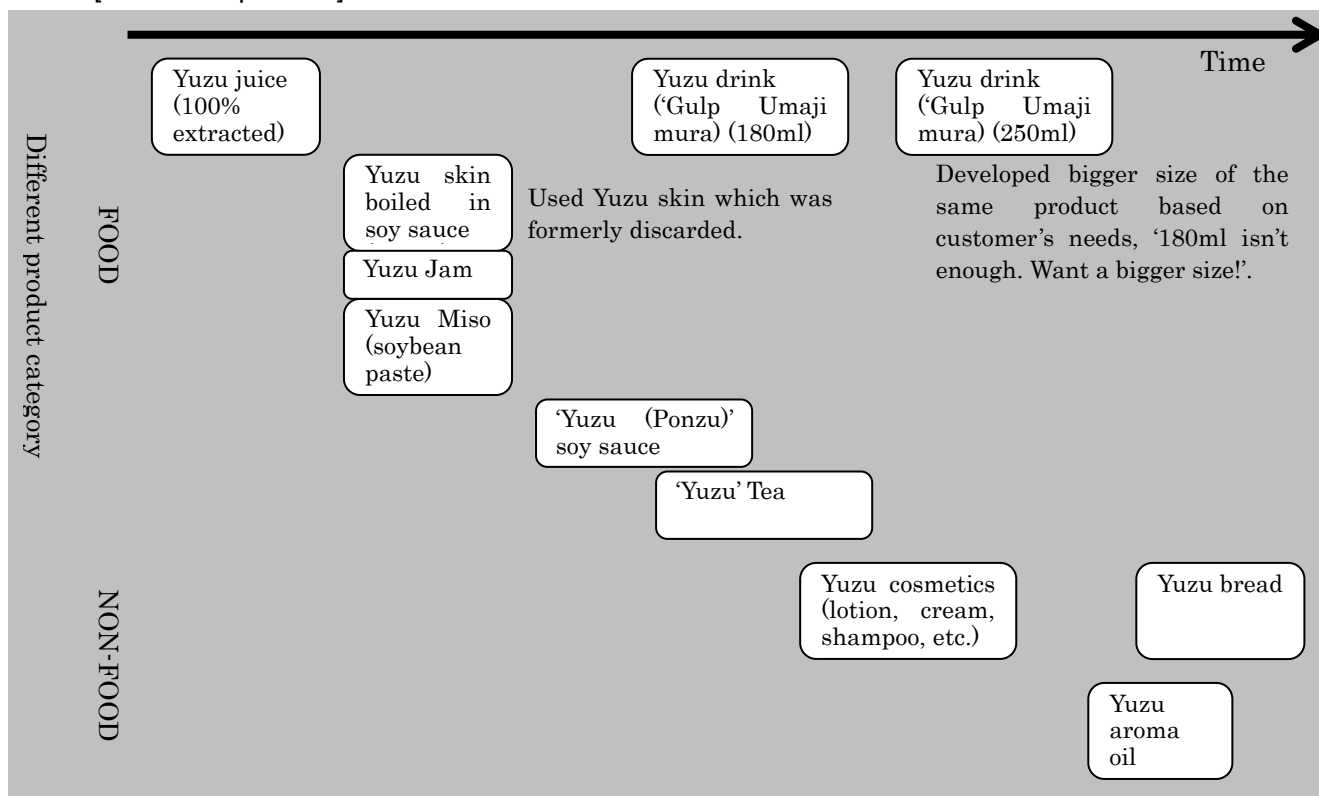
360 households or about 70% of the total households are involved in ‘Yuzu ’ production and processing. However, Umaji village is a mountainous area, so it is hard to deliver the fresh ‘Yuzu’ to towns. To deliver the ‘nice-looking’ Yuzu which has no melanose or worm bore, they needed to spend time for pest control at least 7 times a year. Since most households were working for Yuzu production as a sideline, they couldn’t have enough time for it. That’s the reason they developed processed products such as jam and miso and juice, instead of delivering fresh Yuzu.

### **Solutions**

#### ◇ Product

- UAC developed ‘Yuzu’ drink with chemical-free (organic) ‘Yuzu’ fruit and honeybee. One of the important criteria or quality standards they had in developing the product was whether it is safe for their own kids to drink that juice. No parents want their child to drink unhealthy or dangerous drink which contains lots of chemical or sugar.
- ‘Safety of food/ drink’ is a minimum requirement of the customers, but how UAC differentiated their product from others was the ‘Concept’. The fact that Umaji village has no highways, no traffic lights and no convenience stores was not their weakness, but became their strength to sell a ‘Story of Countryside’ where people living in the cities admire. Thus, UAC didn’t use the modern design for the packaging nor the image in the TV commercials.
- What’s more, UAC decided to sell ‘Umaji village’ as a whole, not merely a product. This is shown in the naming of the product and how they promoted. The name of ‘Yuzu’ drink is ‘Gokkun Umaji-mura (‘Gulp’ Umaji village)’. Message they tell their customers is ‘This product was made in Umaji village. Umaji village is a place where ~.’ In the advertisement, we can know where, how and by whom the Yuzu drink was produced.
  - ◇ ‘Brand’ is what customers can image when they see the product. If customers will just image ‘Yuzu’ (citrus) when they see ‘Gulp Umaji-mura’ (Yuzu drink), then a large beverage company can easily produce the similar product. However, if customers can image ‘Umaji Village’ when they see their product, it is already a ‘different’ product for customers from others.
- Their main product is Yuzu drink, but they developed other product lines such as Yuzu tea and jam using the skin of Yuzu, cosmetics and bread. Currently, they have 38 product lines.

[Product Expansion]



Source: JICA Expert Team made based on Umaji Agricultural Cooperative website and a book, "ゆずと森を届ける村馬路村".



'Gulp umaji village'  
(in a bin)



in PET bottle



concentrated Yuzu juice



Gift set  
(24 bottles)



Gift sets

✧ Place (Channel)

- Firstly, they participated in Trade Fairs in different regions from northern to southern part of Japan, but their sales didn't increase much. However, they kept joining in the Trade Fairs.
  - ✧ They used to spend 80 days in a year to join different Trade fairs all over Japan.
  - ✧ For joining the trade fairs, it cost ¥200,000 to rent a space and they also needed to pay 15% of their total sales to department stores. So for example, if they sold ¥1million, only ¥65,000 remained. Considering the travel expenses, it's almost break-even. However, they never went home without getting anything. Usually customers asked delivery service from department stores to their home because bottles are heavy, so UAC was able to get customers' name, address and contact number. They were able to collect about 3,000 customers' information through trade fairs.
- Customers who bought their products in trade fairs in different regions called or sent postcards to UAC to ask, 'Where can we buy your product?' At that time, customers just had to wait for the next Trade Fair in the respective region because UAC didn't have any dealer network.
- They started to sell their products directly to the customers. They receive the customers' order by phone, mail or internet, and then they deliver the products directly to customers. This is still the main (more than 50%) channel of their sales still now. Other channels are supermarkets, department stores, hotels and souvenir shops.
- One of the biggest reasons they sell directly to the customers is that through the direct channel they can listen to customers' requests or complaints, and they can respond to these requests or complaints quickly.
- In order to sell the products to their customers more efficiently and effectively, they established customers database (DB), which included customer's name, address, contact number, and so on. There are about 350,000 customers listed in the DB.
- This DB enabled them to send their customers 'Direct Mail (DM)' such as newsletter and seasonal brochure 3 times a year.
  - ✧ Usually, they get orders from 30% of the customers they sent DM within 1 month.
- It helped a lot to maintain and increase the number of 'repeaters' (customers who buy their products periodically/ regularly).
- They also tried to sell their products at inns and restaurants in their province.

However, their competitors were already dominant and they thought the market size is not big. So they focused on the larger market outside the province. (Chose and made clear decision where to target)

✧ Promotion

- Through the DM mentioned above, they introduce 'Gift Package' during Christmas/ New Year and summer (July) greeting seasons when traditionally Japanese people give gifts to others. This way, their products are recommended from existing customers to new customers.
- When they first on-aired a TV commercial of 'Gulp Umaji-mura' in their province in 1988, Umaji village (barangay) subsidized UAC half of the expenses. Since Umaji village had also a plan of regional development; it was a win-win relationship.
- ✧ Head of UAC mentioned that when the organization is still at expansion stage and unstable, it may need to ask support from government. However, now the cooperative is already stable and has reserve, it is not reasonable to seek government's assistance. Now UAC funds the village, such as 20 million yen for agriculture, 30 million yen for community development, and so on (in 2006).

*Illustration used in the promotion materials*



Image of healthy and energetic boy



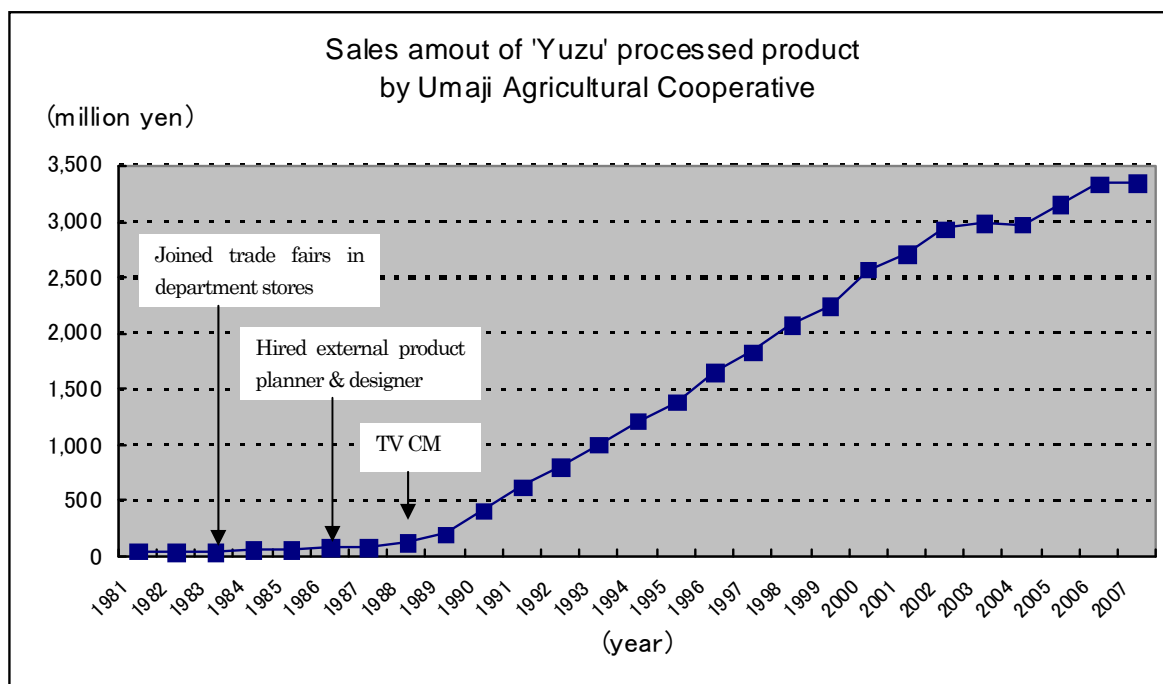
image of countryside

**Results**

They have more than 350,000 customers, and they achieved more than 3 billion yen of sales in 2005.

Now their target area is eastern and northern part of Japan and then next will be Europe.

Since 2002, Umaji village started planning a 'concept of Yuzu forest' which includes a new Yuzu processing plant and facilities for tourism (restaurants and lodges)



[History]

Year	Significant events/ activities
1965	Started R&D of 'Yuzu' cultivation. Started planting 'Yuzu'.
1975	Started extracting 'Yuzu' juice using a machine in the cooperative processing plant. (before, each farmer was extracting manually the juice and UAC collected it)
1979	Started R&D of 'Yuzu' processing products.
1983	Participated in Trade Fairs in department stores to seek sales channel. Found out that there are 'repeaters (fun)'.
1988	Hired consultant for product planning and designing. Completed 'Yuzu' dring product, 'Gulp Umaji-mura' which was accredited by Umaji village. Sold 1million bottles of 'Gulp Umaji-mura'. Installed computer system for direct marketing and selling.
1989	Communication strategy to sell 'Umaji village' as a whole (not only a product) was executed.
1990	'Gulp Umaji-mura' got an award.
1991	Production and delivery delayed because of demand increase during year end and summer's gift seasons. (government required this year to all manufacturers to indicate composition of additives)
1992	Implemented 'Yuzu' cultivation expansion plan in an entire village.
1996	Started utilizing 'Yuzu's skin for other products.

	Established Yuzu waste composting plant.
2000	Started implementing 'Yuzu forest plan'. Established semi-public sector 'Eco earth Inc.'.

(3) Irodori Co. Inc.

Category	<input checked="" type="checkbox"/> Product <input type="checkbox"/> Price <input checked="" type="checkbox"/> Place (Channel) <input checked="" type="checkbox"/> Promotion (Communication)		
Name of company	Irodori Co. Inc.		
Capital		Year Established	1999 (Kamikatsucho agricultural cooperative started the business in 1986)
Type of Business	Garnish (leaves and flowers) sales, system development, consulting, etc.	Number of Employees	2
Address	Tokushima, Japan		
URL	<a href="http://www.irodori.co.jp/english/english.html">http://www.irodori.co.jp/english/english.html</a> (English) <a href="http://www.irodori.co.jp/">http://www.irodori.co.jp/</a> (Japanese)		

### ***Key for Success***

- **Go and see the actual site to know the market, customers and suppliers (exposure).**
  - **The counselor visited the restaurants for more than 2 years where the products are used as garnish to know customers' needs.**
  - **The counselor visited all the households (suppliers of the products) to know the environment and people.**
- **Create a scene/ situation where the products can be used.**
  - **Tiny mushroom (shiitake) was just thrown away before because it was regarded as 'below standard size'. However, when a sales person told the customer that tiny mushroom is for those customers like her who has a small mouth, it is easy to eat and tasty, then the customer was so pleased and bought it. Tiny mushroom can be also used for certain Japanese dishes so that customers don't need to slice anymore.**
  - **There are variety of flowers and leaves depending on the season (there are four seasons in Japan). They develop seasonal catalog 4 times a year with pictures of flowers and leaves where these products are being used in the dish decoration.**
- **Developed an aged people (supplier of the products) friendly system**
  - **An order system was installed at each farmer so that they can get information of the shipment amount of the day and target amount for the next day. Each farmer was also informed her rank of the amount sold in the previous day among others which motivated them to work harder.**

### ***Issues/ Background***

Kamikatsu-cho is a town in Tokushima province which about 90% of the land area is mountains and has about 2,000 populations (as of 2007). About 48% of the population is 65 years and above and about 51% of the households is engaged in agriculture. It is a typical countryside town in a sense.

In early 1980's, its main business was orange production, forestry and construction in which aged people had little chance to work. Therefore many 60's and 70's men used to drink sake from morning and complain about local and national government. Their mindset was 'to

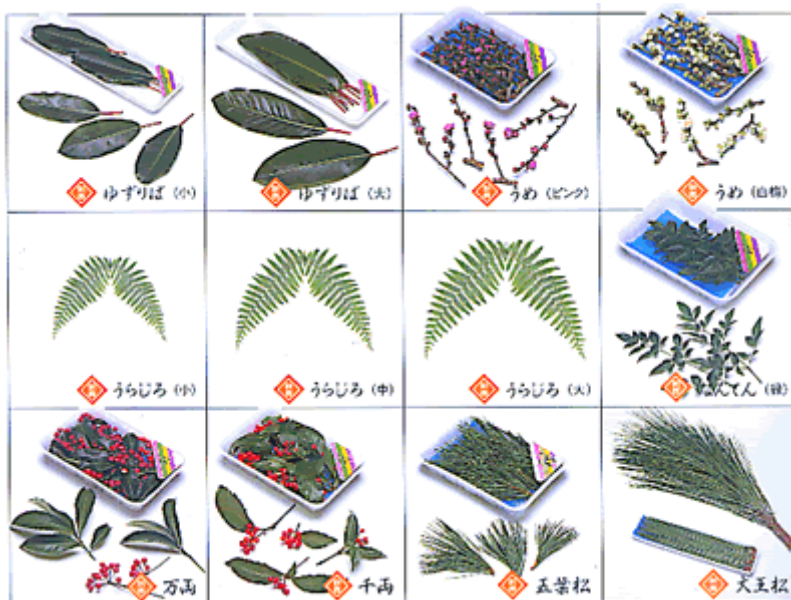
depend on grant’. They used to blame others but never tried to think of doing something by themselves.

In 1981, the town experienced unprecedented cold weather which destroyed the entire field of orange. Sales amount of orange was 31% of total sales, but it decreased to 8% after 2 years. People were forced to think of another way to earn cash income. Instead of orange, they started cultivating potato, leak, spinach and mushroom (shiitake).

A counselor from local government played a lot in looking for these new products and selling them in the market.

One time, when he was having his dinner in Osaka at Sushi restaurant, he heard ladies saying, ‘this is so pretty’. It was a red maple leaf used as a garnish for sushi. He told himself that there are so many these leaves in Kamikatsu-cho, and then hit upon the idea ‘to sell leaves!’ There are many leaves in the mountains in Kamikatsu-cho and even women and aged people can handle it because it’s light. He asked at the restaurant where they purchased the leaves. The response was that the cook themselves go to mountains and get leaves. He learned that there are a few yet selling these colorful leaves or flowers to be used as garnish. It made him decide to start a ‘leave business.

#### *Different kind of garnish*



*Source: Irodori Co. Inc. Website (<http://www.irodori.co.jp/english/english.html>)*

#### **Solutions**

◇ Product

➤ At first, 4 women started getting leaves from mountains. Fresh leaves and flower

were packed and sold in the market in Osaka, but only at 5 to 10 yen per pack. (10-15 leaves/ pack). They studied what kind of leaves and flowers can be sold and how to sell them. One day, the counselor heard a cook saying, 'I don't want to use these leaves' after he saw their products (leaves in a pack). Then the counselor realized that he doesn't know how their products are being used at all, so he went to a restaurant as a customer (he tried to ask about the garnish directly to restaurants, but he was denied) to learn how the leaves and flowers are used as garnish in the actual place (Exposure).

- ◇ He learned through the exposures the types of leaves, conditions (timing to get) and size of leaves the customer needs. It depends on kind of dish and size of dishes, so if the different kind and size of garnish leaves are packed together (as what they were doing), it is difficult for a cook to use it.
- ◇ After the 2 years of exposures, he knew how each leave and flower was going to be used. He could imagine the dish with the leave or flower being used as garnish.
- ◇ They were able to sell the leaves and flowers in the market at ¥100, ¥200 and ¥300 after changing how to select the leaves and how to pack them. (At first, the price was only ¥5-10.)
- ◇ In 1986 when they started this business, only 4 households were involved. However after 2 years, 44 households were in this business.
- ◇ Not only the counselor, but also the farmers (women) went to high-end restaurants as a training to learn about their products. It was a good opportunities for them to see the actual place where their products (leaves and flowers) are used.
- In 1999 (13 years after they started selling leaves), they installed computer system at 40 households so that farmers (women) can get information at the market what kind of leaves and flowers are sellable and at how much. With this system, they were able to avoid excess supplies to the market.
- Now they have more than 320 kinds of garnish products. Even though other provinces followed the business, the pioneer still shares 80% of total sales in Japan as for garnish products.



*‘Irodori’s leaves and flowers are shipped to Japanese inns and Ryotei, where they are arranged by master chefs. It is our great joy to deliver a sense of the seasons and the tranquility of the heart to the guests as they eat their meals.’*

*Source: Irodori Co. Inc. Website (<http://www.irodori.co.jp/english/english.html>)*

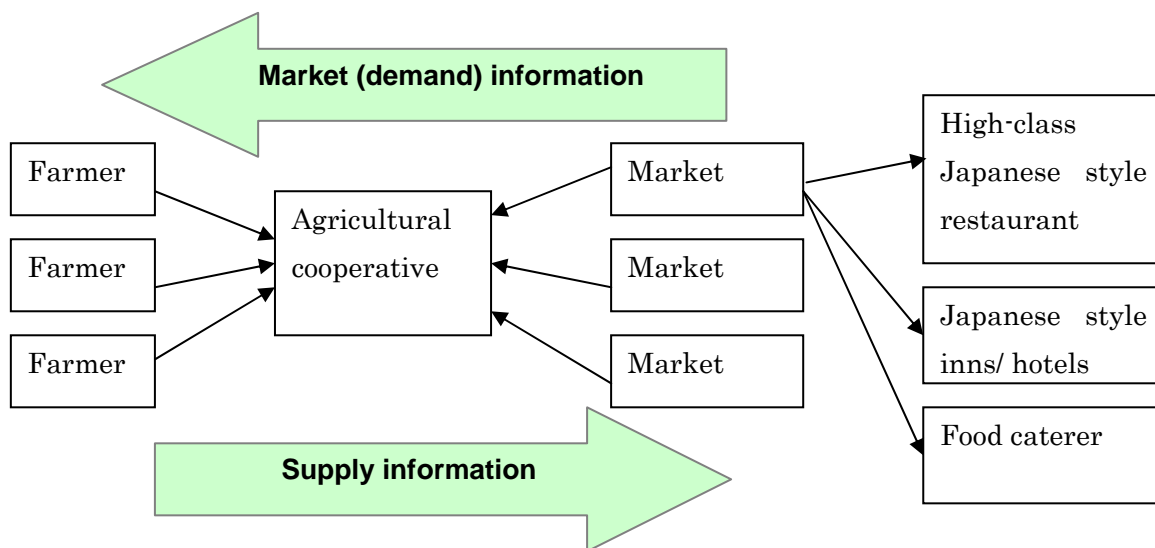
✧ Place (Channel)

- They sell their products only through wholesale dealers (no direct sales to retails). Now they have 35 dealers from northern to southern parts of Japan. The counselor assigned in the agricultural cooperative played a role as a ‘sales person’. He first visited the retails (direct users of their products) before going to wholesale dealers. After meeting with retails and getting confirmation of the order from the retails (in this case, high-end Japanese style restaurants and inns), he went to wholesale market and told them that there are already customers who will buy their products at the wholesale market. Thus, it was easy to convince the wholesale dealers to deal with the garnish products.

✧ Supply Chain Management

- Before, the agricultural cooperative received the order information from market and the cooperative called each farmer by phone to request to pick and pack a certain volume of specific leave or flower. However, sometimes the farmer who received the order from cooperative couldn’t supply what was demanded. So they changed the way to order. Now cooperative provides market information, such as what kind of leaves are needed at which market for how many packs (volume), to all cooperative member farmers, and farmers reply by phone to cooperative which product they can supply (first come, first served base).
- Later they installed computer system (‘irodori network system’) by which each farmer can get information of the shipment amount of the day and target amount for the next day. Each farmer was also informed her rank of the amount sold in the previous day among others which motivated them to work harder.
  - ✧ For the system development and installation, it cost more than ¥100million. However, they were able to get fund from the current Ministry of Economy Trade and Industry of Japan.
  - ✧ Currently, each farmer pays ¥20,000 per year to use the system.
- Since farmers can get almost ‘real-time’ market information, they are able to prepare and respond quickly for the market needs and they don’t have to pick up

'unnecessary' leaves if those are not the 'demand' in the market. Excess supply will not only decrease the value of the product thus lower the price, but end up with 'garbage' since garnish products are only needed for certain market (not like vegetables that excess vegetables can be sold at lower price and consumed, garnish will be just thrown away for those people who don't need it).



◇ Promotion

- The flowers and leaves are seasonal, so they make brochure four times a year and distribute it to different customers. For each type of flower or leave, they explain the characteristics, recommendation (for what kind of usage), volume in one pack, etc.

April 2008 Brochure



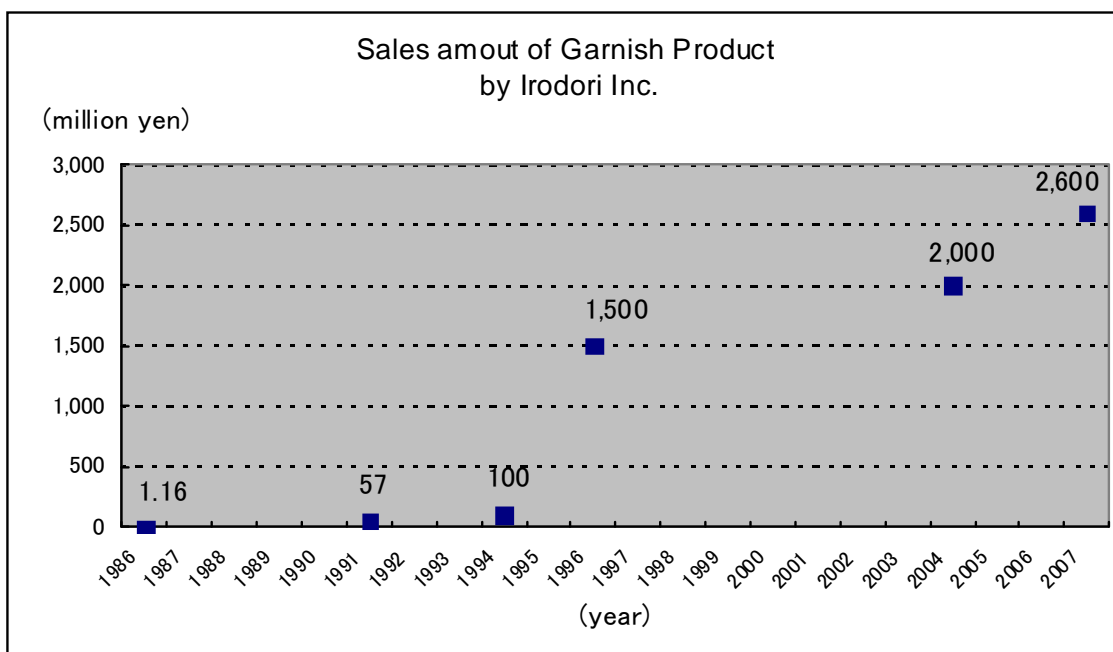
Source: Irodori Co. Inc. Website (<http://www.irodori.co.jp/english/english.html>)

✧ Role of the Counselor

- Since the counselor from the local government was assigned in this agriculture cooperative, he devoted himself for this 'leave business. He did the market research, negotiation with retailers & wholesalers, delivery, order to farmers (coop members). One of the most important roles he played was to motivate farmers (aged women) by close communication with them He sent his hand written message to them together with the wholesale market trend and other useful information everyday.

**Results**

- ✓ Their sales amount has grown from 1.16 million yen in 1986 when they started the business to 260 million yen in 2007.
- ✓ They have about 35 wholesalers who deal with their product from northern part of Japan to southern part.
- ✓ This business encouraged aged people, especially women in this town to earn cash income. Now there are about 2 times as many tourists as the population of this town every year to see the actual site of this business, so it also increased the sales in the tourism industry such as restaurants, inns and souvenir shops.



# Marketing Good Practices

## For Capacity Development of DTI-SME Counselor

THE PROJECT ON SME "SHINDAN" FOR PHILIPPIN SME COUNSELORS  
 Supported and Conducted by JICA  
 2009  
 (As of August 28)

### 1. Company Information

#### 1.1. General Information

COMPANY NAME	<b>CDLC HANDICRAFTS</b>		
BUSINESS ADDRESS	SAN FRANCISCO, STO. DOMINGO , ALBAY		
INITIAL CAPITAL	P 100,000.00	2008 SALES	P 310,000
NO. OF EMPLOYEES (as of Sep.2009)	FULL-TIME: 15 (1 marketing, 1 designer, 1 book keeper, others are production)	PART-TIME: 0 (sub-con: )	Total : 15
YEAR ESTABLISHED	2007		
LEGAL STATUS	Single Proprietorship		
BUSINESS TYPE	Manufacturing		
INDUSTRY	Handicraft (bags)		
PRODUCT/SERVICE	production of fashionable bags, wallets and pouches, made of indigenous raw materials readily available in the locality		



## 1. Company Information

### 1.2. Company Background

Q: Why and how did you start your business?

A: “In our place, Sto. Domingo, there are so many sewers and many of my cousins also used to work for some manufacturers at about Php30 per piece. I felt pity to my cousins and started thinking of having my own production so that they can work at my place as monthly workers. Instead of giving them fish, I would rather give them net.

At first, one of my cousins and myself only started the business with 2 sewing machines. I designed and my cousin weaved and sewed. Then we hired more workers gradually.

Biggest reason of starting this business is the employment of people here in Sto. Domingo, and many women here are the weavers. That’s the skills people already have and Abaca is the local material we have. I don’t want to start a business which you don’t know or which have to train people from zero.

CDLC is named after our four kids (initial letter of their names). My husband (who is a captain of a ship) is also very supportive for my business. Sometimes he tells me to focus on only one business because now I have two different business, this handicraft and a school.

The school was started by my mother in 2001, and was moved here in 2005 when I became a principal. Now we have 120 (started from 30) pupils. Dealing with kids everyday is a therapy for me. It makes me feel being young and energetic, so I don’t want to give up the school, either.

Good thing is that I can apply some of my experiences in managing a school to this handicraft business

The school which is owned and managed by the owner.



Q: What is your mission and vision?

A: ‘THE MISSION OF CDLC HANDICRAFT IS TO GENERATE ADDITIONAL EMPLOYMENT TO THE MUNICIPALITY OF STO. DOMINGO, ALBAY AND MATERIALIZE 100% RATE OF RETURN OF THE CAPITAL INFUSED, BY SELLING QUALITY, INNOVATIVE AND ALTERNATIVE PRODUCTS IN THE LOCALITY.’



Women from the Sto. Domingo municipality weaving the bags

The cousin of the owner who started the business together.

Based on an interview with CDLC Handicraft’s owner on September 9, 2009

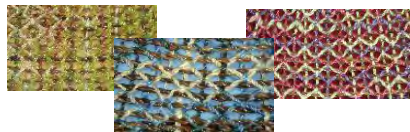
## 1. Company Information

### 1.3. Products

Abaca bags



Unique bag using an original abaca thread dyed with different colors.



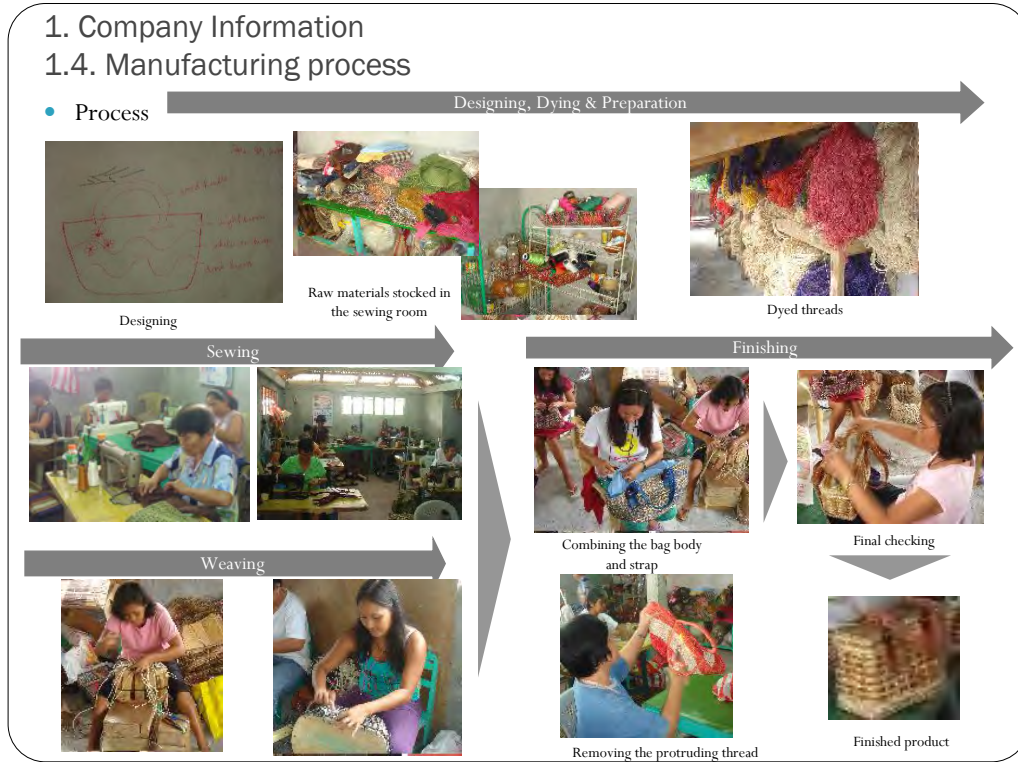
Variety of colors of thread




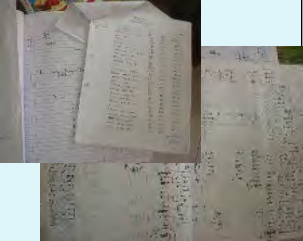
Different design of bags displayed at the outlet in front of their manufacturing place.

#### Price

Wholesale price ranges from Php30 to Php300 depending on the size and design of the bag.  
 Retail price is approximately 3 times of the wholesale price (Php100 to Php780) at the market.



## 2. Situation when the DTI counselor started the counseling

Customer	Competitor	Company
<p>The products of CDLC Handicraft is specifically intended for local and domestic buyers.</p> <p>The bulk of the bags are being sold in different parts of the county like Badaran, Quiapo, Baguio and other parts of Metro Manila through institutional buyers. An institutional buyer orders once or twice a month about 100 pieces per order.</p> <p>They also maintain an outlet in their residence in San Francisco, Sto. Domingo, Albay, which caters to walk in customers in the area. The ratio of sales amount for institutional buyers and direct customers is 90:10.</p> <p>The bags are quite fashionable and patronized by the young professionals and students in the locality.</p> <p>They also joined the trade fair in Metro Manila for the first time in 2008, which contributed to Php60,000 of sales for the 3 days participation. When the DTI counselor started the counseling, the client had not had much exposure yet since the company was on its first year of operation.</p> 	<p>There are more than 10 major Abaca bag producers in the province of Albay.</p> <p>She considers one of the biggest Abaca bag producers in Albay as her major competitor. The competitor is in the business of bag production for quite some time and it has a bigger production capacity compared to hers. The owner also perceives the strengths of the competitors as follows;</p> <ul style="list-style-type: none"> <li>■ has wider market;</li> <li>■ can purchase raw materials in bulk;</li> <li>■ implements low pricing which attracts several buyers;</li> <li>■ has varied designs of products; and</li> <li>■ has more capital for expansion.</li> </ul> <p>However, compared to their competitors, CDLC Handicraft’s owner thinks that they have the following strengths:</p> <ul style="list-style-type: none"> <li>✓ <b>Well skilled workers/ Efficient staffs</b></li> <li>✓ <b>Innovative designs of bags using unique dying techniques</b></li> <li>→ <b>The owner and another designer design average of 5 patterns every other month.</b></li> </ul> <p>The owner believes that producing quality and affordable bags will make her ahead of the competitors.</p>	<p><b>Reputation</b></p> <p>CDLC Handicraft is only on its first year of operation, so she is still in the stage of establishing a good name in the business of handicraft in Albay.</p> <p>At first, the owner did not have a confident in her own bags. She was thinking her bags have lower quality or less attractive to customers.</p> <p><b>Distribution Channels</b></p> <p>They have one outlet in front of their production area, but it is far from town. They had only four institutional buyers, so needed to have more bulk buyers.</p> <p><b>Bookkeeping</b></p> <p>There was no bookkeeping system though they have hand written records as shown below.</p> 

### 3. Action plans taken by the company and the counselor

#### 3.1. Overview

##### 1) Sales target



##### 2) Action plans made by the client and the counselor

<b>Product</b>	<ul style="list-style-type: none"> <li>continuous product development. Be updated to the latest trends in designs and colors</li> <li>Attend Product development training program and seminar on trends updates provided by DTI or other agencies.</li> </ul>
<b>Place (Channel)</b>	<ul style="list-style-type: none"> <li>Inject new marketing strategies like telemarketing and conduct company visits for prospective buyers.</li> <li>Display of products to the different Pasalubong Shoppes</li> </ul>
<b>Price</b>	<ul style="list-style-type: none"> <li>Maintain the retail price at outlet in Albay, but considering the mark-up for institutional buyers from Manila.</li> <li>Source out cheaper raw materials suppliers and increase productivity to gain profit.</li> </ul>
<b>Promotion</b>	<ul style="list-style-type: none"> <li>Attend trade fairs and exhibits for the exposures, promotional activities and to meet with prospective institutional buyers.</li> <li>Prepare promotional materials (ex. Product catalog with pictures, etc.)</li> </ul>
<b>Manpower</b>	<ul style="list-style-type: none"> <li>Consider the idea of hiring a full time marketing manager, who can concentrate on the job and perform the different tasks expected of him.</li> <li>Hire additional workers in case volume orders do arise</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>Avail of a financial loan, which can augment the business</li> <li>Establish a proper accounting system</li> </ul>

### 3. Action plans taken by the company and the counselor

#### 3.2. Detail actions per Month

Month		Client's Action	Counselor's Action
January	Planned	Attend Product Development Training Program	Facilitate inclusion in the product development program of DTI-Region V
	Actual	Attended Product Development Training Program	Facilitated inclusion in the product development program of DTI-Region V
February	Planned	Apply aggressive marketing strategy (visits to possible clients/buyers)	Facilitate in the scouting for possible markets
	Actual	Visited some possible clients	Facilitated in the scouting for possible markets
March	Planned	<ol style="list-style-type: none"> <li>Inquire for possibility of availing loans.</li> <li>Attend seminars on trends/fashion updates</li> <li>Inquire on possible markets for products at DTI</li> </ol>	<ol style="list-style-type: none"> <li>Facilitate loan requirements to financing institutions</li> <li>Facilitate/invite to trends seminars</li> <li>Include as supplier of Project Bayong at DTI</li> </ol>
	Actual	<ol style="list-style-type: none"> <li>Inquired on possibility of availing loan and its requirements</li> <li>Attended the Product Development on Creative Handicrafts</li> <li>Seek assistance in possible market for CDLC Products</li> <li>Per advice of SME Counselor to conduct aggressive marketing in order to increase sales, visited NTF 2009 and Tiendesitas in Pasig → Met new buyers and accumulated a sales of almost P150,000.00</li> </ol>	<ol style="list-style-type: none"> <li>Inquired with SBGFC on the possibility of loan to CDLC Handicrafts. Interest is 15% per annum. The client decided to study more and consider the loan next year.</li> <li>Facilitated the inclusion of CDLC Handicraft in the conduct of Product Development on Creative Handicrafts</li> <li>Encouraged CDLC owner to schedule a travel to Metro Manila and visit National Trade Fair 2009 at SMX Convention Hall to scout for possible buyers and new ideas on designs, and conduct aggressive marketing strategies to big malls like SM/Robinsons/St. Francis Square and Tiendesitas.</li> </ol>

### 3. Action plans taken by the company and the counselor

#### 3.2. Detail actions per Month

- Established new deals with retailer in Metro Manila



New buyer at Tiendesitas, one is furniture store and another is *Tiange*

[SME Counselor's advise to the client]  
Before the owner was not attending the institutional buyers sales. She was just sending someone else.  
The SME Counselor advised the client that she (the owner) should be the one to present and negotiate with the potential buyers because she has good communication skill, has more knowledge on the products which makes her be able to negotiate for the pricing with the buyers. If the owner just sends someone, he/she cannot negotiate well and just follow the price given by the buyer, for example, if the buyer says P100 then easily accept it.

Per advice of SME Counselor to conduct aggressive marketing, in order to increase sales, the owner visited Tiendesitas in Pasig, Metro Manila with different samples of bags and was able to make a new deal with a furniture shop and a *Tiange* shop.

The bags are sold at P480, P580, P780 depending on the design, which are 2 to 3 times of the whole sale price. The place is known for the native products and domestic and foreign customers visit especially on weekends.



In the negotiation with the potential buyer, the owner told the buyer that she is a manufacturer, not a middleman, and then explained about the product, what kind of materials are used, delivery time, payment terms and price. Since the owner is the one who talked to the buyer, it was easier to get the trust of the the buyer.

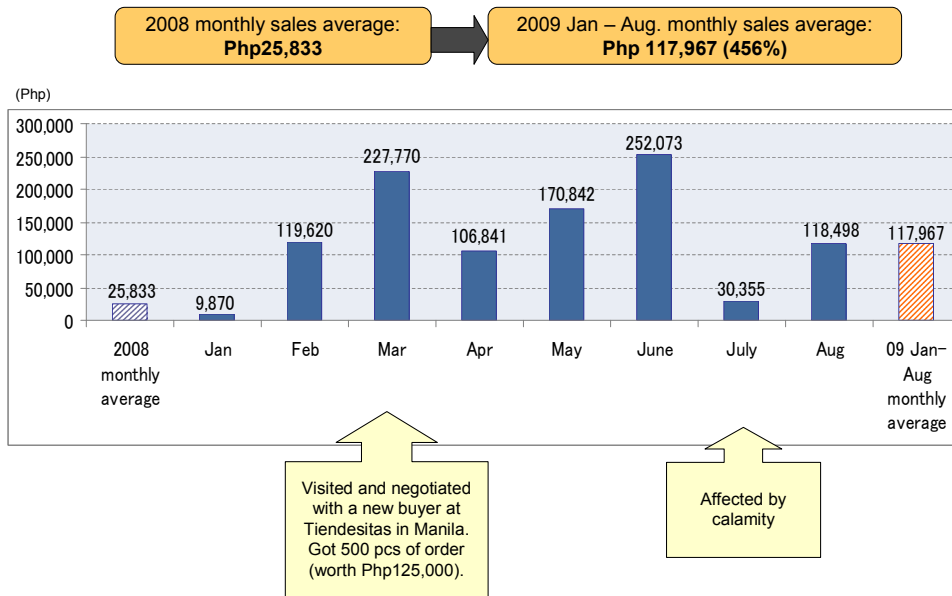
### 3. Action plans taken by the company and the counselor

#### 3.2. Detail actions per Month

Month		Client's Action	Counselor's Action
April	Planned	<ol style="list-style-type: none"> <li>Attend to Magayon Festival Trade Fair</li> <li>Establishment of a proper accounting scheme/recording</li> <li>Follow up status of loan requirements for financing assistance</li> </ol>	<ol style="list-style-type: none"> <li>Facilitate joining the Magayon Festival Trade Fair</li> <li>Facilitate installation of proper accounting system</li> <li>Assist documentary requirements of loan application</li> </ol>
	Actual	<ol style="list-style-type: none"> <li>Participated in the Magayon Festival and generated additional sales of P 24,000.00.</li> <li>Per advice of SME Counselor, proper inventory system should be established and adopted to be able to determine the availability of raw materials and eventually minimize cost of inventory.</li> <li>Sorted out raw materials in the stock room, arranged them and recorded them for easy access.</li> <li>Scouted for additional buyers in Metro Manila and followed up new orders in Tiendesitas. Maintained the sales generated from Tiendesitas</li> </ol>	<ol style="list-style-type: none"> <li>Facilitated the joining in Magayon Festival Trade Fair which converted into an additional sales of P 24,000.00</li> <li>Assisted in the installation of an effective inventory system in the company.</li> <li>Monitored the marketing activities being done in Metro Manila to increase monthly sales and saw to it that they are being reminded to follow up new buyers</li> </ol>
May	Planned	<ol style="list-style-type: none"> <li>Scout for possible new supplier of raw materials (cheaper)</li> <li>Inquire on possible inclusion in Pasalubong Shoppe</li> <li>Scout for possible clients thru convention</li> </ol>	<ol style="list-style-type: none"> <li>Facilitate in sourcing out of new suppliers of raw materials</li> <li>Facilitate requirement for inclusion at Pasalubong Shoppe</li> <li>Assist in looking for list of conventions/possible clients</li> </ol>
	Actual	<ol style="list-style-type: none"> <li>Scouted for possible new suppliers of raw materials in the internet and with constant networking with other handicraft producers</li> <li>Inquired on the current operation of Pasalubong Shoppe</li> <li>Continuously supplies products to Tiendesitas and other areas like Baguio City and Baclaran</li> </ol>	<ol style="list-style-type: none"> <li>Assisted in sourcing out of possible suppliers of raw materials in the net and networking with other handicraft producers</li> <li>Constantly monitored the activities being done in attracting new buyers and continuously encouraging the company in aggressive marketing of the products.</li> <li>Invited the company to attend and participate in the coming Tabak Festival Trade Fair in Tabaco City</li> <li>Monitored the proper implementation of inventory system and saw to it that it is done continuously.</li> </ol>

#### 4. Sales Achievement

##### 4.1. Sales volume and amount per product per month (quantitative result)



#### 4. Sales Achievement

##### 4.2. Views of Customers, Employees and the Owner (qualitative result)

**Employee**  
 (working in CDLC since the start of the business, female)

"I used to work for other abaca bag producer as a weaver. I have an experience of more than 30 years as a weaver. This is what I can do, so as many women here in Sto. Domingo. Before, in other producer I was receiving Php30 per piece, but here I get monthly salary (Php3,000). Sometimes if the sales is good, the owner gives us additional bonus. She makes it clear that if the sales increases, the employees can receive more. She also gives us encouragement. I stay here in CDLC because I like the job and this is what I can do."



DTI SME counselor (left) and the owner

**Owner**

###### 1) Key for success (KFS) of increasing sales

- "I think the reason of sales increase is aggressive marketing as advised by my DTI counselor. Before I never thought of doing marketing because I was not sure if I can have buyers outside the region. I didn't have much confidence before. However, I learned that there are plenty buyers who want to buy our products, so I decided to continue marketing our products, which resulted to sales increase! My husband is also promoting our products while he is travelling as a seaman. When he is in the country, we also go to Baguio together with sample bags and sell them to retailers. His support is also a good contribution and encouragement to me."
- "It is related with the aggressive marketing I mentioned, but through the exposure to different places/ trade fairs, I gained a confidence on our products. When I first joined the trade fair, I was ashamed to expose and display our products because I thought quality is lower compared to others, but after I observed other products I noticed that ours are not much different from others. Now I have a confidence and it pushes me for more exposure/ marketing."
- "Since CDLC craft just started, I take any mistake as a learning for next steps. I am never in a hurry, but moving forward slowly. Fortunately, our business is thriving and I hope in 5 to 10 years I have a very big working area and company with higher demands from customers. If you rush, quality of output will be sacrificed."

###### 2) Contribution & Expectation from DTI Counselor

"The DTI Counselor has given me encouragement, tips on marketing strategy, how to make an action plan and so on. I think I can apply the strategy and action planning even after the Shindan project. It is like what I also do for the school management, to make a yearly, monthly and weekly plan. By Shindan project, those planning and monitoring of implementation of plans are well organized. Now the fact such as which month is more sellable is clear, thus we can make clear monthly target. I also appreciate the seminars provided by DTI such as product development, marketing strategy, creative handicraft, craftsmanship, etc. Now I'm more conscious of what kind of product people are using in the area. The preference differs depending on the place. We do not just deliver the products without considering the needs of the customers. I also realized that if you don't have capitals, you cannot sustain nor develop. I am now more conscious of profit, not only sales amount."

Based on an interview conducted in August 2009

## 5. Key for Success from the viewpoint of the Counselor

- According to the DTI-SME counselor, the followings are the key points in supporting her client to achieve the sales target.

### 5.1 Key for Success of the client from the view point of the DTI-SME Counselor

#### **Owner’s keenness and clear vision**

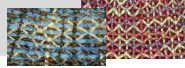
“The owner is very keen on what she is doing. She already had a school business, but she also wanted to realize her vision, to create more jobs for women in the town, through establishing her own abaca bag producing company. Despite her husband’s advise to give up either the school or bag business and focus on one, she never gave up and keeps managing both business. Not only for providing employment in the town, she is fascinated into bag designing and producing.”

#### **Willingness to learn & Open minded**

“The owner is always willing to learn the updates in design, handicrafts and inject the learning to her business. Whenever DTI invited the company to seminars on product development or marketing, she was open to new ideas. She is open minded to my (DTI counselor’s) suggestion. For example, when I advised her to visit some potential institutional buyers in Manila when she attends a trade fair in Manila for exposure, she really did. I also advised her to focus on local market first, because export of abaca bags is going bad due to economic crisis. She shares the perception with me.”

#### **Aggressive marketing of unique product & Good communication skill**

“CDLC’s sales increase is directed by the owner’s aggressive marketing in Manila. Before she was not attending the marketing/ negotiation with institutional buyers, but she followed my advise that the owner should be the one to directly talk with the institutional buyer because she knows the product well and she also has good communication skill. CDLC is the only one which has threads dyed in different colors. Their continuous experiment contributed to develop a unique design, which is now demanded in the market.”



### 5.2 How the DTI-SME Counselor supported the client

#### **Understanding client’s business and needs**

“All clients have different levels of knowledge and understanding. First important thing is to try to know each other. I listened to the owner’s vision and current situation of the business. For this client, I did not have much difficulty in giving advise because she knew what she should do, but I just needed to give a little push or encouragement since she didn’t have confidence in her products and was hesitant to do aggressive marketing.

If I see the client is not capable, I would show and lead the client how to do it. However, for CDLC’s case I knew the client is capable to do the aggressive marketing.”

#### **Open communication**

“I tried to maintain open-line communication with the client so that whenever they have troubles, they don’t hesitate to approach us. I always keep in my mind that we should treat the client with equal footing. We should not make the client feel that they are inferior. Everyone is welcomed to give any opinion and suggestion.

Under this Shindan project, I visited the client almost once a week (or at least 3 times a month). I value face-to-face communication, even just asking “Kumusta?” and talking anything under the sun.

A big difference of counseling in the Shindan project from ordinary counseling is that I was able to monitor closer the progress of action plan and sales. We often talked about other issues than sales. Closer relationship with the client also helped us to come up with a more appropriate action plan.”

Based on an interview with the DTI-SME counselor on September, 2009

# MARKETING GOOD PRACTICES

## For Capacity Development of DTI-SME Counselor

THE PROJECT ON SME “SHINDAN” FOR PHILIPPIN SME COUNSELORS  
 Supported and Conducted by JICA  
 2009  
 (As of September 2009)

Ver.3

### 1. Company Information 1.1. General Information

COMPANY NAME	ESCOM Herbal Products		
BUSINESS ADDRESS	024 San Julian St., Janiuay, Iloilo		
INITIAL CAPITAL	P100,000.00	2008 SALES	P260,000.00
NO. OF EMPLOYEES	FULL TIME: 5	PART-TIME: 5	Total: 10
YEAR ESTABLISHED	2007		
LEGAL STATUS	Single Proprietorship		
BUSINESS TYPE	Manufacturing of Herbal Products		
INDUSTRY	Herbal Industry		
PRODUCT/SERVICE	Herbal Products		



## 1. Company Information

### 1.2. Company Background

Q: Why and how did you start your business?

A: The ESCOM Herbal Products (“ESCOM”) was started in 2007 by Sr. Mary Elia Escrupulo, the latter having been closely associated for a long time with a religious missionary order which has devoted most of its activities for the benefit of the rural poor. After some time, Sr. Escrupulo was joined by her family members in this noble crusade of serving the poor in both the rural and urban communities.

Over time, the family’s strong yearning to uplift the lives of the marginalized sector of the rural community coupled with the fact that the family has witnessed the appalling health conditions of the people, the family vowed to steer ESCOM’s mission and vision of ensuring that the health needs of the people are resolved thru the provision of medically-sound yet affordable alternative medicines.

With the firm commitment to help the poor, ESCOM thru a very lean staff of ten (10) initiated innovative measures to formalize its approach in its manufacture and production of its wide array of healthy products namely: capsules, teas and syrups. Effort is also being made to ensure that proper documentation of its manufacturing, labeling and packaging processes is carried-out as the cooperative is very much aware of the need to satisfy the various requisites expected of by the various government regulation.

We are still in the process of growing our business but we enjoy managing it especially if we see our clients get well because of our products.

Q: What is your vision?

A: We envision that the health needs of the people are guaranteed through the provision of medically-sound yet with affordable alternatives to medicines.

Aside from this we would really like our products to be more competitive and that more people will know our products perhaps through TV advertisements. We would also like to expand our distribution channels to big drugstores. For our production, we hope to mechanize our capsulation in the future.

We see our business as a way to serve the community especially the poor who cannot afford the expensive medicines. We are happy to see customers coming back to us with their miracle stories of being healed/being better through our herbal products.



The owner wants to buy the machine for encapsulation.



The owner's wife with their herbal plants in their own garden.

Based on an interview with ESCOM Herbal Products Owner in Sept 2009

## 1. Company Information

### 1.3. Products

	Capsule	Tea
Product line		
Price	P 125 per 30 capsules, P 430 per 100 capsules	P 80 per pack (10 tea bags)
2008 Sales (Share)	P195,000 (75%)	P65,000(25%)
Shelf life	2 years	

## 1. Company Information

### 1.4. Manufacturing process

#### • Process

#### I Gathering and washing of herbs from the garden/ or supplier



Gathering herbs from herbarium/ supplier



Washing and selecting herbs to be dried and pounded



#### II Drying of herbs / heating in the microwave/ pounding of herbs



Drying of herbs for 18 hours; drying by the use of drying machine.



drying machine.



Manual pounding of herbs; powdered herbs are placed in the containers above



#### III Encapsulation and Packing

Putting the powdered herbs into capsules and teabags.



Packing and labeling



## 2. Situation when the DTI counselor started the counseling

### Customer

- ESCOM Herbal Products was serving the local market in Iloilo City and neighboring towns.
- Their target market is men and women, 35 years and up. Majority of the customers are those people who are older and have already opted for a healthier lifestyle, those who prefer to use alternative medicines.
- Customers belong to the low to middle income bracket. The firm had also established a new market outlet at a local drug store at Robinsons' Place, Iloilo City.
- Most of their customers know their products through word of mouth promotion from people who were satisfied with the company's products.



Customer checking out herbal products at their ESCOM outlet in the city.

### Competitor

- There are only a few herbal product SMEs in Iloilo. Most of the big companies are based in Manila/Luzon.
- Among the few competitors, the company considers SRM Herbal Products which is based in Bacolod City, as their number one competitor.
- SRM Herbal Products produces similar products with that of ESCOM. However, SRM sells their products a little higher than that of ESCOM.
- Unlike ESCOM, the competitor has an in-house pharmacist and a permanent stall in SM City (as of September 2009, SRM stall was already replaced by that of a Manila-based herbal company).
- ESCOM has an advantage over the SRM herbal products due to its lower price, original formulation and the assurance that the products are not mixed with any metals since pounding of herbs is still done manually.

### Company

#### Manpower

- The company had 10 workers – 5 part time and 5 full-time when the DTI SME Counselor selected them for the Shindan project.
- The business was managed by the elderly couple, both retirees. There was no interest from their children or relatives to take over the business.

#### Material/Information

- They were already registered with BFAD-LTO registration to guarantee product safety.
- Packaging and labeling have also improved to include necessary information about the product.
- The client owns a herbarium which assured a steady supply of the raw materials.

#### Method

- Production was still done manually due to lack of modern equipment, thus, production is low.
- They also had limited market outlet with only 3 small distributors.

#### Money

- They lack proper recording of business transactions

### 3. Action plans taken by the company and the counselor

#### 3.1. Overview

##### 1) Sales target



##### 2) Action plans made by the client and the counselor

<b>Product</b>	<ul style="list-style-type: none"> <li>Maintain existing product lines</li> <li>Incorporate bar code in the label</li> <li>Introduce new product line -Nutritional Drink</li> <li>Incorporate health benefits of the product in the packaging and labeling</li> </ul>
<b>Place (Channel)</b>	<ul style="list-style-type: none"> <li>Establish market linkage with big drugstores (Mercury Drug, Rose Pharmacy, Grace Pharmacy) in Iloilo City</li> </ul>
<b>Price</b>	<ul style="list-style-type: none"> <li>Increase price by 5%.</li> <li>Give 5% discounts to loyal customers and wholesale customers</li> </ul>
<b>Promotion</b>	<ul style="list-style-type: none"> <li>Aggressive promotion thru: TV and radio to include testimonial of a loyal customer                             <ul style="list-style-type: none"> <li>Participation to local trade fairs done regularly at Robinson's Place, Iloilo</li> <li>Preparation of flyers to be disseminated to prospective clients</li> <li>Conduct of taste test/product sampling</li> </ul> </li> </ul>
<b>Manpower</b>	<ul style="list-style-type: none"> <li>Train a younger member of the family to assist in the business operation.</li> <li>Hire additional workers during peak season.</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>Establish a system to record business transactions</li> <li>Avail of financial assistance for the purchase of additional equipment</li> </ul>

### 3. Action plans taken by the company and the counselor

#### 3.2. Detail actions per Month

Month		Client's Action	Counselor's Action
March	Planned	<ol style="list-style-type: none"> <li>Prepare requirements for bar coding</li> <li>Trade fair participation</li> <li>Introduce new product in the market</li> </ol>	<ol style="list-style-type: none"> <li>Assist in the preparation of requirements for bar coding</li> <li>Assist in trade fair participation</li> <li>Assist in the conduct of taste test/product sampling</li> </ol>
	Actual	<ol style="list-style-type: none"> <li>Submitted requirements to GS1 Philippines. Awaiting approval of said application.</li> <li>Participated to 2 trade fairs at Robinson's Place Iloilo.</li> <li>Introduction of new product was not yet done. Client decided to introduce the new product in June in time for the opening of a new outlet at SM City Supermarket, Iloilo</li> <li>Price was increased by 5% for capsules (from P120 to P125 for a pack of 30 pieces) due to the cost of product promotion.</li> </ol>	<ol style="list-style-type: none"> <li>Assisted client in the following: getting application forms from GS1 Philippines; filling up of the application forms; submission of application forms to GS1 Philippines</li> <li>Assisted client in trade fair participation.</li> <li>Not yet done</li> <li>Made a template for bookkeeping.</li> </ol>
April	Planned	<ol style="list-style-type: none"> <li>Trade Fair participation</li> <li>Identify and establish 1 new market outlet</li> <li>Prepare product brochures/flyers</li> </ol>	<ol style="list-style-type: none"> <li>Assist in trade fair participation</li> <li>Assist in the negotiation with identified target market.</li> <li>Assist in the preparation of layout of brochure.</li> </ol>
	Actual	<ol style="list-style-type: none"> <li>Participated to 3 trade fairs, 2 at Robinsons' Place and 1 at The Atrium.</li> <li>One (1) new market outlet was established at Mary Mart Mall. Initial order amounted to P 6,000 worth of products.</li> <li>SM City and SM Delgado Supermarkets were identified as new market outlets. A letter of intent to join the Bazaar every weekends at the stores' supermarkets was already submitted. Client is waiting for the approval of application.</li> <li>Preparation of product brochures was moved to May due to some priorities</li> </ol>	<ol style="list-style-type: none"> <li>Assisted in the trade fair participation</li> <li>Assisted client in negotiation with SM City Iloilo re: intention to join the bazaar at the SM City Iloilo and SM Delgado supermarkets Prepared letter of intent for the client.</li> <li>Preparation of product brochures was moved to May due to some priorities</li> </ol>

### 3. Action plans taken by the company and the counselor

#### 3.2. Detail actions per Month

Month		Client's Action	Counselor's Action
May	Planned	<ol style="list-style-type: none"> <li>1) Trade Fair participation</li> <li>2) Product promotion in radio and TV</li> <li>3) Prepare product brochures/flyers</li> </ol>	<ol style="list-style-type: none"> <li>1) Assist in trade fair participation</li> <li>2) Assist in negotiation with TV and radio stations and provide necessary information.</li> </ol>
	Actual	<ol style="list-style-type: none"> <li>1) Participated to 2 trade fairs at Robinson's Place Iloilo.</li> <li>2) Product promotion in radio and TV was moved to September since peak season starts during this month.</li> <li>3) Consulted TSKI re: preparation of product brochures/flyers, revision of existing label design and label design for new product to be introduced in the market in June 2009. Preparation is on-going.</li> </ol>	<ol style="list-style-type: none"> <li>1) Assisted in trade fair participation</li> <li>2) Activity was moved to September 2009.</li> <li>3) Assisted client in negotiation with TSKI re: layout of product brochure and provided necessary information to be included in the brochure. Assistance was also provided in the preparation of label design for the new product to be introduced in June 2009</li> </ol>



Trade fair at Robinson's Place Iloilo

### 3. Action plans taken by the company and the counselor

#### 3.2. Detail actions per Month

##### • Improvement in packaging and labels

With the support of the DTI SME Counselor, the owners decided to change the packaging and labels of their products. The company contracted out a design company to design and print their new labels. The new labels now contain information on the benefits as well as composition of the products.



The old labels for ESCOM herbal products which were printed at home.

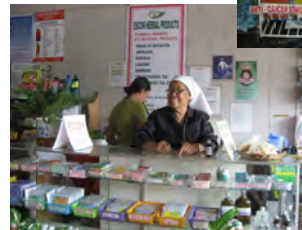


The new, more attractive packaging and labels which contain product information.

##### • Establishing new outlets/provincial distributors

New outlets were also opened which contributed to the increase in sales. Aside from outlets, the company has also accepted provincial distributors in Zamboanga City and Guimaras with an interested distributor in Cebu.

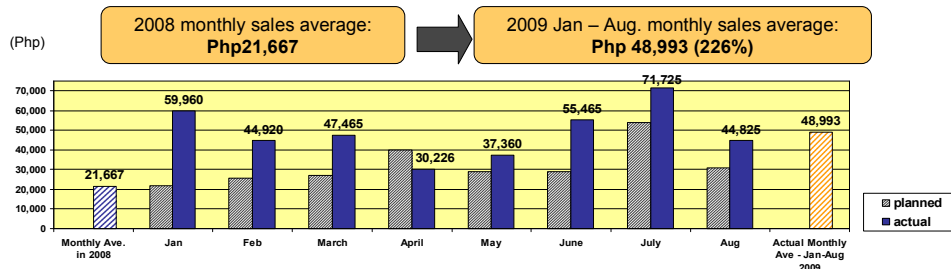
Distribution outlet was established in Mary Mart Mall.



Sister, the company's founder, runs the outlet in downtown Iloilo City.

#### 4. Sales Achievement

##### 4.1. Sales volume and amount per product per month (quantitative result)



Sales volume per month

(unit: Pack)

Distribution channel	Product line	Unit	Unit price (Php)	2009 Jan	Feb	Mar	Apr	May	June	July	Aug
Retail	Capsule	Pack of 30 caps	125	339	281	285	170	224	333	353	269
	Tea	Pack of 10 pcs	80	187	140	148	87	117	173	225	140
Wholesale	Capsule	Pack of 30 caps	96	45			21			100	

Sales amount per product

\* Unit price of Capsule was increased from P120 to p125 from March 2009

(unit: Peso)

Distribution channel	Product line	2009 Jan	Feb	Mar	Apr	May	June	July	Aug
Retail	Capsule	40,680	33,720	35,625	21,250	28,000	41,625	44,125	33,625
	Tea	14,960	11,200	11,840	6,960	9,360	13,840	18,000	11,200
Wholesale	Capsule	4,320	0	0	2,016	0	0	9,600	0
<b>TOTAL</b>		<b>59,960</b>	<b>44,920</b>	<b>47,465</b>	<b>30,226</b>	<b>37,360</b>	<b>55,465</b>	<b>71,725</b>	<b>44,825</b>

#### 4. Sales Achievement

##### 4.2. Views of Customers, Employees and the Owner (qualitative result)

###### Customer in their outlet at home (a woman in 50s)

"At first, I didn't believe on the effectiveness of herbal products. But I got sick and I was convinced by the owners to try their products. I found the product effective to cure my illness. Because of this, I encouraged my children and grandchildren in London and my friends abroad to use ESCOM's herbal products. I am currently taking several herbal capsules for my maintenance. They are really effective to reduce my sugar level, cure headaches, even gall stones. Not like other medicines, I don't feel dizzy after taking the herbal products because it's natural. My whole family already use their products. I also like that their products are cheaper compared to other medicines."

###### Employees

Tess, 27 years old

"I've worked with the company for 5 years and I like my job because it allows me to help my family and it is near my residence. I don't need to spend for my fare unlike when I was working in SM Iloilo City.

We are treated by the owner like a part of the family. We can go to the owners if we have financial problems. We can also use the products for free for ourselves and our family illnesses. It is a nice feeling to know that my work processing teabags and capsules in the laboratory helps in curing people. I am happy with this company and I want to stay and work with them for a long time."

###### 1. Key for success in improving sales

###### Advice of counselor

"Because of the advice of our SME-Counselor, our company was able to improve our sales. In the past, we were only happy attending a few exhibits in a year. With the advice of our counselor, we are able to participate in exhibits and trade fairs almost every week. We have also expanded our network and contacts through these events and in fact, I was selected as one of the officers of this association."

###### Participation in Exhibits

"We can attest to the effectivity of the trade fairs and exhibits as 80% of our sales comes from these events. During these trade fairs, 60% of our clients are new customers while 40% are repeaters. These customers usually buy in bulk.

###### Increase in Price

"Through the advice of JICA experts and our counselor, we increased the price of our products by 5%. This increase contributed to the improvement of our sales and in fact doubled it."

###### Passion and Dedication

"We would not have achieved our sales target without hard work and dedication. This is the key to succeed in any business. We also love our business and we consider it as our outlet share God's gifts from nature to the people. »

###### 2. Expectations from DTI SME-Counselor

"We are lucky to have a good DTI SME-Counselor who can provide us with the necessary advice that we need to improve our business. We appreciate that she listens to us and that she goes out of her way to help us. She assisted us with a bookkeeping system and made the excel sheets themselves. Through this project, we can say that we have become good friends. We are proud to be selected to participate in the International Exhibit in Manila organized by CTEM. We will attend together with our SME Counselor. Our success is also her success. We hope she will continue to support us with the same dedication in our future plans to improve our company in the service of our communities."

## 5. Key for Success from the viewpoint of the Counselor

- According to the DTI-SME counselor, the followings are the key points in supporting her client to achieve the sales target.

### 5.1 Key for Success of the client from the view point of the DTI-SME Counselor

#### Owners' Passion

"I believe that the owner's passion to help the people in the communities to advocate for a better lifestyle is one of the main factors for the company's success. They do the business as part of their social responsibility to help the people and not only for the sake of profit. It also helps that the owners are very open to my suggestions and ideas."

#### Product Quality

"Another factor is the good quality of their products. Without good products, the company will not succeed. The company's BFAD registration assures customers of the products' quality and safety. Their clients keep coming back and even referred friends abroad to try ESCOM herbal products due to their effectiveness. The owners themselves select the best raw materials from their garden and suppliers to ensure quality. The company also doesn't use machines for the powdering to avoid metal contamination."

#### Participation in Trade Fairs and Exhibits

"The company's increase in sales can be attributed to their active participation to several trade fairs and exhibits. From participating in 1 event in a month before the Shindan project, the company now attends 2-3 trade fair/exhibit per month. This has also resulted in more exposure for their products. Aside from this, the company also benefits from the increased awareness among the people on healthy lifestyles and on organic products."

### 5.2 How the DTI SME-Counselor Supported the Client

#### Concern for the client

"I listened to my clients' concerns and respected them. They are willing to learn and implement my advice as they can also see that I am concerned for them and their business. Concern for the client is important to make them feel that you are not only doing your job but also helping them achieve their goals."

#### Mutual Trust

"The assistance provided by DTI in the past also established the relationship and trust. They know they can rely on us and also on me as their SME counselor for support."

#### Going the extra mile

"I helped my client in enhancing product packaging and their labels. Now, they have an attractive label that contain relevant information on their products. I also helped them with their brochure as well as facilitated their barcode registration. I supported them with their application at SM to join the weekly bazaar. The client is invited in the International Exhibit organized by CITEM in Manila this coming October. I am now assisting the client to comply with CITEM's various requirements. A record system/ template was also prepared to monitor the daily sales."

Based on an interview with the DTI-SME counselor on September 2009

## 6. Key learning (from the viewpoint of JICA experts)

### Role of the DTI SME-Counselor

- The client clearly appreciates the support and help of the DTI SME-Counselor. The counselor has provided them with effective technical advice and even did some tasks which are no longer part of her counseling work.
- Seeing that the counselor cares for the welfare of the client certainly gives boost to the client-counselor relationship. It is the key to establishing trust and respect.
- Monitoring and follow-up done by the SME counselor inspired the client to work harder in order to show results and improve their sales.
- We can say that the project has benefited both the counselor and the client SME.

### Client's Attitude

- As mentioned by both the client and counselor, attitude is a big factor in succeeding in business. Love for work, dedication and passion for the business is very important.
- Knowledge on the business is also a key factor. For example, the owner really knows each herbal plant and the benefits it can bring. He can explain and enumerate and believes in the product.
- Belief in their products is important. The owners are consumers of their own products and can provide effective testimonials to the products effectiveness.
- Care and concern for their staff as well as their clients can help forge client and employee loyalty.
- Lastly, one of critical factors contributed to sales increase is that the owners realized the importance of capital. The owner admitted that they cannot just produce herbal products as 'charity', but they need to 'earn' to pay better to their employees, to purchase raw materials, to attend trade fairs and so on. As a result, they now have a bookkeeping and are able to monitor the income and expenses, which help them make decisions to take actions for further growth.



The owners with DTI SME-Counselor and JICA Expert.

MARKETING GOOD PRACTICES

## For Capacity Development of DTI-SME Counselor

THE PROJECT ON SME "SHINDAN" FOR PHILIPPINE SME COUNSELORS  
 Supported and Conducted by JICA  
 2009  
 (As of September 2009)

### 1. Company Information

#### 1.1. General Information

COMPANY NAME	ANNIE - NESTOR FOOD PRODUCTS		
BUSINESS ADDRESS	# 333 Cometa St., Yukos, Nagcarlan, Laguna		
INITIAL CAPITAL	P200,000.00	2008 SALES	Approx. Php 120,000
NO. OF EMPLOYEES	Full Time: Male: 10; Female 6 (all production)	PART-TIME:	Total : 16
YEAR ESTABLISHED	2004		
LEGAL STATUS	Single Proprietorship		
BUSINESS TYPE	Food processing		
INDUSTRY	Food		
PRODUCT/SERVICE	local native delicacy known as Espasol		



### 1. Company Information

#### 1.2. Company Background

**Q: Why and how did you start your business?**

**A:** My mother (wife) was the pioneer in the espasol business with the establishment of Belen's Espasol in the 1950's. I was exposed to the business since I was a child helping in selling the espasol house to house. Together with my 10 sisters and brothers, I assisted in the production of espasol then eventually to helped to grow the business.

I managed my mother's espasol business in 1980's attending to several trade fairs especially in Nagcarlan Ana Kalang Festival. As years passed by, I tried to find ways on how to develop this business and came to DTI for support. DTI was very and helped me a lot.

My husband and I got married in 1995, and continued to grow the business with my husband helping me through successes and difficulties.

We registered Annie-Nestor Food Products with the DTI in 2004 under my husband's name.

Even with our employees, my husband and I are both working day by day in the production to ensure that we maintain desired quality taste of our espasol.





We are proud that our product's quality is consistent because we are following the traditional way, the way how my mother made the original espasol.

With the help of DTI, we are able to get best sales through trade fairs/exhibits with better exposure of our product.

**Q: What is your vision?**

**A:** We envision that more and more people in the Philippines will get to know and taste our product. We also dream of mechanizing some of our production which are currently done manually. We are likewise looking forward to be HACCP accredited and to transfer our knowledge to our workers who are also our relatives.

My husband and I are passionate about our business since this gives us income and through it we are also able out help our relatives, our workers and their families. Lastly, through this business, we are able to build a 4-storey building which will serve as our new production area in the near future and acquire new assets/investments. We are happy knowing that we are able to inspire and improve not only our lives but the lives of our workers/relatives and their families as well.

The owners want to mechanize production re: molding/packaging

The newly-built 4-storey building which will house the new production areas.

The proud owners – Nestor and Annie

Based on an interview with Annie-Nestor owner in Sept 2009

### 1. Company Information

#### 1.3. Products

**Product line**





**Espasol**  
 Made of sticky rice, mixed with young coconut meat & sugar

**Price**

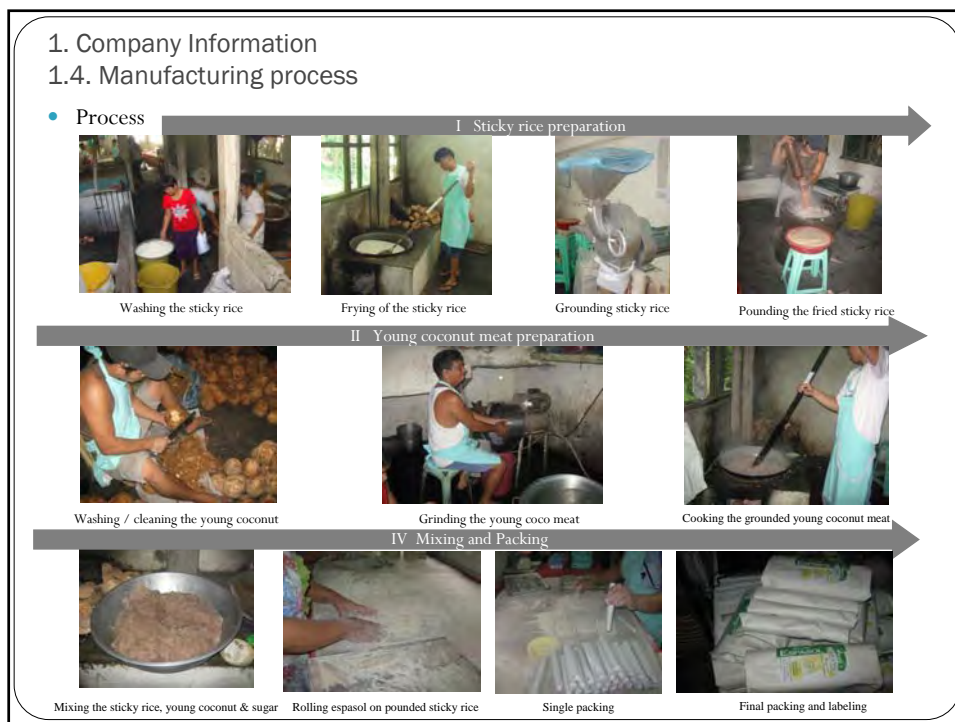
P 25/pack containing 5 pcs ; P 120/box (by order only)

**2008 Sales (Share)**

4800 packs= P 120,000

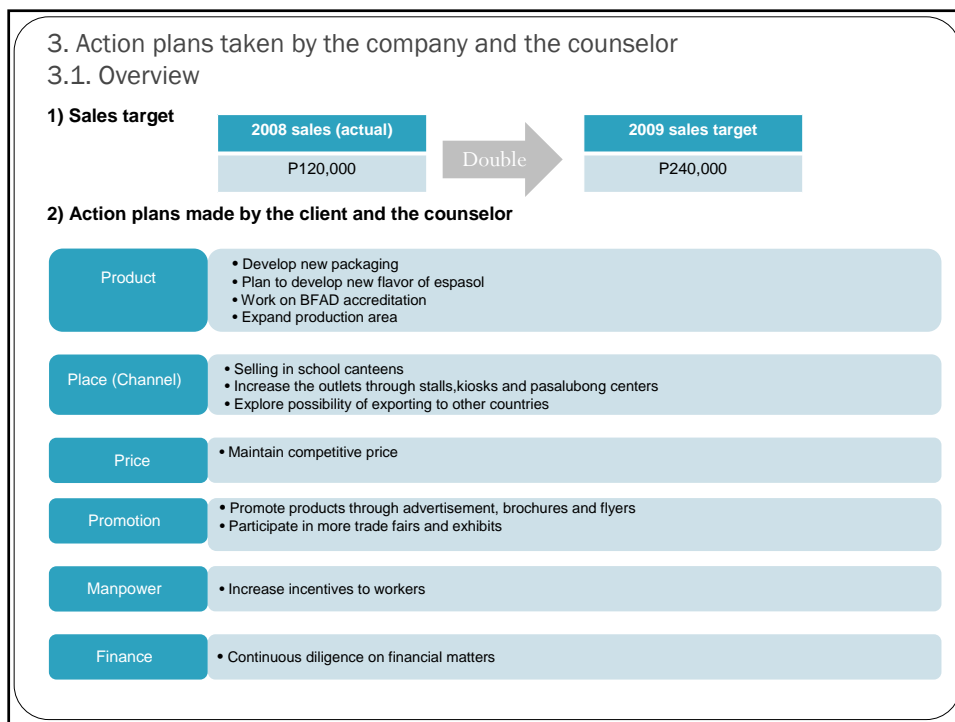
**Shelf life**

2 -5 days in a cool place. 2 weeks in a refrigerator.



### 2. Situation when the DTI counselor started the counseling

Customer	Competitor	Company
<ul style="list-style-type: none"> <li>The company's clients include those who buy their product from their public market stall and the ones buying from their different outlets/distributors. Annie's Espasol is sold via Colettes Pasalubong which has 26 branches in Calamba, Batangas and Cavite as well as through outlets in Greenhills shopping center and more recently in Tita's Delight located inside SM malls.</li> <li>80% of their customers are the external outlets such as pasalubong centers. Buyers during trade fairs and exhibits make up 10% of the company's customers while the remaining 10% are direct customers in their public market outlet.</li> </ul>  <p>Customer buying espasol at public market outlet.</p>	<ul style="list-style-type: none"> <li>While there are at least 10 producers of espasol in Nagcarlan, there are only 4 producers which are the company's closest competitors. These are Belen's Espasol, Aida Espasol, Pita's Espasol.</li> <li>The owners consider Belen's Espasol their biggest competitor since this is managed by the owner's siblings and claims to have the same recipe as that of Annie's espasol.</li> <li>Price of espasol is the same among all the producers however, Annie's espasol distinguishes itself from the competitors through the taste. The owners claim that their espasol is the original recipe that has been handed down from the owner's grandmother and mother. They also use the best raw materials. They get sticky rice from Mindoro and uses young coconut unlike the producers which uses ordinary coconut. Another factor that differentiates them from their competitors is their friendly and personalized service.</li> </ul>  <p>One of Belen's Espasol outlets.</p>	<ul style="list-style-type: none"> <li><b>Manpower</b> <ul style="list-style-type: none"> <li>They had 15 full-time and 4 part-time working in the company which are paid per piece. Majority of the employees have worked with the company since the time of the owner's mother (Belen) and are relatives of the owner (wife). They are treated as part of the family.</li> <li>The owners are hands-on in the production of espasol to ensure the quality and consistency of their product. They also take charge of the final packaging/labeling.</li> </ul> </li> <li><b>Material/Information</b> <ul style="list-style-type: none"> <li>Product packaging and labeling are similar to that of the biggest competitor. Owner was already thinking to revise this in order to stand out in the market.</li> </ul> </li> <li><b>Method</b> <ul style="list-style-type: none"> <li>They are still using the traditional way of making espasol. Some aspect of production like the grinding of rice has already been mechanized but the rest of the process involves manual labor. Production method has improved throughout the years with continuous attendance in DTI seminars on techniques.</li> </ul> </li> <li><b>Money</b> <ul style="list-style-type: none"> <li>The company needs an increase capital for expansion and assets acquisition.</li> </ul> </li> </ul>



### 3. Action plans taken by the company and the counselor

#### 3.2. Detail actions per Month

Month		Client's Action	Counselor's Action
January	Planned	Non-stop business improvement re: manpower, product, financial matters	Continuous monitoring and updating
	Actual	Offered incentives to employees Designed new tarpaulins and packaging	Continuous monitoring and updating Advised client on improvement re: manpower, product and finance Referred to DOST for support on product packaging
February	Planned	Improve sales through improvement of manpower, product and finance	Continuous monitoring and updating
	Actual	Checked options for possible loans to expand production area	Continuous monitoring and updating Referred client to financial institutions for possible loans
March	Planned	Participation in Anilag Festival Fair in Sta. Cruz Laguna	Continuous monitoring and updating
	Actual	1) Prepared tarpaulins/calling cards for the fair 2) Participated in the Anilag Festival Fair and earned sales worth Php 17,000 or 680 packs	Continuous monitoring and updating Provided information on the festival fair
April	Planned	Participation in Anakalang Fair	Continuous monitoring and updating
	Actual	1) Prepared tarpaulins, calling cards for the fair; prepared products for the taste test 2) Joined the Aliwan Festival Fair at Roxas Blvd. on April 21-23: Earned Php 19,000 = 760 packs in sales	Provided information on the festival fair Continuous monitoring and updating
May	Planned	Placing of Kiosks as pasalubong counters to several places & distribution of flyers/brochures to advertise products	Continuous monitoring and updating
	Actual	1) Participated in International Food Exhibition (IFEX) at SMX Mall of Asia on May 15-17 with sales of P10,000=400 packs 2) Joined the 4th Tindahan ni Aling Puring Sari Sari Store Convention PureGold at the World Trade Center on May 21-23 with sales of P 8,200 = 328 packs 3) Participated to Population Commission Activity may 5000 Monte Vista Monte Vista Calamba on May 26 with sales of 5,000 = 200 pack	Provided information on the exhibits Supported client during the exhibits Continuous monitoring and updating

### 3. Action plans taken by the company and the counselor

#### 3.2. Detail actions per Month

Month		Client's Action	Counselor's Action
June	Planned	Expanding outlets to at least 10 schools	Continuous monitoring and updating
	Actual	1) Participated in Laguna Expo 2009 in Glorietta Makati from June 1-7, 2009 with sales amounting to Php 10,000 or 400 packs 2) Added 2 new outlets on the 1 <sup>st</sup> week of June: Rose & Grace at Paseo de Sta. Rosa and Tita's Delights with outlets at SM pasalubong. Rose & Grace generates sales of 50 packs twice a week while Tia's Delights generates sales of Php 20,000/month. 3) Joined the Laguna Independence Day Celebration, Calamba June 12 with sales P3,900 = 156 packs 4) Participated in the Laguna Expo Fair at Market Market Taguig June22-28 with sales P 6,000 = 240 packs	Continuous monitoring and updating Provided information to client on various exhibits Supported client during the exhibits
July	Planned	Selling to at least to 10 schools	Continuous monitoring and updating
	Actual	1) Participated in the Wow Philippines at Intramuros July 13-26 with sales of P 14,000=560 packs 2) Participated in the OTOP Luzon Island Fair July8-12 Mega Mall with sales of P 15,000=600 packs 3) Participated in Nutrition day July with sales of P 6,000 =240 packs 4) Gained new Product outlets/ Product Supplier - Rose & Grace Paseo de Sta.Rosa (50's at 2x a week), Tita's Delights w outlets at SM Pasalubong (100x a week)	Continuous monitoring and updating Provided information to client on various exhibits Supported client during the exhibits
August	Planned	Selling to at least 10 schools	Continuous monitoring and updating
	Actual	1) Joined the Laguna Expo Alabang Town Center Aug. 3-9 with sales of P25,000=1000 packs 2) Gained new product outlets/ product supplier - Tita's Delights with outlets at SM Pasalubong (150x a week) NOTE: increased fr 100 to 150 packs/week delivery 3) Increased sales in market outlets, walk in & Greenhills outlet by 50%	Continuous monitoring and updating Provided information to client on various exhibits Supported client during the exhibits

### 3. Action plans taken by the company and the counselor

#### 3.2. Detail actions per Month

##### • Participating in Trade Fairs/Exhibits

One of the main actions taken by the company to increase their sales was participating in trade fairs and exhibits as advised by DTI-SME counselor.



With the help of DTI SME-Counselor, the owners prepared tarpaulins and calling cards during trade fairs and exhibits.

One of their strategies during trade fairs and exhibits is to provide free taste-test to potential clients.



##### • Finding new outlets

New outlets were also opened which contributed to the increase in sales.

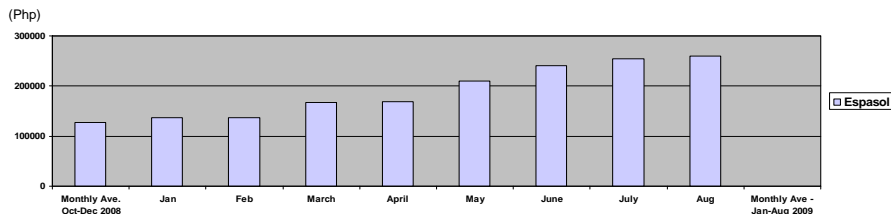
A new distribution outlet was forged through Tita's Delights which has a space in SM pasalubong areas. The owner got this deal through another SME she helped with product packaging.



Colette's pasalubong center in Tagaytay is one of the biggest clients of Annie's Espasol.

#### 4. Sales Achievement

##### 4.1. Sales volume and amount per product per month (quantitative result)



Sales volume per month

Product line	Unit	Unit price (Php)	2008 monthly average	2009 Jan	Feb	Mar	Apr	May	June	July	Aug
Espasol	pack	25	5100	5500	5500	6680	6760	8128	8896	9700	9900

#### 4. Sales Achievement

##### 4.2. Views of Customers, Employees and the Owner (qualitative result)

###### Customer at public market outlet

"I am sent here by my son based in Manila to buy Annie's Espasol. My son works for the Asian Development Bank (ADB) and his colleagues asked him to buy this espasol after tasting it. They really like the taste. Annie's Espasol tastes better than the others and has become quite popular in my son's office that's why my son requested me to buy more."

The client bought 5 packs of Annie's Espasol.

###### Employees

*Christian, 27 years old, has been working in the company for 11 years.*

"I was referred by my friend to work in the company. I am responsible for cooking the espasol and I enjoy my work. If I don't work, I miss it. I like working here since the salary provides for the needs of my family plus Ate Annie is kind to us. I would like to start my own espasol business in the future."

*Rosalie and Ning, have worked with the company for 4 years and 29 years respectively.*

"We are relatives of Ate Annie's husband and we work as wrappers of the espasol. I like working here because of the flexibility of the time. We can earn money and still have time to take care of our families. The couple is very kind and nice to all of us."

###### 1. Key for success in improving sales

###### Participation in Exhibits

"One of the main factors that improved our sales is our participation in various trade fairs and exhibits as encouraged by our DTI SME-Counselor. We also prepare our tarpaulins and calling cards during these events for potential network and contacts. We also have free taste-test for the customers. We don't mind spending to participate in these events since they usually bring walk-in customers who like our products. These are also good opportunities to network other SMEs and learn from them."

###### Product Quality

"We believe that our sales increased because our customers love the taste of our product. It tastes better than that of our competitor's espasol since we use good quality raw materials. We import the sticky rice from Mindoro and use young coconut instead of the fully-matured ones. We already have loyal customers who buy repeatedly because they like our espasol. We also applied the new techniques on production, packaging we learned from DTI seminars. These contributed to the increase in our sales."

###### Attitude

"My husband and I are focused on our business and are hands-on owners/managers. Love for the business, compassion, confidence and courage are also important in order to succeed. Friendly personality is also useful in order to establish rapport with customers and other SMEs which might provide contacts for possible new outlets. I also helped some SMEs with their business and was rewarded with a new outlet at Tita's Delight through this contact. Lastly, the employees are our best asset so they should be treated well. I make it a point to organize an annual summer outing for all of us as a form of reward."

###### 2. Expectations from DTI SME-Counselor

"We really appreciate the support of our DTI SME-Counselor. She was always helpful whenever we have questions and she also listens to our concerns. We believe the whole project inspired us to work harder in order to show our achievements. We did not resent the various information asked by our SME counselor since we know that our accomplishments also need to be reported."

## 5. Key for Success from the viewpoint of the Counselor

- According to the DTI-SME counselor, the followings are the key points in supporting her client to achieve the sales target.

### 5.1 Key for Success of the client from the view point of the DTI-SME Counselor

#### Owners' Attitude

"The main factor of success in sales increase is the positive outlook and the owners' friendly and accommodating attitude to clients and customers. The owners are also very receptive to DTI's advice and apply learnings from seminars, trainings to their business. The owners are hardworking and passionate about their business and these show in their accomplishments."

#### Complementary Roles

"The couple's compatibility contributed a lot to their success. The husband and wife work in tandem to make their business grow. They also have mastery of their business – from production until delivery. They inspire their employees as they manage by example."

#### Increased Product Exposure

"Increase in sales can be attributed to the company's participation in several trade fairs and exhibits. This exposure enabled them to increase awareness and promote their products to other places. Due to their increased network of contacts, they have also added outlets which contributed to their sales."

Ms. Clara Canopio, DTI SME-Counselor with Annie (owner).



### 5.2 How the DTI SME-Counselor Supported the Client Build Good Relationships with the Client

"It was easy for me to build a relationship with my client because they are my neighbors and I have known their espasol business since I was a child."

#### Open Communication

"It helps to have open communication between client and counselor. Because I am updated with all their activities, I am able to advice them properly on what steps to take. The pressure in asking them for their detailed plans, actions and sales as required by the project is a positive factor in achieving their sales target."

#### Mutual Learning

"My client's passion and contagious positive attitude inspired me to also do the same in my office and field of work. I learned the value of hard work. I hope my client also learned from my advice. It is important for an SME-Counselor to succeed to encourage the client to apply what they learned, to listen to the client's concerns and then to share time and effort to support the client."

#### Benefit of the Shindan Project

"The Shindan project really helped me a lot to become more patient and study all aspects of my client's business. I was also able to forged a friendship with my client through the project."

Based on an interview with the DTI-SME counselor on September 2009

## 6. Key learnings (from the viewpoint of JICA experts)

### Role of the DTI SME-Counselor

- Both the client and counselor acknowledged the importance of establishing rapport and forging relationship for the success of the SME.
- In order to have a positive impact on their client's business, SME counselors need to care genuinely about their client's business and not just do it for the sake of complying with requirements of the project.
- Monitoring and follow-up done by the SME counselor inspired the client to work harder in order to show results and improve their sales.

### Client's Attitude

- The attitude of the client is one of the biggest factor in achieving success in business. The client was receptive to counselor's inputs and pro-actively sought help of DTI which contributed to their increased sales.
- Passion and love for the work is also very important for success in business. Owners have to be hands-on managers and serve as inspiration to their employees.
- Compassion for staff is also a key factor to the success of the company as it breeds loyalty. Staff feel they are part of the family and will therefore work hard to help the business achieve its goals.



JICA Expert with owner and DTI SME Counselor

# Marketing Good Practices

## For Capacity Development of DTI-SME Counselor

THE PROJECT ON SME “SHINDAN” FOR PHILIPPIN SME COUNSELORS  
 Supported and Conducted by JICA  
 2009

### 1. Company Information

#### 1.1. General Information

COMPANY NAME	<b>TERRY’S Leyte Deli</b>		
BUSINESS ADDRESS	45 sto nino st., Dagami, Leyte		
INITIAL CAPITAL	P50,000.00	2008 SALES	Approx. Php1,850,000
NO. OF EMPLOYEES	FULL-TIME: 8 (all production)	PART-TIME: 0	Total : 8
YEAR ESTABLISHED	2001		
LEGAL STATUS	Single Proprietorship		
BUSINESS TYPE	Food processing		
INDUSTRY	Food		
PRODUCT/SERVICE	local native delicacies namely, binagol, sagmani and moron		



## 1. Company Information

### 1.2. Company Background

Q: Why and how did you start your business?

A: 'My (The owner's wife) father used to work for a Binagol manufacturer as an employee in 1960's and started his own in 1973 (the year I was born). I and my husband got married at the age of 16 and 17, and we also helped the production when needed. 'Binagol' was always there since I was born.

In 2001, the production was turned over to me and my husband and in 2003 we named 'TERRY'S' after my husband's nickname. Five to six employees are those ones who have been working from my father's time. My mother is still selling our products at the sidewalk in Tacloban downtown.

My husband and I are both working full time (the husband is working in a government office's financial section, and the wife is a public elementary school teacher), so production is run by the workers. I just go home at lunch time to check the production, but they don't need supervision.

Actually, we were registered at DTI only in 2007 when we were chosen as a OTOP in Dagami.

We are proud that our product's quality is consistent because we are following the traditional way, the way how my father was cooking Binagol.'



Mother selling their products at sidewalk in downtown.



Outlet (at left), production area (at middle) and owner's house.

Q: What is your vision?

A: 'Our vision is to someday mechanize the equipments, have bigger and nicer production area, create more city outlets, become HACCP accredited and improve the packaging to increase sales and profits.

We want more and more people to know and taste our products .

I enjoy my work. I love my work because it will give us more income and we can provide better education to our children.' (they have three children).



Current production area (floor is not cemented)



The owner wants to change the machine to better one (ex. Stainless)

Based on an interview with TERRY'S 'owner on August 4, 2009

## 1. Company Information

### 1.3. Products

Product line

#### Binagol



Made of "Talyan" (Talo, picture at right) which they procure from Samar, malagkit, coconut, etc. contained in a coco shell.

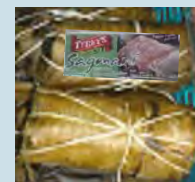


#### Moron



Made of malagkit, rice, coconut, peanut, choco, etc.

#### Sagmani



Made of "gaway" (picture at right), coconut, cheese, peanut, etc.



Price

P35/ piece  
(3 for P100)

P7/ piece

P35/ piece

2008 Sales (Share)

Approx. Php1million  
(57%)

Approx. Php650thousand  
(35%)

Approx. Php140thousand  
(7%)

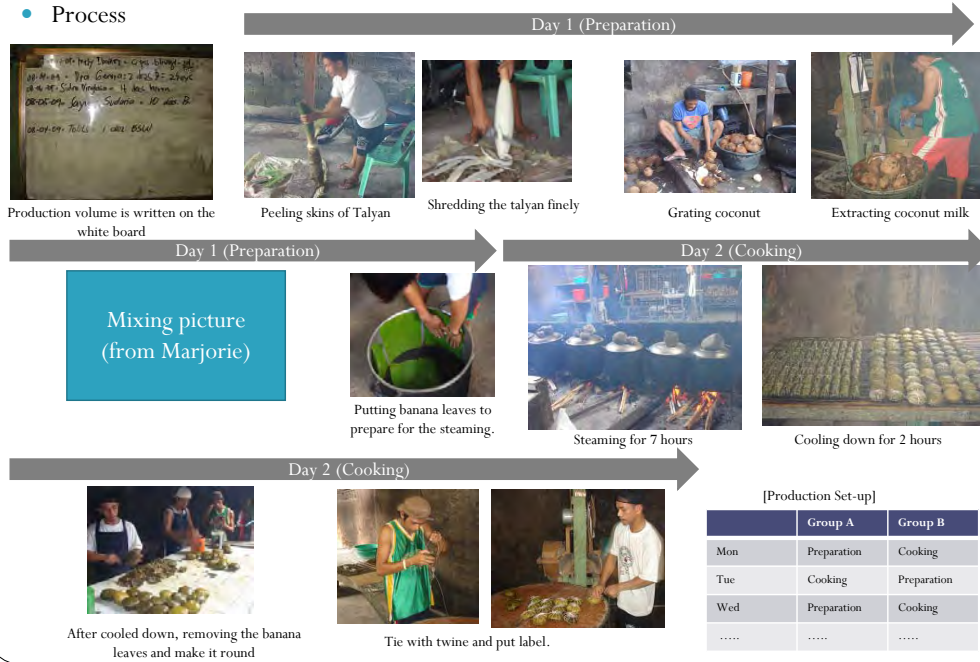
Shelf life

One week in a cool place. One month in a refrigerator.

## 1. Company Information

### 1.4. Manufacturing process

- Process



## 2. Situation when the DTI counselor started the counseling

Customer	Competitor	Company
<ul style="list-style-type: none"> <li>• Their customers are local residents, balikbayans and bakasionistas.</li> <li>• 70% is direct selling at their own outlet in front of their production site in Dagami town, direct orders and trade fairs, and 30% is through retailers such as Bahandi, Pasaubong Center at the airport and Sidewalk stall in Tacloban city.</li> </ul>	<ul style="list-style-type: none"> <li>• There are at least 4 competitors producing the same products in Dagami.</li> <li>• However, all the producers are using the similar label for Binagol at Pasaubong Center at the airport or at the Sidewalk stall in town, for which customers can hardly distinguish one from another by the look.</li> <li>• For TERRY'S, one of the biggest competitors is a trader in the Tacloban city sidewalk stall where local delicacies are being sold and tourists usually look for pasaubong. They sell the same product manufactured by different producers at lower price by 40% for Binagol (P25 each, while TERRY'S Binagol is P35 each).</li> <li>• Difference of the product which makes the gap in the price according to the company owner, is the component and ratio of the ingredients. For example, TERRY'S Deli is using "talyan", refined white sugar and coconut oil while others are using "Calavassa", brown sugar and cooking oil which makes the taste different (clumpy and dried).</li> <li>• The competitor also gives discount to the customers.</li> </ul>	<ul style="list-style-type: none"> <li>• Manpower <ul style="list-style-type: none"> <li>• They had 6 full-time employees who are paid per piece. Most have been working from the time of the father of the current owner (before 2001). The most important process in the production, mixing of the ingredients, is handled by a mastery who has more than 20 years of experience.</li> <li>• The employees are regarded by the owner as a family member, and almost all the production process are delegated to them. Employees work independently without a supervision of the owner (the wife of the owner just comes home from work during lunch time).</li> </ul> </li> <li>• Material/ Information <ul style="list-style-type: none"> <li>• Similar product label was used as other producers. Owner was already thinking of having their own product label to differentiate from competitors, but it was not materialized yet.</li> </ul> </li> <li>• Method <ul style="list-style-type: none"> <li>• They still use the traditional method of cooking. They are not mechanized.</li> </ul> </li> <li>• Money <ul style="list-style-type: none"> <li>• They have a loan from Rural bank which will be paid up in Aug. 2009. TERRY'S was regarded as a good borrower, so did not have much financial problem.</li> <li>• However, they did not have a proper financial record.</li> </ul> </li> </ul>

Almost all the producers are using the similar label (white and red).

TERRY'S product

Competitor's product is sold side by side.

### 3. Action plans taken by the company and the counselor

#### 3.1. Overview

##### 1) Sales target



##### 2) Action plans made by the client and the counselor

<b>Product</b>	<ul style="list-style-type: none"> <li>Develop a new product labels to have a different look from their competitors. They already participated in OTOP free packaging seminar in 2007 and had one-on-one product clinic-ing, then through DTI OTOP coordinator, the owner received a draft label designed by Design center. However, they had not started using the label yet due to reservation for increase of expenses.</li> <li>Package for pasalubong (instead of plastic bag or carton box)</li> <li>Further innovation of the product. (experiment other flavors)</li> <li>Already have 2 value-added flavored product for Binagol, namely 'Chocolate' and 'Red egg' which they sell at P45 each (P10 higher the original one).</li> </ul>
<b>Place (Channel)</b>	<ul style="list-style-type: none"> <li>Open a new outlet in Tacloban city (materialized in January) and Pasalubong kiosk inside airport terminal.</li> <li>Actively participate in Trade fairs (6 fairs in a year) to let people know the products.</li> </ul>
<b>Price</b>	<ul style="list-style-type: none"> <li>Consider the cost of new label</li> <li>Will not lower the price (Avoid price competition with others)</li> </ul>
<b>Promotion</b>	<ul style="list-style-type: none"> <li>Create flyers to be distributed to the public in order to advertise their product.</li> <li>Prepare calling card to be given to customers to increase 'Repeaters'.</li> </ul>
<b>Manpower</b>	<ul style="list-style-type: none"> <li>Hire a store manager for the new outlet.</li> <li>Hire 2 additional worker for the production.</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>Have a contractual book keeper to have a financial record.</li> </ul>

### 3. Action plans taken by the company and the counselor

#### 3.2. Detail actions per Month

Month		Client's Action	Counselor's Action
January	Planned	<ol style="list-style-type: none"> <li>Open a new outlet in Tacloban city</li> <li>Prepare a new product label</li> </ol>	<ol style="list-style-type: none"> <li>Visit new outlet and monitor sales</li> <li>Give suggestion to the new label</li> </ol>
	Actual	<ol style="list-style-type: none"> <li>Opened a new outlet. The owner's wife's brother is in charge of the store management.</li> <li>Designed new label                             <ul style="list-style-type: none"> <li>- Label was color printed by a private publishing company in Tacloban. First label was expensive, so they changed the paper to thinner one (but not too thin because the paper will absorb the oil from the product, and so the letters or pictures on the label might be vague).</li> <li>-label expenses: Binagol Php15 for 20 pieces (Php0.75 each), Sagmani Php15 for 10 pieces (Php1.5 each) (No label for Moron)</li> <li>- After adding the label expenses, there is still profit so the owner decided not to increase the product price.</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>Visited the new outlet for sales monitoring and discussion of action plans for 2009.</li> <li>Followed up and gave advise on the new label what to include in the description.</li> </ol>
February	Planned	Launch new product label	
	Actual	Started using the new label for Binagol and Sagmani. Customers were looking for '3 for P100' Binagol before since they did not know the producer's name, but now their product is clearly distinguished from others and people now know 'TERRYS'. -Because of people looking for '3 for P100', competitors also started selling their product '3 for P100' in spite of '4 for P100 (original price)'.	
March	Planned	Preparation for The Eastern Visayas Regional Athletics Meet (EVRAA); Prepare flyers, Calling Cards, Lay-out Tarpauline, Ordered printing of labels, Follow-up supply of raw materials from supplier, and Stock on other materials needed for production	<ul style="list-style-type: none"> <li>- Initial talk with DOST regarding machines for production</li> <li>- Follow-up with client re: calling cards, flyers, labels and tarp</li> <li>- Schedule visit</li> </ul>
	Actual	Ordered printing of 200pcs flyers Ordered printing of 500 pcs calling cards (p1,200) Placed design for (1) one tarpauline (P1,200) Ordered printing of new labels (P6,000) Bought materials need for production e.g. string,	<ul style="list-style-type: none"> <li>- Talk with DOST was set aside because they were busy in the preparation for the EVRAA and Palaro</li> <li>- Visited Tacloban outlet for monitoring sales.</li> </ul>

### 3. Action plans taken by the company and the counselor

#### 3.2. Detail actions per Month

**Label**

For 'Binagol'



(similar label with other producers) → Eye-catching label with distinct name, 'TERRY'S'

For 'Sagmani'

none →



Calling card to provide to customers. Now if individuals can contact directly for bulk orders or special orders (chocolate Binagol, red-egg Binagol). Based on the counselor's advise, they are considering to change the company Logo to what they used for the label (Branding by unified logo)



**New outlet in Tacloban city**

Along the street where tourists come to look for 'Pasalubong'. TERRY'S' new outlet is located just beside their biggest competitor where they sell Binagol at P25 each.



Inside the store, there is a small 'eat-in' space (one table with three chairs). There are 'Suki' (repeaters) who often come to eat 2 Moron and water/juice inside.

← Tourists from Cebu are trying for the first time the Binagol inside the store (free tasting). After tasting, the group bought one dozen of Binagol.

Packing the products in a carton box for the tourist from Cebu. They are considering of preparing a 'gift bag/box' using native materials for 'Pasalubong' and Christmas gifts.

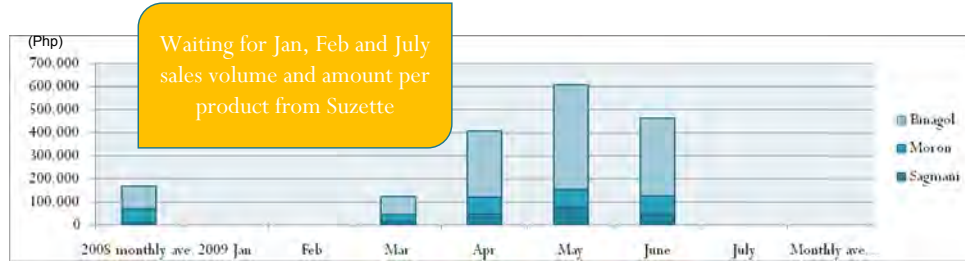
### 3. Action plans taken by the company and the counselor

#### 3.2. Detail actions per Month

Month		Client's Action	Counselor's Action
April	Planned	Preparation for The Eastern Visayas Regional Athletics Meet (EVRAA) and Palarong Pambansa Prepare flyers Prepare Calling Cards Lay-out Tarpauline Ordered printing of labels Follow-up supply of raw materials from supplier Stock on other materials needed for production	- Follow-up with client re: calling cards, flyers, labels and tarp -Schedule visit
	Actual	Printed 200pcs flyers (P4,500) Printed 500 pcs calling cards (P900) Printed (1) one tarpauline Printed new labels Bought materials need for production e.g. string,	- Visit client for monitoring sales and discuss actions.
May	Planned	Preparation for IFEX at the Mall of Asia (MOA), May 15-17, 2009 Prepare Calling Cards Lay-out booth design	Follow-up with client re: things to do during IFEX Attend pre departure briefing Refer to - DOST for possible product innovation re: bottling and longer shelf life
	Actual	- Printed calling cards - Participated IFEX (expenses of travelling & lodging: P20,000)	All preparations set for the IFEX Attended pre departure briefing at DTI Leyte Office Referral was not actualized. Both are busy with their work.

#### 4. Sales Achievement

##### 4.1. Sales volume and amount per product per month (quantitative result)



Sales volume per product (unit: piece/ dozen)

Product line	unit	unit price (Php)	2008 monthly average	2009 Jan	Feb	Mar	Apr	May	June	July
Sagmani	piece	35	360			500	1,394	2,259	1,339	
Moron	piece	7	8,400			4,000	10,430	10,874	11,529	
Binagol	dozen	400	240			200	717	1,129	845	

Sales amount per product (unit: Php)

Product line	2008 monthly average	2009 Jan	Feb	Mar	Apr	May	June	July
Sagmani	12,600	0	0	17,500	48,790	79,065	46,865	0
Moron	58,800	0	0	28,000	73,010	76,118	80,703	0
Binagol	96,000	0	0	80,000	286,800	451,600	338,000	0
<b>TOTAL</b>	<b>167,400</b>	<b>0</b>	<b>0</b>	<b>125,500</b>	<b>408,600</b>	<b>606,783</b>	<b>465,568</b>	<b>0</b>

#### 4. Sales Achievement

##### 4.2. Views of Customers, Employees and the Owner (qualitative result)

Customer at Tacloban city downtown outlet

Owner's wife (production and sales management)

- 1)KFS
- 2)Expectation from DTI Counselor

Interview

Employee (3years of working with TERRY'S, 25 years old, male)

'Started working for TERRY'S to support his family. Already used to the work and enjoy his job. Sometimes they get so tired because of bulk orders (ex. From 2am to 12midnight. Ordinary working hour is 8am-6pm). In such case, the production quality may suffer. Production set-up was changed to 2 groups doing different procedure on the same day. It is more efficient now.  
 (It was proposed by the wife of the owner and owner agreed on it)  
 The owner treat the workers as a family, and sometimes go outing together.'

Based on an interview conducted on August 4 and 6, 2009

## 5. Key for Success from the viewpoint of the Counselor

- According to the DTI-SME counselor, the followings are the key points in supporting her client to achieve the sales target.

### 5.1 Key for Success of the client from the view point of the DTI-SME Counselor

#### **Owner's mindset**

'Both (the owner and his wife) are still young and they believe in that their products are "sellable" and they are very open to the assistance of DTI. Especially the wife was with "Binagol" since she was born, so they know where they want to go and what to do.'

#### **Product Quality**

'TERRY'S Deli follow the original way of producing Binagol, while others are using substitute materials to make the products cheaper (about 30% cheaper than TERRY'S for Binagol), thus keeping the product quality high. This is also one of the reasons that their product was chosen as a OTOP of Dagami.'

#### **Product Innovation**

'Aside from the traditional taste, TERRY'S has two other flavors, namely "Chocolate Binagol" and "Red-egg Binagol" which they only produce by order at Php45 each. These two flavored Binagol taste very rich. In case they produce these special made to order products, they usually make surplus and sell to walk-in customers at outlet as well. They put "Chocolate Binagol is available today, but limited to XX (numbers)" on the wall. It is usually sold out soon after they place the special flavored Binagol. This is another difference from other producers. Now other producers are also imitating the two flavored Binagol.'

#### **Employer-Employee Relationship**

'For my client, it seems that the work is not a burden, but they really like and enjoy the work. It is the same for employees. Production is delegated to workers, so the workers are independently making the products without the supervision of the owners (both the owner and his wife have work during day time). Workers know what to do and they have mutual trust. They are just like a big family. This may be a basis for keeping the product quality high consistently. It is also shown in their clean product area. Not like others where you can see dogs and cats roaming around the product area, TERRY'S owner and employees share the importance of the cleanliness in the production area.'

### 5.2 How the DTI-SME Counselor supported the client

#### **Making a Rapport with the client**

'First, I tried to get to know them, about their product and owners. So I always visited their stores, never requested them to come over to our office. By being friendly to the client, I think I was able to establish rapport with them.'

#### **Listen to the client**

'Whenever I had talk with them, I never imposed my suggestions to the client because I believe that the client knows what to do. Since they already had many plans in their mind, my role was to listen to them and give a little push one by one. I gave a little suggestion, such as for the product label how to stand out, but main plan was already there.'

#### **Keep pace with the client; One suggestion at a time**

'I also tried to discuss only one thing at a time, so that the client will not be overwhelmed. For example, today I just ask the client about the new outlet if they are doing ok.'  
'When I asked something to the client, I didn't follow up often (di ko kinukulitan), but just waited for their reply.'

Based on an interview with the DTI-SME counselor on August 3, 2009

## 6. Further challenges

Q: What is your next challenges?

A:

1. Mechanization of production
2. Making own Flyer

Based on an interview with TERRY'S 'owner on August 6, 2009

# MARKETING GOOD PRACTICES

For Capacity Development of DTI-SME Counselor

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The Project on SME “Shindan” for Philippine SME Counselors  
 Supported and Conducted by JICA 2009

## 1. COMPANY INFORMATION

### 1.1 General Information

COMPANY NAME	CATALINO WOMEN ASSOCIATION, INC.		
BUSINESS ADDRESS	Purok Catalino, Barangay Gimaylan, Libertad, Misamis Oriental		
INITIAL CAPITAL		2008 SALES	Php 108,836.60
NO. OF EMPLOYEES	FULL TIME: 8	PART-TIME	7
YEAR ESTABLISHED	2002		
LEGAL STATUS	Corporation (registered with Securities and Exchange Commission)		
BUSINESS TYPE	Food Processing		
INDUSTRY	Food		
PRODUCTS/ SERVICES	Seaweeds Shing-aling (sticks), Seaweeds Noodles and Seaweeds Pickles		



# 1. COMPANY INFORMATION

## 1.2 Company Background

Q. Why and how did you start your business?

A. “It started as a family livelihood venture. We were informed by BFAR that we can avail of financial support from LGU and NEDA but only to find out that it can only qualify if the project proponent is a group. And so we were encouraged to organize ourselves and form into an association of women.. We registered our association with SEC as Catalino Women Association, Inc. in 2002 with 25 members/ incorporators. Purok Catalino was named after my great grandfather. From then on, we were able to get the assistance from NEDA thru its KRA program as well as from the Local Government of Misamis Oriental.”

Q. What is your vision/ goal?

A. “Our overall goal that we want to achieve is to get into the mainstream market and go into commercial production with improved production area, machineries and system thus we can contribute to the economic activity of our locality and augment the income of our members.”

# 1. COMPANY INFORMATION

## 1.3 Products

Product Line



Made from seaweeds puree, All purpose flour, Baking powder, Iodized Salt, Onion powder, White pepper, Soya bean oil and sugar and flavoring

Price

Php 35.95 per 150g



Made from seaweeds puree, All purpose flour, Iodized Salt, Lye , and Water

Php 25.00 per 200g



Made from Fresh Seaweeds, Pickling Solution (Vinegar, Sugar, Iodized Salt), Spices (ginger, bell pepper, raisins, onion), Pineapple

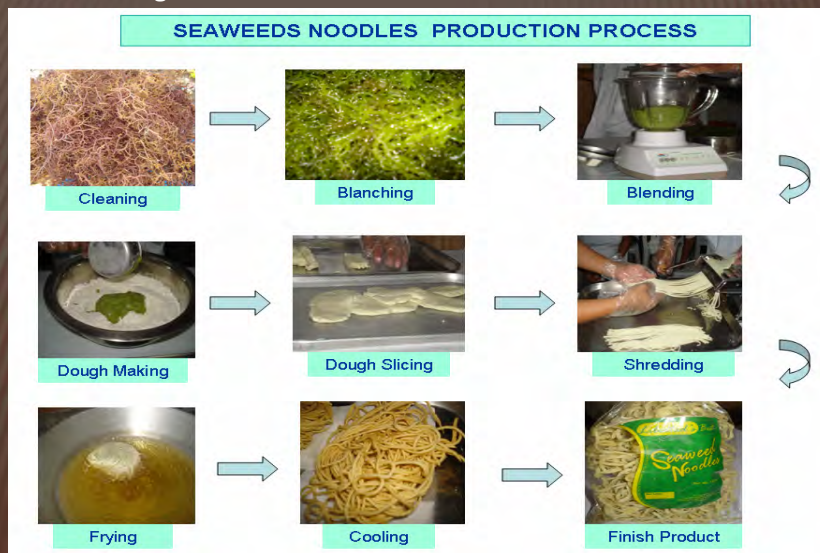
Php 25.00 per 8 oz

Shelf life

2 months unopened and under normal room temperature of 28° C to 32° C

# 1. COMPANY INFORMATION

## 1.4 Manufacturing Process



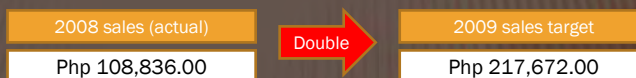
# 2. SITUATION WHEN THE DTI COUNSELOR STARTED THE COUNSELING

Customer	Competitor	Company
<ul style="list-style-type: none"> <li>Local residents of Libertad and neighboring towns</li> <li>Major cities e.g. Cagayan de Oro City and Iligan City</li> <li>Percentage of their sales are thru direct selling, direct orders and trade fairs and the rest are thru retailers such as VJANDEP, Gaisano City Mall, El Salvador House of Pasalubong, etc.</li> </ul>	<ul style="list-style-type: none"> <li>There is no direct competitor of CWAI on seaweeds noodles and pickles since they are the only producer within the locality of Libertad as well as entire Misamis Oriental. For seaweeds shing-aling, neighboring municipality of Initao has producers for the sticks since the group has also been trained by BFAR. Although their production is not on a regular basis, their current markets are schools within Initao only.</li> </ul> <p>For its indirect competitors, it has wider distribution channel and most of these products have already gained its brand.</p>	<ul style="list-style-type: none"> <li><b>Manpower</b> CWAI has eight (8) full-time workers on a per day/production basis at P100 per day/pax. The project manager herself is the one training and supervising the workers in the production area and is expert on product processing</li> <li><b>Material/ Information</b> As a proponent exhibitor of IFEX, CWAI was able to improve their labels for seaweeds shing-aling and noodles. Also an improved brand name and product of Libertad Coast and Seaweeds Shing-aling, respectively.</li> <li><b>Method</b> Right now, CWAI production is partly mechanized and manual. They have the noodle making machine but for the kneading, they still do it manually.</li> <li><b>Money</b> CWAI has availed loans from private sources and from Rural Banks. So far, accounts are updated. They have pending fund application with DOLE as additional working capital. CWAI has also been recipient of LGU, NGA grants.</li> </ul>

### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

#### 3.1 Overview

##### 1) Sales Target



##### 2) Action plans made by the client and the counselor

Product	<ul style="list-style-type: none"> <li>New and improved label design and packaging material for Seaweeds Shing-aling and Noodle</li> <li>improve brand name → Libertad Coast</li> <li>Product Clinic with CITEM in preparation for IFEX participation</li> <li>Acquire Nutrition Facts, Microbial Analysis tests</li> </ul>
Place (Channel)	<ul style="list-style-type: none"> <li>Open a new outlet in Cagayan de Oro City – Gaisano City Mall, VJANDEP, El Salvador House of Pasalubong</li> <li>Actively participate in Trade Fairs – IFEX, Salo Tabo, Diskwento Caravan, Kahimunan</li> </ul>
Price	<ul style="list-style-type: none"> <li>Improve product costing and pricing</li> </ul>
Promotion	<ul style="list-style-type: none"> <li>Develop Product Brochures/ Catalogue, Flyers, Product Sheets, Profiles, Website</li> <li>Prepare contact/ calling cards</li> </ul>
Manpower	<ul style="list-style-type: none"> <li>Conduct Entrepreneurial Seminar-Workshop for CWAI</li> <li>Local study mission to SMEs in CDO with good manufacturing practices → VJANDEP, Darling Food, Amoren</li> </ul>
Finance	<ul style="list-style-type: none"> <li>Improve Financial Recording</li> </ul>

### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

#### 3.2 Detail Actions per Month

Month		Client's Action	Counselor's Action
March	Planned	<ul style="list-style-type: none"> <li>Preparation for Trade Fair participation - IFEX                             <ul style="list-style-type: none"> <li>fund accessing for participation fee of P18K</li> </ul> </li> <li>Membership to FOPANORMIN</li> <li>attendance to pre-exhibition seminars with CITEM</li> <li>Membership to FOPANORMIN</li> </ul>	<ul style="list-style-type: none"> <li>Set on-site entrepreneurial/ managerial seminar highlighting on the enhancement of business skills</li> <li>Pricing and costing</li> <li>Records-keeping and bookkeeping</li> <li>Provide information of membership benefits of FOPANORMIN to Catalino Women</li> </ul>
	Actual	<ul style="list-style-type: none"> <li>Preparation for Trade Fair participation - IFEX                             <ul style="list-style-type: none"> <li>acquired commitment of Mayor Jagus to finance the participation fee balance of P9,000</li> </ul> </li> <li>attended seminars with CITEM in preparation for the exhibit - 2 seminars/ trainings</li> <li>facilitated documentary requirements of IFEX</li> <li>Acquired requirements for membership to FOPANORMIN. still pending</li> </ul>	<ul style="list-style-type: none"> <li>seminar postponed to April 3, 2009 including pricing and costing discussion and records-keeping and bookkeeping</li> <li>prepared seminar materials, presentation, BEST Game kit</li> <li>Prepared letter to DENR and Project Description as part of their requirement with BFAD</li> <li>Assisted in the preparation of IFEX participation</li> <li>Promoted products to possible outlets - 1 market outlet established (K8 Fastfood)</li> <li>linked CWAI with box suppliers</li> <li>Discussed with CWAI about FOPANORMIN membership, provided requirements and forms</li> <li>Product Catalogue project coordinator → finalized layout/ printing arrangements/etc.</li> </ul>

### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

#### 3.2 Detail Actions per Month

Month		Client's Action	Counselor's Action
April	Planned	<ul style="list-style-type: none"> <li>• Continue preparation of necessary documentary and logistics requirements for Trade Fair participation – IFEX</li> <li>○ fund accessing for participation fee of P18K</li> <li>○ attendance to pre-exhibition seminars with CITEM</li> </ul>	<ul style="list-style-type: none"> <li>• Identify and establish market linkages</li> <li>• Assist in the conduct of market research/ survey (random sampling)</li> <li>• Conduct market testing for prospective markets (300 packs samples to be funded by JICA)</li> </ul>
		<ul style="list-style-type: none"> <li>• Provide product samples</li> <li>• Conduct Market research</li> <li>• Negotiate with potential market and assess production capacity</li> </ul>	
	Actual	<ul style="list-style-type: none"> <li>• Preparation for Trade Fair participation – IFEX acquired commitment of Mayor Jagus to finance the participation fee amounting to P5,000 only</li> <li>○ sought finance support from Governor Moreno, Congressman Bambi Emano and Provincial Board Member Peter Unabia</li> <li>○ attended seminars with CITEM in preparation for the exhibit</li> <li>○ facilitated documentary requirements of IFEX</li> <li>• Facilitated registration with BIR, for completion</li> <li>• Discussed with Director Acaac on SET-UP equipment proposal, requirements for release</li> </ul>	<ul style="list-style-type: none"> <li>• Conducted entrep seminar, business operation and management (BEST Game) with 14 participants from the association; held last April 3, 2009. Discussed product costing and records-keeping/ bookkeeping</li> <li>○ Follow-thru activities will be conducted e.g. LSM to food processing plant in CdO</li> <li>• Prepared letter request to Gov. Moreno for Arlene Novo to assist and accompany CWA to Manila for IFEX</li> <li>• Sent out request for quotation for noodle maker machine to Cebu and Cagayan de Oro suppliers</li> <li>• Assisted in the revision of lease contract as part of the documentary requirements of BIR</li> </ul>

### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

#### 3.2 Detail Actions per Month

Month		Client's Action	Counselor's Action
April	Actual		<ul style="list-style-type: none"> <li>• Drafted Product Brochure, Product Sheet and Order form in preparation for IFEX</li> <li>• Prepared checklist of materials and requirements for IFEX</li> <li>• Meeting with Arlene Novo, Gemma Cajella and Jeanette Arangcon – April 30 to discuss necessary arrangements for IFEX</li> <li>• Marketing promotions/ introduced products to possible distributors/ market</li> <li>• 300 packs samples not realized – no feedback from JICA on fund request</li> </ul>

### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

#### 3.2 Detail Actions per Month

Month		Client's Action	Counselor's Action
May	Planned	<ul style="list-style-type: none"> <li>• Prepare products for display in Manila for IFEX 2009</li> <li>• Network with potential buyers during IFEX 2009</li> <li>• Prepare promo collaterals e.g. flyers and tarpaulins</li> <li>• Prepare for Salo-Tabo participation on May 11-16, 2009, Provincial Capitol Grounds</li> </ul>	<ul style="list-style-type: none"> <li>• Accompany and assist client in Manila for IFEX 2009 (travel expenses to be sourced out from JICA)</li> <li>• Assist in the preparation of design for the flyers and brochures</li> </ul>
	Actual	<ul style="list-style-type: none"> <li>• Participation to IFEX 2009 at SMX Convention Hall, Mall of Asia, Manila</li> <li>◦ facilitated release of funding requirement from the LGU</li> <li>◦ acquired support from Congressman Bambi Emano to assist travel requirements</li> <li>◦ consulted with the CITEM experts in preparation for the exhibit</li> <li>◦ facilitated documentary requirements of IFEX</li> <li>◦ finalized label design and coordinated with Joel of CITEM for the final printing and plastic packaging</li> <li>◦ appearance during ABS-CBN feature coverage of Northern Mindanao Participants</li> </ul>	<ul style="list-style-type: none"> <li>• Prepared letter for CITEM re: request for extension of payment of Participation Fee amounting to P9,000</li> <li>• Sent noodle samples to Francis Tolentino for label design</li> <li>• Followed-up suppliers' quotation for noodle maker machine</li> <li>• Finalized and reproduced Product Brochure, Product Sheet, Order form and Company Calling Cards</li> <li>• Finalized materials and requirements for IFEX</li> <li>• Assisted in product costing and setting of prices</li> <li>• Meeting with Arlene Novo and Gemma Cajella for final arrangements of IFEX 2009</li> </ul>

### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

#### 3.2 Detail Actions per Month

Month		Client's Action	Counselor's Action
May	Actual	<ul style="list-style-type: none"> <li>◦ appearance during DZMM interview on air</li> <li>◦ distributed Brochures, Calling Cards, Product Sheets</li> <li>• Salo-Tabo participation</li> <li>◦ initial negotiation with products consolidator exclusively for Gaisano stores</li> </ul>	<ul style="list-style-type: none"> <li>• Emailed Product Sheet and Order Form of Mr. Edwin Sanchez - prospect buyer of Catalino Women</li> <li>• travel to Manila to accompany client did not materialize; coordinated with PAO staff, Ms. Arlene Novo to assist them in the fair proper.</li> </ul>

### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

#### 3.2 Detail Actions per Month

Month		Client's Action	Counselor's Action
June	Planned	<ul style="list-style-type: none"> <li>• Provide product samples</li> <li>• Negotiate with potential market and assess production capacity</li> <li>• Deliver Volume agreed</li> <li>• Improve product/ product development/ enhancement</li> </ul>	<ul style="list-style-type: none"> <li>• Establish market linkages/ outlets</li> <li>• Assist in Product Development (sauce development)</li> </ul>
	Actual	<ul style="list-style-type: none"> <li>• Participated in the Diskwento Caravan Trade Fair - June 11-12, 2009 at the Capitol grounds</li> <li>• Benchmarked with local food manufacturers in CDO - VJANDEP, Darling Foods, Amoren, FOPANORMIN pasalubong center last June 23, 2009 thru the Local study mission</li> </ul>	<ul style="list-style-type: none"> <li>• Referred to Diskwento Caravan 2-day Trade Fair during the Phil. Independence Day celebration at the Capitol grounds of Misamis Oriental</li> <li>• Facilitated conduct of Local Study Mission to local food manufacturers in Cagayan de Oro City as well as Pasalubong centers with the following objectives: benchmark on                             <ol style="list-style-type: none"> <li>1) good manufacturing practices</li> <li>2) production building, layout, set-up and line</li> <li>3) manufacturing technologies and operations and</li> <li>4) marketing strategies being applied by the established firms.</li> </ol> </li> <li>• Facilitated finalization of the label design for the noodles with Francis Tolentino</li> <li>• Made arrangements with Gaisano City-Mall for the grocery/supermarket section</li> <li>• Prepared market research proposal — FGD and field trial and submitted to JICA for funding</li> <li>• Endorsed Catalino to XU-Industrial Engineering Students for the conduct of Time and Motion Study</li> </ul>

### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

#### 3.2 Detail Actions per Month

Month		Client's Action	Counselor's Action
July	Planned	<ul style="list-style-type: none"> <li>• Facilitate requirements for the Building renovation being funded by the Provincial Government thru Ms. Arlene Novo</li> <li>• Provide product samples</li> <li>• Negotiate with potential market and assess production capacity</li> <li>• deliver volume agreed</li> </ul>	<ul style="list-style-type: none"> <li>• Establish market linkages/ outlets</li> </ul>
	Actual	<ul style="list-style-type: none"> <li>• Participated in the Diskwento Caravan Fair at the Provincial grounds.</li> <li>• Negotiated with Gaisano together with the counselor; complied necessary requirements for display including preparation of products for display.</li> <li>• Coordinated with Arlene Novo for the building improvement requirements and release of fund</li> </ul>	<ul style="list-style-type: none"> <li>• Assisted client in the negotiation with Gaisano City Mall for product display - July 2</li> <li>• Facilitated finalization of Noodle Label design with Francis Tolentino</li> <li>• Made initial introduction of product to <a href="http://www.pinoydelikasi.com">www.pinoydelikasi.com</a> to be included in their products for sale/order</li> <li>• Developed website for the client <a href="http://www.shindan.com">www.shindan.com</a></li> <li>• Prepared letter of intention for DOST-X for Set-Up application</li> <li>• Product catalogue completed and provided to client</li> </ul>

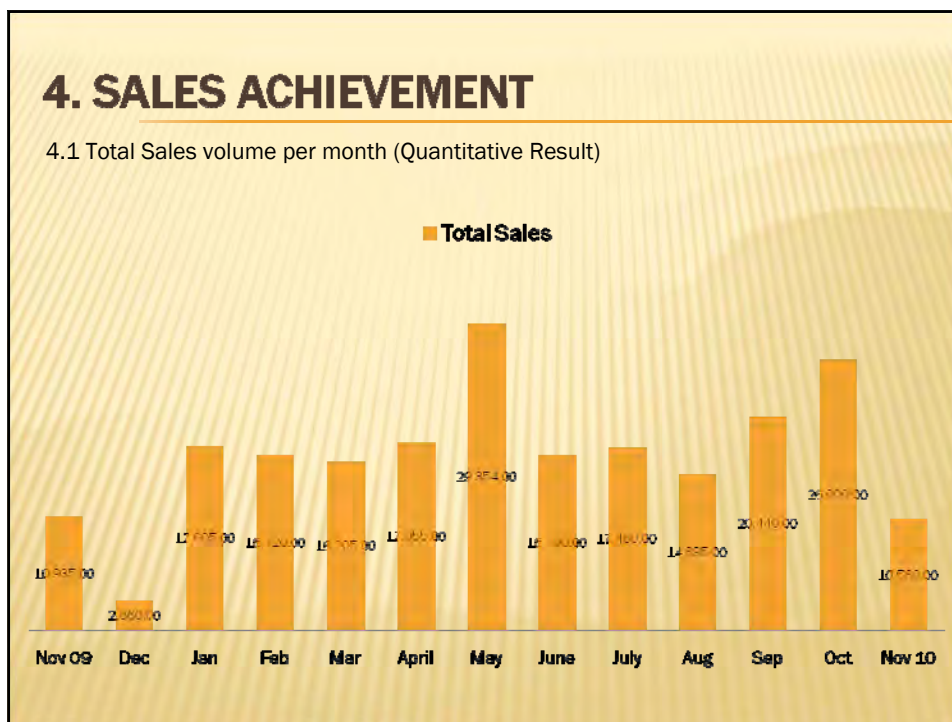
### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

#### 3.2 Detail Actions per Month

Month		Client's Action	Counselor's Action
August	Planned:	<ul style="list-style-type: none"> <li>•Promotions/ Networking:</li> <li>•Participate in the Kahimunan Northern Mindanao Trade Fair</li> <li>•Participate in the Salo-Tabo activities at the Provincial Capitol</li> <li>•Provide products for display and comply necessary requirements for participation</li> </ul>	<ul style="list-style-type: none"> <li>• Trade Fair participation – Kahimunan 2009, Fiesta Celebration of Cagayan de Oro City</li> <li>• Complete printing of Noodle label with Samrey Printing Press (1,000 copies)</li> <li>• Provide MASICAP necessary information for the completion of the proposal</li> </ul>
		<ul style="list-style-type: none"> <li>•Financing:</li> <li>•Provide necessary info to MASICAP for the completion of funding proposal</li> <li>•Facilitate requirements for the Building renovation being funded by the Provincial Government thru Ms. Arlene Novo</li> </ul>	
	Actual	<ul style="list-style-type: none"> <li>•Participated in the Kahimunan Northern Mindanao Trade Fair held at the Rotunda of Limketkai Center - August 24-30, 2009</li> <li>•Participated in the Salo-Tabo trade fair organized by the provincial government of Misamis Oriental held at provincial capitol grounds</li> <li>•Coordinated with MASICAP staff for the DOLE grant proposal – additional working capital</li> <li>•Coordinated with Arlene Novo for the completion of documentary requirements for the release of fund for building improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Assisted in the Kahimunan Northern Mindanao Trade Fair participation</li> <li>• Facilitated printing and acquisition of labels of Noodles</li> <li>• Coordinated with MASICAP for the completion of project proposal for DOLE funding</li> </ul>

### 4. SALES ACHIEVEMENT

#### 4.1 Total Sales volume per month (Quantitative Result)



## 4. SALES ACHIEVEMENT

### 4.2 Views of Customers, Employees and the Owner (Qualitative Result)

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## 5. KEY FOR SUCCESS FROM THE VIEWPOINT OF THE COUNSELOR

### 5.1 Key for Success of the client from the view point of the DTI-SME Counselor

#### Organization:

- Defined goal/ direction of the enterprise on business growth and development as understood by all members of the organization
- Entrepreneurial mind-set of the project manager as well as the members in the case of an association engaging in business activities.

#### Product:

- Commitment to product quality and safety
- Product innovation and continuous product development

#### Marketing:

- Pro-active in tapping market opportunities
- Improved and functional product packaging as defined by the market/ buyer
- Good business network and alliances as resources for product and sales improvement

#### Finance

- Control measures on financial management
- Established financial system

### 5.2 How the DTI-SME Counselor supported the client

The counselor guided the client in terms of the product and market development as well as the development of the organization in terms of enhancing entrepreneurial/ business



# Good Practices: SME Counseling

## Bing-Bing Concoles of UPWARD, Baybay, Leyte

### For Capacity Development of DTI-SME Counselor

**THE PROJECT ON SME ‘SHINDAN’ FOR PHILIPPINE SME COUNSELORS**  
 Supported and Conducted by JICA  
 2009.

### 1. Company Information



#### 1.1. General Information

COMPANY NAME	<b>Uplifted Plaridel Women’s Association for Rural Dev’t (UPWARD) – (focused with Bing-Bing Concoles, lead SME Member)</b>		
BUSINESS ADDRESS	Brgy Plaridel, Baybay, City (121 Kilometers from Tacloban City, Leyte)		
INITIAL CAPITAL & YEAR ESTABLISHED	P4,000.00 in 1999 * Bing-Bing capital =P1,500	2008 SALES (Approximate)	UPWARD = P702,650 Bing’s Sales =P247,000 (35%)
NO. OF EMPLOYEES	FULL-TIME: 51 from 9 active producers; Bing has 15	PART-TIME: 37 Bing’s has 30	UPWARD Total : 88 Bing has 45 employees
LEGAL STATUS	UPWARD (Association) Bing-Bing (MSME Member-Producer)		
BUSINESS TYPE	Manufacturing (with 9 Member Product Specialization)		
INDUSTRY	Pandán Weaving Handicrafts		
PRODUCT/SERVICE	Pandán Bags, Placemats, Mats, Sleepers (focused on Pandán Centiped Bags of Bing-Bing Concoles, UPWARD Lead SME-Producer Member)		



## 1. Company Information

### 1.2. Company Background

**\*Brief Industry Structure : Pandan Based Handicraft in Baybay, Leyte\***

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            graph LR
            A[Pandan Growers / Gatherers] --> B[RM Suppliers: Pandan, Accessories]
            B --> C[Pandan-based Handicraft Producers]
            C --> D[Brokers / Traders: Exporters, Local Distributors]
            D --> E[Handicraft Customers]
            C --- F[UPWARD: Consolidator of 9 Cottage Pandan Handicraft Producer-Members]
            C --- G[2 Local Competitors (Ma. Panglinan Handicraft, Baybay & S. Cabaño Handicraft, Inopacan)]
            
```

\*Based on Focus Group Discussion by DTI-SME Counselor

**How did UPWARD started the project?**

\*UPWARD or Uplifted Plaridel Women's Association for Rural Development started its handicraft livelihood project since 1999 as a subsidiary women's association of PAFAMCO (Plaridel Farmers Multi-Purpose Cooperative) then. This organization of more or less 100 women members has grown from a mere livelihood DTI-CARP Training on pandan weaving. The operation continued there after the Regional Trade Fair in Manila. From then on, the association got more orders from local buyers and Traders / Indirect-Exporters. Refer to the above-cited industry structure.

**Vision & Mission Statement of UPWARD**

Vision – To be one of the Top Quality Maker of Pandan  
 Mission:

- Promotion of micro products in Baybay City, Leyte
- Capability Building for UPWARD Members
- Livelihood Sustainability for the bag weavers of Brgy. Plaridel and other barangays in the locality of Baybay, Leyte
- Increase income through handicraft industry

**Programs / Projects of UPWARD**

- Livelihood to Community Dwellers of Plaridel
- Sustainable Trainings and Seminars
- Handicraft Making (Pandan & Abaca)
- Micro Finance for the members


**2**

## 1. Company Information




### 1.3. Products lines

Rank	Producer Members	Main Products	Products	Selling Price	Sales	%
1	Bing-Bing Concoles <i>(Focused MSME for counseling)</i>	Bags (Centepede)		P250	247,000	35%
2	Inyang	Bags		P150	165,000	23%
3	Libeth Carino * <i>*(one of the assisted SME Client)</i>	Placemats / Bayong		P50	75,000	11%


**3**

**1. Company Information** 




**1.3. Products lines**

Rank	Producer Members	Main Products	Products	Selling Price	Sales	%
4	Bic-bic Tabarangi <i>*(one of the assisted SME Client)</i>	Boxes		P175	67,500	10%
5	Antonia Masbad	Mats		P160	60,000	9%
6	Vilma Concoles	Bags		P150	40,000	6%

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**1. Company Information** 

**1.3. Products lines**

Rank	Producer Members	Main Products	Products	Selling Price	Sales	%
7	Rosalinda Balirong	Placemats		P150	40,000	6%
8	Josefina Escola	Sleepers		P100	4,500	1%
9	Quipid	Hats		P150	3,150	0.45%

**5**



**RAW MATERIALS: PANDAN GRASS**



**PANDAN CENTEPEDE BAGS**



## UPWARD – OTOP Products




**OTHER UPWARD PRODUCTS:  
PANDAN PLACEMATS, WINE BAGS, MATS,  
HATS, SLEEPERS, BOXES**

### 1. Company Information

#### 1.4. Manufacturing Process



•Based on Focus Group Discussion by  
DTI-SME Counselor



Cleaning, Sorting & Sizing



Drying



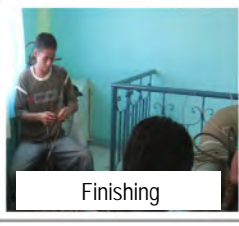
Dyeing



Weaving



Sewing






Finishing

*60 bundles of pandan strips = 6 dozens (Pandan Centepede Bags) doable in 5 days*

**jica dti**  
Japan International Cooperation Agency  
Department of Trade and Industry

## 2. SITUATION WHEN DTI COUNSELOR STARTED COUNSELING

CUSTOMER	COMPETITOR	COMPANY
<ul style="list-style-type: none"> <li>■ 40% indirect handicraft exporters &amp; buyers from Cebu, Bohol, Mindanao &amp; Manila (CCAP &amp; Duros)</li> <li>■ 60% local fashion outlets and distributors in Cebu, Tacloban City &amp; Baybay City &amp; Trade Fair buyers</li> </ul>	<ul style="list-style-type: none"> <li>■ 2 Pandan Handicraft MSME Producers in Baybay City &amp; Inopacan, Leyte</li> <li>■ Competitor's strategic focus is on a low / affordable pricing, comparable design with UPWARD, same branding but little bit low on quality, focus on bags and mats production, widening of distribution to Manila &amp; Cebu.</li> </ul>	<ul style="list-style-type: none"> <li>■ UPWARD is a manufacturer-supplier of pandan hand woven products within Pandan-based Handicraft Industry in Leyte. The role of the aforementioned women organization is more like a marketing arm and consolidator of its 35 pandan handicraft producers.</li> <li>■ UPWARD has nine (9) active enterprise-members with product specialization.</li> </ul>
	 <p>UPWARD Officers</p>	<p>Competitor's Product</p> 

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Department of Trade and Industry

## 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

### 3.1. OVERVIEW

**1. Sales Target**

<b>2008 Sales (Actual)</b>	➔	<b>2009 Sales Target</b>
P247,000		P679,000

**2. Action plans made by the client and the counselor**

<b>Product</b>	<ul style="list-style-type: none"> <li>■ Develop / innovate new product designs as per Buyers' Feedback</li> <li>■ Improve quality &amp; efficiency by acquiring addit'l industrial sewing machine</li> </ul>
<b>Place (Channel)</b>	<ul style="list-style-type: none"> <li>■ Actively participate local, provincial, regional and national trade fairs / events</li> <li>■ Identify additional sales outlets in Tacloban City or Baybay</li> </ul>
<b>Price</b>	<ul style="list-style-type: none"> <li>■ Review &amp; improve costing and pricing</li> <li>■ Consider volume pricing for Institutional Buyers</li> </ul>
<b>Promotion</b>	<ul style="list-style-type: none"> <li>■ Conduct simple Marketing Seminar / Mentoring with the MSME Producer</li> <li>■ Prepare &amp; distribute product catalogues, leaflets of UPWARD</li> </ul>
<b>Manpower</b>	<ul style="list-style-type: none"> <li>■ Consider to hire marketing personnel</li> <li>■ Skills Training for sewing machine sewers</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>■ Fund and resource mobilization for additional working capital &amp; equipment acquisition through project proposal preparation or loan or grant</li> </ul>

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**GOOD PRACTICES #1 –**  
**NARROWING DOWN OF SME – COUNSELING FROM ASSOCIATION TO 3 MSME MEMBER-PRODUCER, THEN FINALLY TO 1 MSME MEMBER**

**1 out of 9 Active UPWARD Member Producers: As of 2008 October SALES**

Rank	Producer Members	Main Products	Actual Sales	% Sales
1	Bing-bing Concoles	Bags (Centipid)	247,000	35%
2	Inyang <i>(Not Recommended)</i>	Bags	165,000	23%
3	Libeth Carino	Placemats / Bayong	<i>(optional)</i> 75,000	11%
4	Bic-bic Tabarangi	Boxes	<i>(back-out)</i> 67,500	10%
5	Antonia Masbad	Mats	60,000	9%
6	Vilma Concoles	Bags	40,000	6%
7	Rosalinda Balirong	Placemats	40,000	6%
8	Josefina Escola	Sleepers	4,500	1%
9	Quipid	Hats	3,150	0.45%
		9 Members	<b>702,650</b>	
		Top 2	<b>322,000</b>	<b>49%</b>

Peak sales = P5,000 to P30,000 (Sept to Jan)    Lean sales = P3,000 to P10,000 (Feb – Aug)    Average Profit Margin = 11-16%

**GOOD PRACTICES #1 –**  
**NARROWING DOWN OF SME – COUNSELING FROM ASSOCIATION TO 3 MSME MEMBER-PRODUCER, THEN FINALLY TO 1 MSME MEMBER**


**Client's Goal under SHINDAN Project**

**Double monthly sales (@ least 160% ) comparing it w/ Oct 2008 sales**

FOCUS: UPWARD Producers &	As of Oct 2008	For the Month	%
Bing's Centiped Traveling Bags		35,000	66%
<b>TOTAL SALES</b>	<b>PhP322,000</b>	<b>PhP35,000</b>	<b>100%</b>
<b>TOTAL PROFIT</b>	<b>PhP62,320</b>	<b>PhP5,600</b>	<b>16%</b>

**TARGET SALES & PROFITS Achievable at the end of 2009 December**

FIGHTING TARGET RANGE	@160%	@200+	%
<b>TOTAL SALES</b>	<b>PhP515,200</b>	<b>PhP644,000</b>	<b>100%</b>
<b>TOTAL PROFIT</b>	<b>PhP103,000</b>	<b>PhP129,000</b>	<b>20%</b>
Bing-Bing Concoles (Monthly Sales)	<b>PhP56,000</b>	<b>PhP70,000</b>	




### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

#### 3.2. DETAIL ACTIONS PER MONTH

Month		Client's Action	Counselor's Action
January	Planned	Enroll UPWARD with DTI-JICA Shindan Project for networking & dev't	Focus Group Discussion with UPWARD Members, Officers & Adviser
	Actual	UPWARD committed to enroll 3 Member Producers	Conducted FGD last 13-14 January '09 in coordination with LGU-Baybay
February	Planned	<ol style="list-style-type: none"> <li>1) Hire and train / mentor 2 Marketing Personnel for UPWARD in order to conduct pro-active marketing with target sales outlets and institutional buyers</li> <li>2) Preparations for the forthcoming events such as EVRAA &amp; Palarong Pambansa Trade Fairs</li> </ol>	<ol style="list-style-type: none"> <li>1) Conduct 1<sup>st</sup> Mentoring sessions with 2 UPWARD Marketing Personnel for Pro-Active Marketing Strategy.</li> <li>2) Prepare &amp; submit Project Proposal under CLEEP-Bayong Project of DTI to DTI-HO for funding.</li> </ol>

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### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

#### 3.2. DETAIL ACTIONS PER MONTH

Month		Client's Action	Counselor's Action
February	Planned		
	Actual	<ol style="list-style-type: none"> <li>1) Send 2 Marketing Personnel to attend the DTI's Mentoring Sessions on Marketing</li> </ol>	<ol style="list-style-type: none"> <li>1) Conducted Marketing Session // coaching ast 28 Feb</li> <li>2) Prepared &amp; submitted project proposal on CLEEP Bayong</li> </ol>
March	Planned	<ol style="list-style-type: none"> <li>1) OJT Training &amp; Mentoring for 2 Marketing Persons to be hired by UPWARD for Pro-active marketing</li> <li>2) Prepare &amp; distribute product catalogues, leaflets and post tarpaulins of UPWARD Products in target outlets / events</li> </ol>	<ol style="list-style-type: none"> <li>1) Conduct 2nd- 3rd Mentoring sessions with 2 UPWARD Marketing Personnel for Pro-Active Marketing Strategy.</li> <li>2) Advise Marketing Personnel to utilize existing &amp; available OTOP Product Catalogue of DTI &amp; LGUs</li> </ol>


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### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

#### 3.2. DETAIL ACTIONS PER MONTH

Month		Client's Action	Counselor's Action
March	Planned		
	Actual	1) UPWARD Marketing Person & 2 SMEs attended Marketing Seminar conducted by DTI-Leyte JICA Shindan Counselor 2) Utilized existing product catalogue in marketing (100%) ;Failed to participate the EVRAA Trade Fair due not enough products for display for trade fair. Previously, a walk-in customers purchased bulk sales.	1) Due limited time, the counselor conducted one (1) time customized Marketing Seminar to Marketing Persons together with the UPWARD SME Owners 2) Advised Marketing Personnel to utilize existing & available OTOP Product Catalogue of DTI & LGU
April	Planned	1) Participate Palarong Pambansa Trade Fair	1) Referral to OTOP LGU-Baybay to assist UPWARD for its participation to the Palarong Pambansa Trade Fair



### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

#### 3.2. DETAIL ACTIONS PER MONTH


Month		Client's Action	Counselor's Action
April	Planned		
	Actual	Two (2) UPWARD - SME assisted clients participated the Palarong Pambansa Trade Fair	Referred to OTOP LGU-Baybay to assist UPWARD for its participation to the Palarong Pambansa Trade Fair one (1) before the aforementioned trade fair
May	Planned	1) Conduct Product Development in answer to the customers' product feedbacks as a result of the Pro-Active Marketing 2) Acquire 2 shoe sewing machines	Prepared project proposal for the CLEEP Project for the Bayong Production
	Actual	1) In-house Product Development such as improving its product design (100%) 2) Still waiting for the shoe sewing equipment grant from the LGU-Baybay	1) Referred to LGU-Baybay for the facilitation of acquiring shoe sewing machine 2) Actions taken by LGU-Baybay: prepared project proposal to TESDA



### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

#### 3.2. DETAIL ACTIONS PER MONTH


Month		Client's Action	Counselor's Action
June	Planned	1) Production of new product prototypes 2) Participate Tacloban / Ormoc Fiesta Trade Fair 3) Attend UPWARD Mid-Year Review & Planning	1) Conduct Plan Visits & Monitoring – 2nd Wk of Jun 2) Conduct Round Table Discussion with UPWARD – 2nd Wk of June
	Actual	1) Production of 3 new prototypes designed by Community Crafts Association of the Philippines (CCAP), Manila 2) Participated Leyte OTOP Trade Fairs during the Tacloban & Ormoc Fiesta with a total sales of P7,000 3) Attend regular meeting of UPWARD 4) Attended the Product Costing & Pricing Seminar & Production Mgt. Trng conducted by DTI & Community Crafts Association of the Phil (CCAP) last 22-23 June '09	1) Client visit & monitoring & meeting last 05 June 2009 Results: 1.1 monitored sales & set plans 1.2. asked product samples for marketing



### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR

#### 3.2. DETAIL ACTIONS PER MONTH

Month		Client's Action	Counselor's Action
June	Planned		
	Actual	Results out of the DTI Training conducted: 1. Able to adopt and practice proper & transparent recording system 2. Trained UPWARD's member in-Charge for Costing and Pricing 3. Able to understand & practice roles and responsibility among production staff	2) A Product Costing & Pricing Seminar & Production Mngt Seminar was coordination with LGU-Baybay, DTI-CARP & Community Crafts Association of the Philippines (CCAP) last 22-24 June 2009
July	Planned	1) Conduct of Skills Training on shoe sewing machine operation, upgrading, techniques on product coloring & bleaching 2) Enroll UPWARD Manager on Product Costing & Pricing Seminar	Conduct Monitoring Visit to UPWARD




**3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR**

**3.2. DETAIL ACTIONS PER MONTH**

Month		Client's Action	Counselor's Action
July	Planned		
	Actual	1) Arranged for local sub-contracting sewers while waiting for equipment grant from the Office of Congresswoman- 5 <sup>th</sup> District of Leyte  2) UPWARD Manager were able apply knowledge on product costing & pricing as a result of the same training conducted by DTI & CCAP last 22-23 June '09  3) Community Craft Association of the Philippines (CCAP) continued to set-up the production management and costing & pricing of UPWARD	1) Client visit & monitoring & meeting last 22 July 2009  2) ▪ Assisted UPWARD during the Pre-OTOP Congress Congress Workshop

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**3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR**

**3.2. DETAIL ACTIONS PER MONTH**

Month		Client's Action	Counselor's Action
August	Planned	<i>Participate VSU Agri Fair Baybay, Leyte.</i>	<i>Coordination for the VSU Agri-Trade Fair</i>
	Actual	<i>Participated Visayas State University (VSU) Agri Fair Baybay, Leyte– 1st Wk of Aug 09</i>	<i>Client visit &amp; monitoring &amp; meeting last 04 August 2009</i> <i>Results:</i> 1.monitored sales 2.planning for the VSU Agri Trade Fair
Sept	Planned	1) Fund accessing in preparation for the Bahandi Regional Trade Fair & OTOP Visayas Fair  2) Enroll 2 salesperson on "How to Participate Trade Fair (TF) & Sales Negotiation Semiar"	1. Financing Facilitation (determined working capital requirement; endorsement to MFIs)

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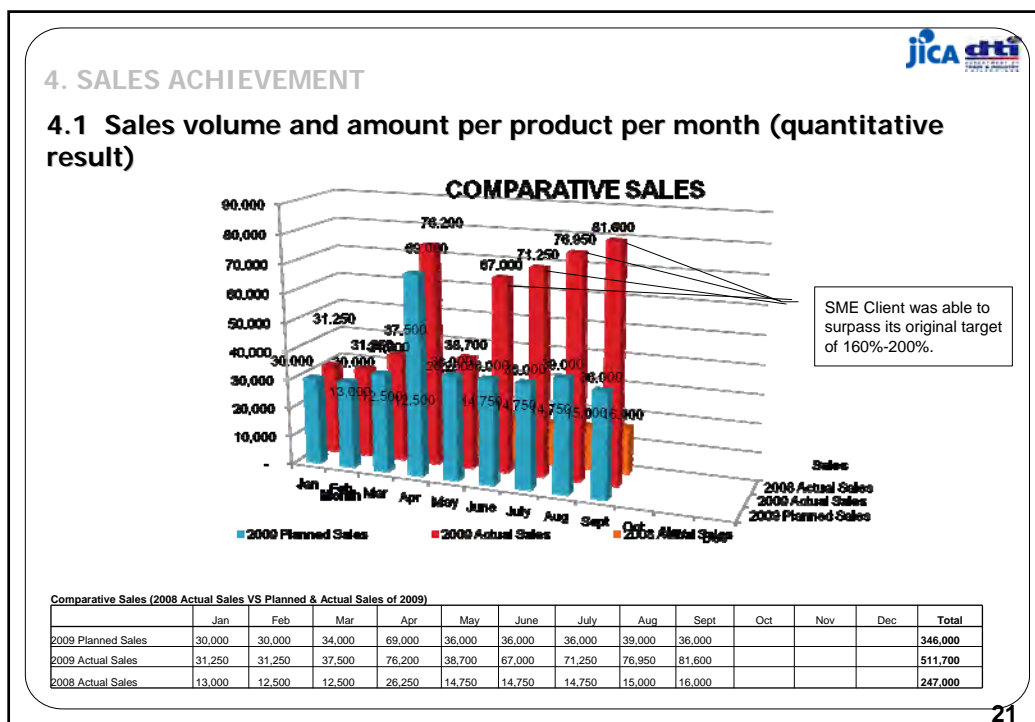


### 3. ACTION PLANS TAKEN BY THE COMPANY AND THE COUNSELOR


#### 3.2. DETAIL ACTIONS PER MONTH

Month		Client's Action	Counselor's Action
Sept	Planned		
	Actual	Accessed loans from Plaridel Pastoral Cooperative	1) Counseling with UPWARD on how to access & manage financing Results: 1. Needs short term loan financing of not more than P10,000 per production cycle
*** SME Client already graduated last Sept 2009***			
Oct	Actual	Participated the Leyte Business Month Trade Fair in Tacloban City	Referred to LGU-Baybay for the participation of UPWARD
Nov	Actual	Participated the Visayas OTOP Fair in Cebu City	Referred to LGU-Baybay for the participation of UPWARD
Dec	Actual	Participated the Town Fiesta Trade Fair and became a model of Baybay OTOP Livelihood Search	Monitoring

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#### 4. SALES ACHIEVEMENT

##### 4.2. Views of Customers, Employees and the Owner (Qualitative result)

Customer at Shopping Center Sales Outlet

\* Has new products designs

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Weaver

•“Has contracted us as frequently. Henceforth, she helps our family financially”

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Owner

•She is very happy that she became a client of DTI-JICA Shindan. She was able to acquire Transportation Vehicle out of increased profit of the business

Interview


Owner's organizational President

\* Bing-Bing is our top Member Producer.

•The association has now improved its record keeping and system on Costing and Pricing

•Thru DTI SME Counselor, we were able to network the Brgy Officials to grant us an office space in our Brgy Multi Purpose Hall and serve us product showroom

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#### 5. KEY FOR SUCCESS FROM THE VIEWPOINT OF THE COUNSELOR

According to the DTI-SME Counselor, the following are the key points in supporting her client to achieve the sales target.

##### 5.1 Key for Success of the client from the view point of the DTI-SME Counselor

Fast service to customers

- She manages to supply abrupt orders from the customers. She meets the due dates of the customers.

Quality conscious

- Always validates the acceptability of the products in terms of its design & quality

Open Minded

- Accepts suggestions from the customer's feedback and DTI-SME Counselor

Supportive to UPWARD (Association)

- Participates Trade Fair & other association activities

##### 5.2 How the DTI-SME Counselor supported the client\*\*\*

1. Accurate activity projection brought about the accurate sales projection
2. Generated the counseling effectiveness by focusing (or narrowing down to one client)
3. Logical thinking of SME Counselor and give them realistic marketing plan
4. Cohesive monitoring attitude

\*\*\*Based on Mr. Masashi Takano's feedback

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## UPWARD Meetings & Workshops



*Focus Group Discussion (FGD) with UPWARD last January 2009. Outputs were Business Road Map and commitment setting as JICA-Shindan Client*



*Brgy Chairman confirmation to grant an office space to UPWARD Officers . This was taken during the FGD last Jan 2009 with Association's officers and Ms. Bing-Bing Concoles, MSME Client*

*Ethics of SME Counselor*

# Casebook

## ~ Learn from Failure ~

JICA Expert Team  
for  
The Project on SME “Shindan” for  
Philippine SME Counselors

**Failure is success if we learn  
from it.**

**Malcolm Forbes**

# Subtractions from Re-challenger’s Format

Name of SME Counselor

A ~ F are anonymous

# Cause of Failure

## ~ Lessons from Level 3 Training ~

Name of SME Counselor	A	B	C
Major Reason of Incapability	Client	Client	SME Counselor
1.1 Product	Still Competitive	Still Competitive	Still Competitive
1.2 The Client	Did not take action	Did not take the actions	Still has an intention to double the sales.
1.3. Competitor	As Projected		As Projected
1.4 SME Counselor	Could not contact to them due to their absence		Lost Intention to support the client
Reasons of Failure Identified by SME Counselor			
	1 If client is too busy it is difficult to work with.	The first assess to the firm for counseling needs careful attention.	Receptivity of client is needed in any business counseling
	2 The Client with limited working capital have difficulties in doubling sales.	Mutual trust is essential.	Capability of client to implement recommendation is important.
	3 If Client responds properly, this business has a big potential.	Honesty is necessary for both client and SME Counselor.	Experience, sound judgment and knowledge of counselor are crucial.
Common Misconceptions	<b>"Client has no time?"</b>	<b>"Counseling is sweet-talk?"</b>	<b>"Experience is essential?"</b>

# Cause of Failure

## ~ Lessons from Level 3 Training ~

Name of SME Counselor	D	E	F
Major Reason of Incapability	Client	Client	Client
1.1 Product	Not so competitive	Many things to be	Still Competitive
1.2 The Client	Difficult to continue business	Did not take action	Still has an intention to double the sales.
1.3. Competitor	The SME Counselor is having difficulty in relaying relevant information.	Weaker than Projected	Stronger than Projected.
1.4 SME Counselor		Did best service	Did best service
Reasons of Failure Identified by SME Counselor			
1	Make sure that client has a set goal in terms of product quality and market expansion.	The choice of a company in terms of levels of market penetration will play an important role.	Regular monitoring and visits are necessary.
2	The client should have the financial capacity to provide for his counterpart.	Should look for new markets for a product especially if the product is not considered a basic necessity for human consumption.	Timing of counseling and availability of client is considered before counseling.
3	The client should be aggressive to the provided assistance.	Client should have financial capability to implement advise.	Should consider the availability of the counselor.
Common Misconceptions	<b>"Doubling sales by less competitive product?"</b>	<b>"Too poor to implement advise?"</b>	<b>"I did best service?"</b>

# Common Misconceptions

# “Client has no time?” Talaga?

## Common Misconceptions

- If your client think that your counseling is worth hearing, they never say ‘I have no time to meet with you’.

## Advise by JICA Expert

- Consider again whether your advise is informative for the client or not.

# “Counseling is sweet-talk!” Talaga?

## **Common Misconceptions**

- If your client noticed that you are just flattering him on your beautiful words, he never trust you anymore.

## **Advise by JICA Expert**

- Counseling shall be always neutral. Your frank and receptive attitude hits client's heart.

# “Experience is essential!” Talaga?

## Common Misconceptions

- Your client is not necessarily satisfying the counseling of aged (experienced) SME counselor as our monitoring survey (Level 3 Training) says.

## Advise by JICA Expert

- Of course, experience makes your counseling more persuasive, but fruitless experience is of no help.

# “Doubling sales by less competitive product” Talaga?

## Common Misconceptions

- There are so many cases where low quality product sells more than high quality one.

## Advise by JICA Expert

- Simply put, it was very basic of Level 3 Training. Consider again, what is ‘competitiveness’.
- If you have charm, you don't need to have anything else ; and if you don't have it, it doesn't matter what else you have.  
- James Matthew Barrie

# “Too poor to implement advise.” Talaga?

## Common Misconceptions

- There are two types of clients in this case.
  - Client just demanding expensive good and service over his/her financial capacity.
  - Client who are about to bankrupt.

## Advise by JICA Expert

- There is another case on your side.
  - Consider! If client is too poor to implement your advise, do you think it was ‘good’ advise?

“I did best service.”

Talaga?

## Common Misconceptions

- SME Counselor’s formula: Multi-tasking. Well-managed time allocation is one of counseling skills.

## Advise by JICA Expert

- Japanese old saying says ‘If you know both competitor and YOURSELF, no enemy anymore.’

# Casebook Abstract

Lesson No.	Issue	Lesson
1	Client's business	<ul style="list-style-type: none"> <li>Do not attribute the poor performance of the client's company to their business in the first place. If your counseling provide client's satisfaction, the client try to contact to you by themselves.</li> </ul>
2	Way of counseling	<ul style="list-style-type: none"> <li>Counseling should be frank and receptive attitude, should not flatter the client.</li> </ul>
3	Experience	<ul style="list-style-type: none"> <li>Fruitless experience of counseling has no meaning for your future work.</li> </ul>
4	Competitive edge	<ul style="list-style-type: none"> <li>Quality, price, place, promotion... There are several items considered as competitive edge.</li> </ul>
5	Financial matter	<ul style="list-style-type: none"> <li>You should review action plan, break even, working capital, and ROI and justify the necessity of financial requirement again.</li> </ul>
6	Time allocation	<ul style="list-style-type: none"> <li>Review your excuse "Multi-tasking" and shape up your non-productive work.</li> </ul>