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PHILIPPINES

The retail revolution

More products are bought and sold in more places by more people. What are the opportunities for the supply chain industry?



CJ korea express

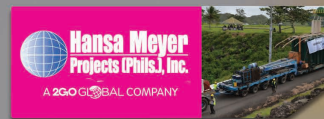
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“The need for this competitive advantage has made the role of supply chain in the rising Philippine retail industry a critical one.” From page 20, we buy, sell and make a deal

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With new retail brands entering the Philippines, what challenges and opportunities await the supply chain industry?

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Preparing your supply chain facility for an earthquake, plus a look at the proposed connection between the Skyway and the ports

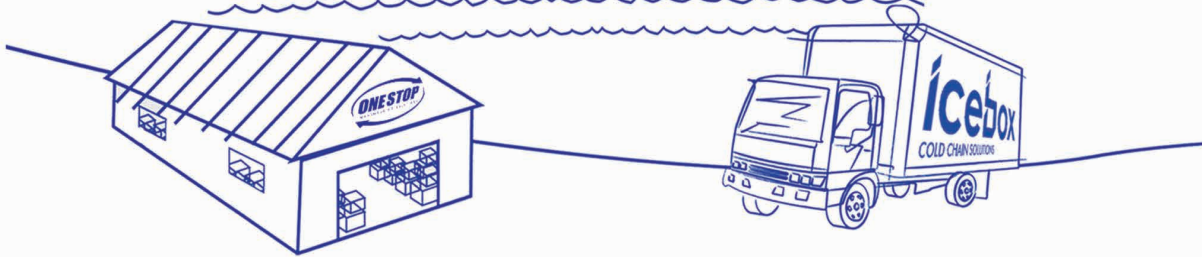
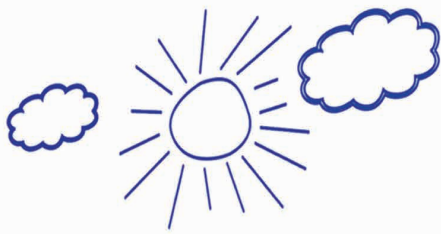
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AROUND SCMAP

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CORAZON CURAY PRESIDENT'S MESSAGE



At the start of 2015, SCMAP's board of directors—under the very able, albeit short-lived, leadership of Mark Philip Comandante (of URC, now with Zuelig)—embarked on making the next 25 years of SCMAP an exciting journey to achieving world class status.

Standing on the three pillars of Advocate, Communicate and Educate, our association is seriously working on being more relevant to its stakeholders by participating actively in the development of the supply chain professional and in nation building together with partners in both the private and public sectors.

Our events and activities so far this year have better content, are more wholistic, and had the support of the many partners that SCMAP has built through the years. They are also very well-attended. A proof that, if we build it, then people will come.

Our first big event was Supply Chain Outlook held last February. Instead of just holding the formal induction of the 2015 set of officers and directors as what we usually do in recent years, we had people from the private and academe sectors talk about topics relevant to the supply chain professional.

Our annual bowling tournament had the biggest number of participants this year, with one member company fielding in three teams. This friendly competition was held at the SM Bowling Center at SM Megamall.

The Logistics Immersion Course also carried a welcome twist. Upon reaching

Cebu, we held the first Vismin Supply Chain Conference, a very well-attended confab with great speakers discussing relevant issues and opportunities in that part of the world. This very successful event was largely facilitated by our Visayas chapter's board of directors and officers.

In between the big events, we had our bi-monthly general membership meetings (GMMs). Under the guidance of both our academe and membership committees, the GMMs now have more relevant topics covering contemporary supply chain strategies and practices, updates on the current supply chain issues and executive development talks. Aside from ensuring relevant content, organizing GMMs outside the usual hotel venue proved to be a come-on as proven in the record-breaking attendance when the GMM was held in MNHPI's and in Zalora's facilities.

We continue to collaborate with our partners: Fountainhead for our website construction; Narratek, for our financial system; American Technologies, for the frontline support of the Annual Conference. Our ongoing work with TESDA to establish warehouse staff competencies for eventual certification will ensure that our warehouse people

will be competitive anywhere in the world. Our time-tested relationship with the REID Foundation ensures that SCMAP participates in the projects that contribute to nation building. The forthcoming Cargo Transport Forum on Road Safety at the end of September is a collaboration with the Department of Transportation and Communications. We are also actively supporting the newly created Supply Chain and Logistics Management Division of the Department of Trade and Industry to hasten the creation of a National Logistics Plan.

Finally, this year's SCMAP Supply Chain Conference is the first to carry our "Go World Class" exhortation. It is the battlecry that we will carry onto 2020, when we should have achieved such status. It is an audacious challenge to everyone. To be world class is what we—everyone in the supply chain profession—want to be, in the very near future.

Developing the Filipino supply chain professional is a very tall order for just one organization to fulfill. Thus, we are reaching out to everyone to help out. Join our events and our activities. Actively participate in our various working committees. Be our partner.

Commit. Collaborate. Make a difference. Be of significance.

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HENRIK BATALLONES CHAIN REACTION



This issue's cover story on the state of Philippine retail is almost a year in the making.

Last year, if you may recall, I went to the Asian Logistics and Maritime Conference in Hong Kong, alongside fellow director Manny Onrejas. After the first day of talks we went to the Peak, and later had dinner at the one restaurant in Wan Chai whose offerings we could understand. Along the way, we saw many convenience stores—at least one per block, whether it be a 7-Eleven or a Circle K. We wondered why the Philippines hasn't reached that point yet.

We knew it soon will, though. Family Mart had already opened, and in the months that followed many other brands—AlfaMart, Lawson, All Day—have entered the fray. Already, in the 250 meters surrounding my office, there are already four convenience stores, and a fifth is to come up! Lots of choice for me when I'm feeling peckish.

With the Philippine economy heavily leaning towards consumption, the growth of the retail sector we're seeing is surely a good thing. Nothing gets Filipinos trooping to the mall than a new, hip, big store that offers them clothes they haven't seen before, or thought could only see outside of the country. Just think of the long lines at the first H&M store at SM Megamall when it opened last year. Some may have found it ridiculous—I was in Singapore at the time, and I remember passing by an H&M branch at Orchard Road and thinking, "this doesn't have a line at

all!"—but that's just how we roll. It's part of the Filipino psyche, it seems, to buy something that would make them look good and feel good, giving them a spring in their step, sometimes literally, if it's a particular expensive pair of shoes.

Retail's growth is also a sign of the increased confidence in the Philippine economy, one that has been in the works for the past decade or so. The middle class has grown, its spending power mightier; they certainly feel empowered to try out new things. Maybe buy a shirt at Uniqlo because Bench always seems to only stock outfits for slim, Georgina Wilson-like people.

And therein lies the challenge. We're seeing, in the past few years, some serious fragmentation of markets. Being a one-size-fits-all affair no longer works, not with all this choice. It's no longer just a choice between make-up from Ever Bilena or Maybelline; you can drop be Tony Moly and feel a bit like your favorite Korean pop stars. The challenge for retailers remaining the same—to serve their customers effectively—but with new gaps opening up that need filling, this task can be a little daunting and intimidating, especially without help.

The challenge for us in supply chain is to help retailers identify those gaps and fill those holes. We all know supply chain is more of a cycle: we send products to the end customer, and we send feedback to the producer. We have to adapt to this ever changing landscape by being more agile, more responsive, more able to adapt to ever-shifting attitudes and preferences.

But the bigger challenge for all of us is to take advantage of this growth and take things a step further. It's nice having all these foreign brands around, but wouldn't it be better if our local brands could really compete on an international stage? All these new options we're getting are imported items, imported concepts and imported mindsets. I hope soon we can wave the flag with something distinctly Filipino yet globally palatable.

We have to bolster our production capabilities, not just as toll manufacturers for international conglomerates, but also for our own brands, our own sensibilities. We have to market our own as a preferable product, and not one that's *jologs*. We have to shift from being (relatively) passive consumers to advice producers. Maybe we can go out there and promote Brand Philippines to our neighbors in the region. The opportunities are there; we all just have to make the most of it.

But for now, I'll settle with shopping at Uniqlo for long-sleeved shirts that actually fit me. May this issue be a source of inspiration for you.

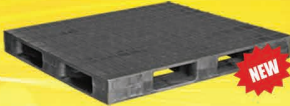


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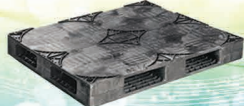
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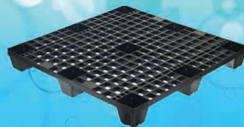
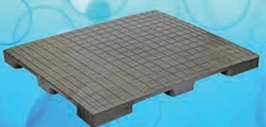
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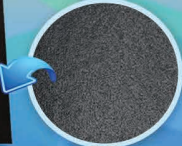
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KNOWLEDGE
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**ARE YOU
READY
FOR THE
BIG ON**



*Authorities say a major earthquake is sooner than you think. **Henrik Batallones** has pointers on what to keep in mind as you prepare*

Basing on historical data, the Philippine Institute for Volcanology and Seismology (PHIVOLCS) has warned that the West Valley Fault—a fault line which cuts through Metro Manila—is due to move sooner than you think. They said it could be a big shake, too. Also, in recent months, the government agency has released more detailed maps of Metro Manila and surrounding provinces, showing just where exactly the fault line is located. The result: we're thinking of what exactly we should do when The Big One strikes. We're afraid, sure, but above all, we're anxious. Are we ready?

With the Philippines part of the Ring of Fire—a region with active volcanic activity—and Metro Manila, the country's major industry hub, sitting on a major fault line, these anxieties are inevitable. We here at SCMAP have received many questions regarding keeping supply chain facilities earthquake-proof, so to speak. With that in mind, here are a few points to keep in mind, or to recall.

IS YOUR WAREHOUSE DESIGNED FOR QUAKES?

The most common question we received revolves around what's in the warehouse, specifically racking systems and other material handling equipment. Yes, there are ways to ensure that your facility will remain standing even after an earthquake, but most of these steps would have to be taken before a single brick is laid.

Most of the Philippines falls under what PHIVOLCS calls Seismic Zone 4, places which are most at risk of a very violent earthquake. This is due to the many fault systems intersecting the country, as part of the Pacific Ring of Fire. (The only exceptions are the provinces of Palawan, Sulu and Tawi-Tawi, which fall under Seismic Zone 2.) The National Structural Code of the Philippines states guidelines on the minimum design needed to withstand lateral displacements induced by ground movement. However, it must be kept in mind that these requirements only prevent sudden damage to a building.

In an article written for the *Philippine Daily Inquirer*, Dr. Benito Pacheco, a professor at the University of the Philippines, points out that buildings designed to minimum requirements can still incur heavy damage that could lead to total collapse in aftershocks, or on the next major earthquake. He points out that the law does not require designing structures above minimum requirements, ensuring continued use of the building; while some may choose to “overdesign” to prevent major damage, most choose to just



The earthquake in Christchurch in 2011 caused widespread damage in New Zealand's third most populous city.

comply with minimum requirements, so as to limit cost.

PHIVOLCS also recommends that buildings not be constructed within five meters of either side of a fault line, while the law states that structures within five kilometers of either side of a fault line be built to withstand ground shaking. However, the more detailed maps tracing the West Valley Fault in Metro Manila were only released recently. Pacheco says that the lack of information in past years meant many structures were built very near the fault lines, and these may not be designed to withstand earthquakes. Thus, the fault line now traverses major population centers, such as the Ortigas Center, and areas of Taguig and Pasig where most warehouses are located.

Another option is to retrofit buildings to ensure that it can stand up to quakes. But, Pacheco notes, it is a disruptive option, requiring that some, or all, of a structure be closed while repairs are made. There are also high costs involved.

WHAT ABOUT WHAT'S INSIDE YOUR WAREHOUSE?

In some cases, your warehouse or facility may remain intact, but its contents may not. It's likely you've seen videos on YouTube of warehouse racks collapsing, whether because of human error or because of natural calamities like earthquakes. Like with the building of the warehouse itself, ensuring the materials inside the facility can withstand tremors has to happen at the very beginning.

Your warehouse's racking systems, for instance, can be designed to be able to withstand earthquakes, but it involves high costs and many steps. Apart from the usual calculation of load weights and other factors, many other measures are taken to ensure the stability of your racking system. This includes calculation of soil samples, the warehouse's flooring, and other aspects of the warehouse and its environment that could contribute to the racks' integrity.

Once the right calculations are made, additional reinforcements are added to the installation. These include anchors for posts with deeper penetration; reinforced uprights; bolted beams; additional bracing in different areas of a racking system, such as bracing towers and cables; and the addi-

tion of decking, which would prevent the loaded pallets from falling down—and contribute to the racks' collapse—when major shaking occurs.

While the country's building code states that structures should be able to withstand violent shaking, some choose not to install non-seismic racking, and some only put minimal reinforcement. Yes, the costs may be higher, but do keep in mind the even bigger cost when a major earthquake leads to a collapse: loss of inventory, temporary or permanent closure of the facility, and possible loss of life. Thus, ensuring that both the warehouse building itself, and the equipment inside, is stable is a necessary undertaking, and one that must not be taken lightly.

ARE YOUR PERSONNEL READY FOR QUAKES?

But perhaps the most important thing to keep in mind as you prepare for The Big One is your people. Are they ready to cope with such an emergency?

The recent earthquake drill held across Metro Manila last August presented an opportunity for everyone, whether they stay at home or go to school or work, to map out a system for ensuring everyone is safe and accounted for. While what this entails differs on a case-by-case basis, your facility must have a clear evacuation plan—clearly marked exits, paths that are free from obstruction, and enough space for gathering your personnel. There should also be a clear hierarchy of command to ensure an orderly evacuation. First aid and other necessary supplies must also be clearly marked, and easily accessible.

Ensuring your facility remains intact (or at least easily evacuateable) after an earthquake is one thing. Ensuring your personnel are safe and well is another. Like with structural damage, injury and loss of life could affect your facility's productivity. You and your company may also be held responsible for these injuries.

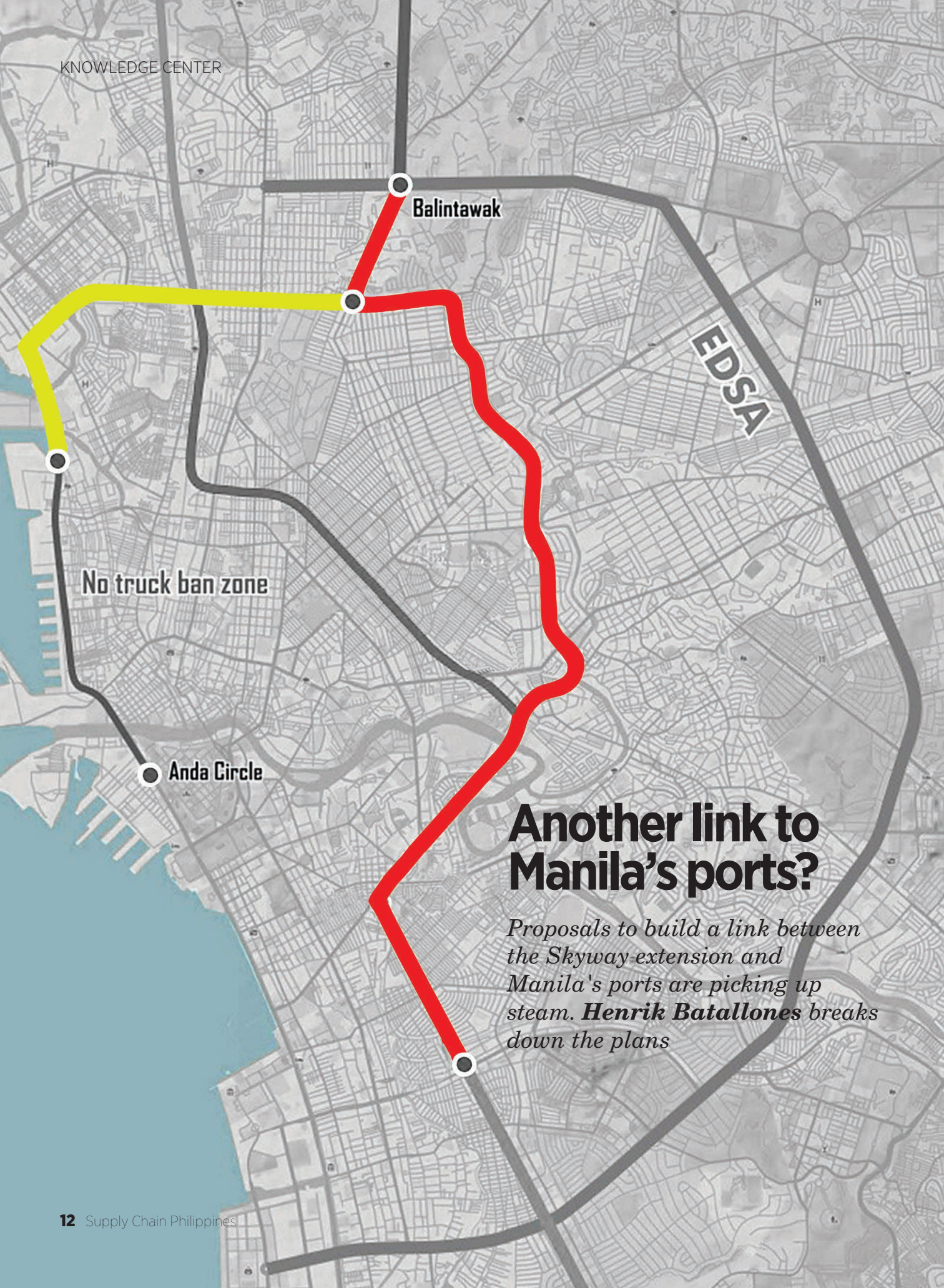
PHIVOLCS' recent pronouncements about earthquakes should serve as a wake-up call for all of us. Safety should be put first above everything else; good business follows after that. •

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Another link to Manila's ports?

*Proposals to build a link between the Skyway extension and Manila's ports are picking up steam. **Henrik Batallones** breaks down the plans*

P2.4 billion

A study by the Japan International Cooperation Agency says the Philippines loses P2.4 billion every day due to the worsening traffic in Metro Manila.



The truck ban implemented by the government of the city of Manila in 2014, and the resulting congestion of the ports, have led to the acknowledgement that the infrastructure leading in and out of the ports could not fully support increasing activity in the ports.

While the facilities of the city's major ports are competitive and world class, and continuous improvements ensure faster processings of imports and exports, the roads leading to and from it are wholly different matter. Radial 10 Road, the main thoroughfare connecting the ports to the rest of Metro Manila, is often blocked by informal settlers. Other roads connecting the ports to major highways, such as the NLEX and SLEX, are congested due to increasing population around said roads. While port congestion is no longer severe, traffic—the result of an increased number of vehicles—would still cause delays in deliveries of cargo.

Now initial steps are being taken to increase road capacity, through new infrastructure projects designed to decongest Metro Manila. It may be slower than some hope for, but these projects are definitely underway. For one, the Muntinlupa-Cavite Expressway, or MCX, was opened last August, significantly cutting down travel time from Cavite to Metro Manila via the Daang Hari and SLEX. (Travelling from Bacoor to the Filinvest exit at SLEX used to take thirty minutes on average. Now it takes fifteen.) Construction is also underway on Skyway Stage 3, which will connect the current Skyway to NLEX.

At the same time, stakeholders have advocated for the construction of a road connecting the Skyway extension to the port area. Such a proposal was made last year to the Department of Transportation and Communication, and now Citra Central Expressway Corporation—the joint venture between the Philippine National Construction Corporation, the San Miguel group, and Indonesian conglomerate Citra—is drumming up support for the link. It has already received support from some stakeholders such as the Philippine Chamber of Commerce and Industry and SCMAP.

Formally dubbed the Skyway Portal Project (SPP), it is en-

visioned to connect Skyway Stage 3 to the ports through an elevated road that traverses R10, C3 Road, 5th Avenue and Sgt. Rivera Avenue. Compared to earlier proposals to build a connector through Roxas Boulevard, CCEC says this option will be cheaper, as it will only run six kilometers long, and will be faster to build, as it will be constructed through existing roads and will therefore have less right of way problems.

CCEC says that, once completed, the SPP will effectively connect the ports not just to NLEX and SLEX, but through that other highways that they connect to: the Cavite Expressway via the NAIA Expressway, currently under construction; the Star Tollway leading to the port in Batangas; proposed SLEX extension from Calamba to Lucena; and the SCTEX and TPLEX to the north. This is in addition to the NLEX Harbor Link, also currently under construction.

The construction of two other north-south routes—the NLEX-SLEX connector proposed by Metro Pacific, and the Metro Manila Expressway, starting from Marilao and traversing Bulacan and Rizal before terminating at the current C6 road in Taguig—will also provide alternate routes for transporters and motorists alike. Ultimately this would decongest existing roads within Metro Manila, and also those leading out of it.

However, in a presentation to SCMAP members during its General Membership Meeting last 25 August, CCEC's Sam Palomares admits that wider public support for the project is necessary to expedite the approval and construction of the SPP. The proposed port link would require an adjustment to the design of Skyway Stage 3 to allow for increased traffic from the ports.

Of course, these are just first steps. As we have reiterated in previous issues, such projects should also be accompanied by a more effective mass transport system, to decrease reliance on cars, and better implementation of existing traffic laws. But these steps are a good start to ensuring that traffic in Metro Manila and surrounding provinces is manageable, and to guarantee mobility not just for commuters, but for businesses, and ultimately, the economy. •



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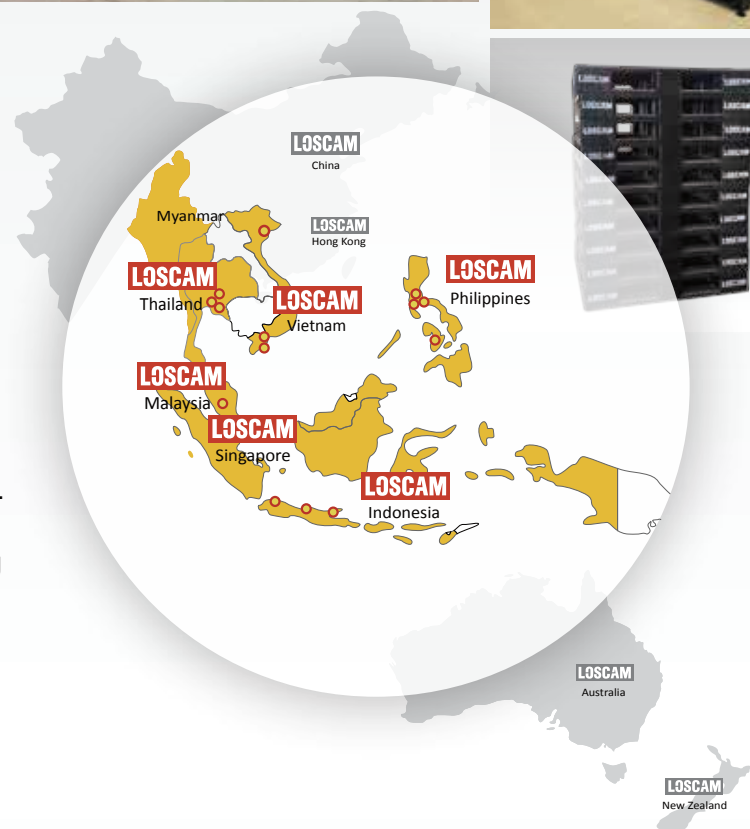
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“Any Filipino can have the opportunities I’ve had. The only limit to our potentials is our minds.”

Supply Chain Idol returns with the spotlight on Antonio Rivera, head of supply chain for Mead Johnson Nutrition’s global operations, who proves that Filipinos can lead in the global game



The first thing Tonet said in this interview was: “The only limit to our potential is in our minds. Any Filipino can have the same opportunities I had. I don’t come from a wealthy or privileged family. No one knew us. I went to the University of the Philippines for a subsidized college education. I don’t even have a master’s degree.”

Antonio ‘Tonet’ Rivera is the Senior Vice President for Global Supply Chain at Mead Johnson Nutrition.

A member of the company’s 15-person global leadership team, Tonet is one of the most senior Filipino practitioners in supply chain. He is responsible for worldwide manufacturing, suppliers, logistics and engineering, and is accountable for over USD 1 billion in cost of goods. He is based in Singapore and also uses an office in the US Midwest.

Tonet has people from 18 nationalities in his worldwide team, from the US, Europe, Asia and the rest of the Americas. “Americans are very different from Brazilians, Thais or the British,” he says. “It’s a very diverse, rewarding leadership challenge.”

Mead Johnson Nutrition provides products for infants and children worldwide. The company has sales of over USD 4 billion, with headquarters in the United States and operations in five continents.

LEADERS LEAD

“A strong leader must fill the room. When that leader walks into a meeting, everyone else must raise their game,” Tonet says.

Tonet is not your normal Filipino. He is aggressive and demands aggression back. Because he is extremely well-read, he stands on a bedrock of knowledge. If you keep up with him, he will listen to you. He wants to listen. But you have about 60 seconds to earn his ear.

“They tell me I’m impatient. I don’t like shallow thinking. I want people to think outside their function. I drive myself to deliver sweeping, transformational solutions. People should always do what is right, not just ‘their jobs.’ Everyone must deliver value. The entire team earns respect and trust with excellent performance.”

He is heavily influenced by excellent leaders. “One of my best bosses said that everyone in a company must grow the business or cut costs—anything else is a waste of office oxygen. I love that attitude. And I tell people that efforts don’t count—results do.”

He tells the story of how he watched a demand forecasting team present results that were worse than before the team was formed. “The CEO remarked that the results would have been better if they had stayed home that day,” Tonet said laughingly. The CEO said it smilingly, but Tonet found it

doubly funny. “I would have added that if we had paid them extra not to leave their homes, we could have sold more.” Ooh.

“I guess I can be sarcastic, but we all have to earn our pay here,” Tonet explains. Early in his career he admired a warehouse foreman who would yell at his team, “*Hindi puwedeng papetek-petek dito! Tapusin ninyo ‘yan!*”

“That guy supervised the loading of shipping containers every day. I learned that even a shipping foreman can incessantly drive value for the company and its shareholders,” Tonet said. “Outside the office that foreman was quiet and introspective. But at work, he demanded focus and relentless perfection. He would have made a great COO, never mind that he never went to college.”

LE MILIEU DIVIN

Tonet earned a Bachelor of Science degree in industrial engineering. “Americans always ask me where I studied.

My communication skills mark me as US-educated. It’s just my voracious reading since I was a child. I went to the University of the Philippines.”

He wanted to follow in his dad’s footsteps. His dad was also a perfectionist, a graduate of electrical engineering and mechanical engineering at the same university.

“My dad did two of the toughest engineering courses at UP in just five years. Later my dad was sent to England’s prestigious Loughborough University for a master’s degree in chemical engineering. He promised my mom he would top the course. He finished the two-year course in one year. And yes, my dad topped the course.”

During his own engineering studies, Tonet was intrigued by the science of optimizing operations. He still remembers a professor’s clever example of optimizing a king’s budget for wives and horses, as an introduction to operations research. “Optimal means perfect. When you hit optimum, it means that quantitatively there is no better way. You have achieved the perfect result.”

Tonet read *Le Milieu Divin*, by the Jesuit philosopher Pierre Teilhard de Chardin, as a teenager. “Chardin rejoiced in human progress towards perfection. It was the path to heaven—to becoming one with God. The Total, Universal Christ is perfect. Once we humans optimize our results, we become closer to perfection.”

Tonet has read every biography of the American military general George Patton Jr., including Patton’s war diary and personal papers. Tonet admires Patton’s tactical genius and boldness. “When Patton’s wide-ranging Third Army was

“People should always do what is right, not just ‘their jobs.’ Everyone must deliver value.”

stopped in the Lorraine campaign by the lack of supplies, Patton begged his boss, General Dwight Eisenhower, 'My men can eat their belts, but my tanks have gotta have gas!' I could have been Patton's supply chain guy," Tonet smiles.

Tonet's early career shaped his expertise in supply chain operations—planning, sourcing, manufacturing, quality, engineering, and physical distribution.

His further exposure to finance solidified his belief that seamlessly integrating supply chain and sales is key to delivering tremendous value and commercial success. Tonet enrolled himself in short courses at the University of Michigan and UCLA, and the IMD International Institute for Management Development in Switzerland.

His childhood curiosity never faded. "Flying airplanes always captures the imagination of young boys, but I made my dream come true by learning to fly at the childhood age of 45!"

THE PERFECT LOOP

Tonet holds a private pilot license, with an aerobatic certificate. He shares that passion with the eldest of his three sons, who is also a private pilot. Together the two pilots write an award-winning aviation blog, *Flying in Crosswinds*.

Tonet trained for two years in aerobatics and instrument flight. He loves the razor-sharp precision that aerobatics and instrument flying demands.

"One day I was doing aerobatic maneuvers—loops and hammerheads. My instructor, Meynard, himself a perfectionist, told me to fly back to the airfield. I asked to do one more loop. I wanted to perfect the maneuver. Meynard said, 'If you don't put this airplane in level flight *right now*, you will have to clean the cockpit after we land!'"

"I had made my experienced aerobatic instructor dizzy. We had been flying vertical maneuvers aggressively for two straight hours!" Tonet laughs. "I flew back to the airport. There is a limit to how much perfection you can try for in one day."

He has flown airplanes in the Philippines, Europe, New Zealand and the United States. Last year, in Auckland, Tonet flew a Spitfire, one of the last remaining World War II fighter airplanes in the world. "It flew perfectly," he said, using the P-word again. "The elliptical wing of the Spitfire optimizes lift versus drag. That airplane was one of the sweetest, most aerobatic fighters in the Battle of Britain."

Tonet built Spitfire model airplanes as a young boy. He still has several, including one at his desk in Singapore.

Tonet works 70-hour weeks and travels 180 days a year,

mostly on weekends so as to start Monday in global headquarters in Chicago or at an overseas plant. He has nightly conference calls that span four continents. "They say that at my level there are no weekends. But I've learned to take my weekends one minute, one hour or one week at a time. Just staring for a minute at my airplane model's perfect wing is an inspiring, productive break."

In the transient office he uses in the US hangs a framed portrait of P-47 Thunderbolts, also from World War II. Flying is therapy for Tonet, because of his intense, high-pressure job.

HE WHO KNOWS WHY WILL BE THE BOSS

Tonet has been a supply chain practitioner for 36 years. He was in leadership roles for 32 years, and has been an international executive since 2007. Tonet started as an industrial engineer in San Miguel Corporation. He specialized in logistics and distribution and sharpened that focus at

Colgate-Palmolive and Avon Products. He moved to Citibank NA for valuable experience in marketing financial services, sales and bank operations. He returned to Avon as the general manager for its end-to-end supply chain in the Philippines.

In 2002 Tonet joined Mead Johnson as its Philippine supply chain leader. He was promoted to an international role in 2007, leading all Asia and Europe supply chain operations. Last year Tonet was promoted to the global leadership role.

Tonet is a tough but inclusive leader. He firmly believes that people are treasure chests of strengths and potential. He drives them to "move the needle" on critical KPIs and improve themselves every day. Tonet has said that "he who knows how will always have a job, but he who knows why will be the boss."

CRITICAL MISSION

Tonet has always wanted to participate in the Supply Chain Management Association of the Philippines and its role in developing future supply chain leaders. There is a hungry world out there, rapidly changing through e-commerce, exploding consumer awareness and the Internet. He is convinced that delivering excellent product into the hands of consumers will always remain a critical mission of any business, and the key to creating and delivering value to the world.

"Again, any Filipino can have the opportunities I had. It's even better now. When I was in school, there were few bookstores, no Internet. I never traveled until I started working."

"The only limit to our potential is in our minds." •

"They say that at my level there are no weekends. But I've learned to take my weekends one minute, one hour or one week at a time."

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Magnet Kit
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The retail revolution

The retail landscape in the Philippines is growing, with the entry of new brands, the expansion of convenience stores, and the emergence of online retailing. But what's in store for the supply chain industry? Henrik Batallones looks at the challenges and opportunities now at hand

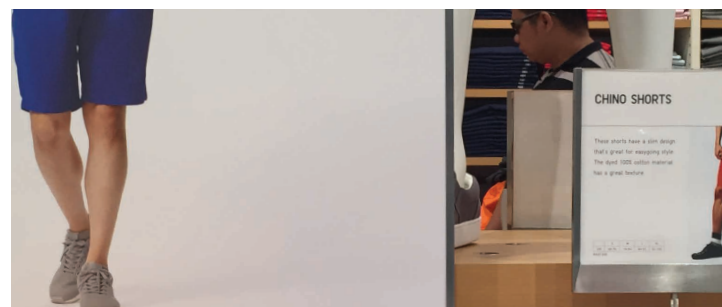
You can argue the best place to look for signs that the Philippine economy is growing stronger is in the nearest mall. It's not just that there are more of them. The stores inside them have also grown diverse, with a healthy mix of foreign brands that are new to the market, and local ones that have held the fort for decades. Now you can choose among more items than ever before. Clothes, gadgets, specialty products—chances are it's much easier to buy them now than ever before. And it's not just in the malls. More convenience stores and supermarkets are sprouting in the country's cities and suburbs, providing more items from here and abroad. And you no longer have to get out of the house to make these purchases: the Filipino's increasing connectivity has made re-tailing through phone and the Internet an attractive option.

Many experts have called the Philippines an exciting new market for retail—this year's Asia Pacific Retailers Convention and Exhibition, to be held in Manila, is definitely a nod to this. Especially in the past few years, the entry of both foreign brands and new products have given consumers a wider choice as never before. Now, however, the challenge is to ensure that they get as much sales as sustainably possible—and while an attractive product range remains a critical factor, the quality of service provided becomes more and more important. To the consumer, the seller should provide enough information to help them make an educated choice, and also deliver their orders at the right time and in the best condition.

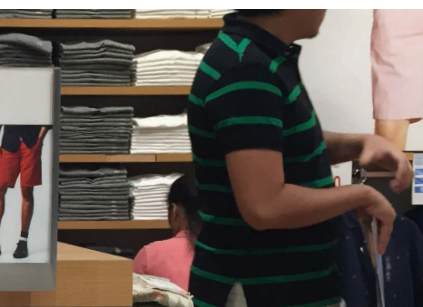
The need for this competitive advantage has made the role of supply chain in the rising Philippine retail industry a critical one. For retailers to rise up to the challenge, supply chain must also rise up.

FROM THE HIGH STREET TO THE BIG BOX

For many years the retail scene in the Philippines has been dominated by a few brands. The shift from the high streets (and occasional malls) of Manila and Cubao to the shopping malls of Makati and Ortigas began in the 1980s, when SM opened its first mall, what we now call SM City North EDSA, in 1985. Since then, SM—which began as a seller of shoes, and later evolved into a department store—dominated the retail landscape, with its malls in strategic points in the Philippines serving customers not just through a mix of stores, but also by providing entertainment options. Arguably, SM's moves in the field has changed Filipino habits, moving weekend “bonding time” from public spaces such as parks to the malls. Other retail players, such as Ayala and Robinson's, followed suit and eventually also established themselves as



Special thanks to Evelyn Salire and Mayan Sangil of the Philippine Retailers Association, and Christine Pardiñas of Rustans' Supercenters, for the assistance in writing this feature.



formidable players in the retail industry.

The rise of malls have allowed local retail brands to establish a wise presence in major cities without the need to establish itself in traditional high streets such as Escolta and Cubao. Fashion brands such as Bench and Penshoppe; appliance chains such as Abenson and Automatic Centre; and bookstore chain National Bookstore have fast-tracked their expansion by opening branches in malls.

In the past fifteen years, several factors have given the country's retail industry a boost. In 2000, the Retail Trade Liberalization Act was passed into law, allowing foreign players to enter the Philippine market. While in most cases, the law allows foreign brands to enter the country in partnership with a local counterpart, some—for example, luxury brands with a paid-up capital of USD 250,000—are allowed to be wholly foreign-owned.

This has led to the entry of fashion and lifestyle brands, known globally, to the Philippines. Both the established retail players—SM, Robinson's, and Store Specialists Inc., owned by the Rustan's group—and new players such as Bench, Brand Gateway and the Primer Group, have brought different foreign brands to the country. All in all, over 190 foreign brands have entered the country since 2008, according to a March 2015 study by research firm Cushman & Wakefield. This number includes both fashion brands as well as food brands, such as Jamba Juice and Bonchon.

The opening up of Philippine retail coincided with the steady growth of the country's economy and the rise of the Filipino middle class. With the rise of income levels, accompanied by remittances from OFWs and the explosion of the business process outsourcing industry, a relatively young labor force is empowered to consume a wide range of products. It is not just the ability to buy products, but also the ability to know which products suit him more—and their increasingly discerning tastes mean the options available to them then are no longer enough now.

In recent years, these options have begun growing again, with the entry of major middle-range fashion brands such as Uniqlo, Forever 21 and H&M. Cushman & Wakefield sees this growth gaining momentum, especially as there are movements to further liberalize the retail scene in the Philippines, through amendments to the Retail Trade Liberalization Act. Also adding to the growth is the relative competitiveness of the country when it comes to retail space and rent prices. In the same aforementioned study, a comparison of the world's most expensive retail locations puts the Philippines in 62nd place, much cheaper than its neighbors in Hong Kong (2nd), Singapore (16th), Malaysia (21st) and Taiwan (26th). This competitiveness is aided by the expansion of property developers such as Megaworld and Vista Land into mall development, and the entry of new players such as DoubleDragon, giving retailers more options to establish themselves in major markets.

SUPERMARKETS AT YOUR SERVICE

Another prong in the growth of retail in the Philippines is the consolidation and expansion of supermarket brands in the country. This growth is concurrent with both changing consumer habits and the entry of new brands in the market due to trade liberalization.

In recent years the Philippines, as a member of the Association of South East Asian Nations (ASEAN), has entered into trade deals with several countries. The country is currently a signatory to seven free trade agreements, notably with regional superpowers like Japan, China, India and Australia. Both the ASEAN and the Philippine government are holding negotiations with the European Union, with the view of establishing a trade agreement. Finally, the planned integration of ASEAN economies from the end of 2015 has seen the dropping of tariff rates for most products.

While imported goods have long made their way to Philippine stores, they were not widely available, or were considerably more expensive due to the amount of taxes levied on them. (Thus, the impression that one buying imported products is a very well-off person.) Now, major supermarket chains now devote a sizeable part of their stores to international products. You no longer have to go to a specialty grocery to be able to buy instant cheese ramyun, for instance. Also, SM and Rustan's have recently forged partnerships with known British supermarket brands—Tesco and Waitrose, respectively—to sell store brands as a reasonable, yet premium, alternative to other products.

However, the obvious success story of late in the supermarket front is Puregold. Founded in 1998, the retail chain now boasts 258 stores across the country, mostly in Luzon. While its expansion is partly due to its having purchased several smaller supermarket players like Parco and Eunilane, its success is due to its acknowledgment of the consumer's need for a one-stop shop for groceries and other household needs. It has positioned itself as a convenient (and better-stocked) alternative to sari-sari stores—community stores, often run from an enterprising household's residence, offering essential, albeit limited, household products to a particular neighborhood—by opening different versions of its store, varying in size, product range and other services.

The growth of Puregold has spurred rapid expansion among other supermarket chains. Both SM and Rustan's have repositioned their stores to cater to different consumers; the former has launched the SaveMore chain as an entry-level brand, while the latter introduced its high-end Marketplace in two locations in Metro Manila. SM has also forged a partnership with local retailing chain Walter Mart, while Rustan's tied up with Hong Kong-based Dairy Farm, allowing it to bring the Wellcome brand to the Philippines.

A CONVENIENT LOCATION

A similar disruption is also happening in the convenience

**PHILIPPINE
RETAIL BY
NUMBERS**

190+

The number of foreign brands that have entered the Philippines since 2008, according to Cushman & Wakefield



52

The number of SM Supermalls across the Philippines—with an additional seven soon to open, and seven more in China



P79B

The amount of sales made through online retailing in 2012, according to that year's Census of Philippine Business and Industry



store scene in the country. In the past two years the industry has seen a boom in convenience stores, with the entry of several international brands, in partnership with local counterparts. Ayala and Rustan's brought in the Japanese brand Family Mart to the country; Puregold later brought in another Japanese brand, Lawson. Grocery chain Suy Sing recently entered the race by bringing in American brand Circle K. Even SM has gotten in on the act, tying up with the Indonesian chain Alfamart, although it is positioning itself as a mini mart, more akin to the retail giant's supermarkets.

It is not all about foreign brands, however. Another new entrant to the convenience store race is All Day, founded by real estate giant Manny Villar. While he has long been in the retail business, through his Starmall chain of malls, he has only recently begun aggressive expansion in the retail front. Following a similar tactic as Puregold's, All Day is, depending on the location, a full-fledged supermarket, a smaller grocery,



258

The number of stores owned by Puregold, the second largest supermarket operator in the country

\$47

The cost, per square meter per year, of the most expensive retail location in the Philippines, Makati's central business district



20%

The forecast share of retail to the Philippines' gross domestic product in the next ten years, according to the Philippine Retailers Association

10,000

The number of stores 7-Eleven aims to open in the Philippines by 2025

or a convenience store.

All this movement has shaken up the two long-time players in the Philippine convenience store landscape: 7-Eleven, first opened in 1984, and Mini Stop, first opened in 2000. Both chains have announced plans to aggressively expand, with the former aiming to have 2,000 stores by 2016, and 10,000 by 2025. Both chains have also tweaked their product range and fresh food offerings to better compete with new players.

Like with supermarkets, the expansion of convenience stores also coincides with rising income levels in the country, and the evolution of preferences among consumers. Experts also say that there is still a lot of untapped potential in the country on this front. A Nielsen study finds that Philippine shoppers have access to fewer convenience stores than other countries in the region, with only one convenience store for 40,917 Filipinos. On the other hand, there is one convenience

store for every 11,212 Indonesians, or 7,404 Malaysians, or 2,384 Taiwanese. In an interview with the *Wall Street Journal*, Nielsen's Stuart Jamieson sees the Philippines as "the biggest opportunity" in this front.

FROM THE COMFORTS OF HOME

Yet another side of the growing Philippine retail landscape is online shopping. The wider reach of technology, plus consumers being both time-starved and price-savvy, has made online retailing a feasible and attractive option for both sellers and buyers.

While shopping without stepping foot in an actual shop has been around for decades—from the emergence of early online retailers such as Amazon, to the TV shopping services cropping up in the 1990s—it was only in recent years when such methods became widely accepted in the Philippines. In 2012, Singapore-based e-commerce sites Zalora and Lazada launched in the Philippines, and have grown to become destinations for selling fashion items and electronics at cheaper prices than their brick-and-mortar counterparts.

The Internet has also allowed small sellers to access a bigger market. Websites such as OLX and AyoDito have allowed sellers and buyers to interact, although the sites only serve as a portal and do not have a significant logistics operation in place. Social media has also given small sellers, especially those seeking a niche audience, a platform. Facebook, Instagram, and the now defunct Multiply has allowed sellers to market themselves to their preferred audience.

The popularity of online retailing has led to traditional retailers, such as Bench, Golden ABC and the Stores Specialists Inc. brands, to pursue e-commerce. Conversely, Zalora has opened a pop-up store, running until September, at the Shangri-La Plaza to both promote its website and allow shoppers to peruse their products in real life. The rise of online sellers have also led to a flowering of niche items in offline settings: a recent example is the Common Room in Katipunan, an arts and crafts store whose concessionaires began peddling their wares on social media.

As for television, well, it's still allowing us to shop: ABS-CBN has tied up with South Korean conglomerate CJ Group, and launched the O Shopping Network.

The popularity of online retailing is such that a government survey in 2012 determined that it generated PHP 79 billion of sales, of 0.6% of total national income for that year. And that is before the entry of major e-commerce operations outlined earlier.

HOW CAN SUPPLY CHAIN KEEP UP?

All these shifts in the Philippine retail landscape underline a few things. One, consumers now have more options than ever before: more things to choose from, more places to buy in, more ways to know what's best for them. Two, with all these options, retailers have a large task ahead of them

if they're to be on top of the game. Three, despite all this change, one thing remains the same: good service still matters most when it comes to the retailing game.

Filipino consumers have shown to be willing to try new things—but will only stick with them if provided a compelling reason to do so. Social media is littered with horror stories of people having bad experiences with retailers, whether it be a rude salesperson, or a delayed delivery, or a substandard product. Providing a lasting good impression is a steep hill to climb, but providing the opposite is as easy as 140 characters on Twitter. Like in the past, a successful retail operation needs a good supply chain backing it up. Now, however, the demands on the latter are bigger than ever before.

In some cases, the old model of production to distribution to store is slowly being dismantled. In some cases it is necessary to deliver straight to the stores, or even to the customers, rather than products first going to a centralized distribution center. Deliveries are of a smaller size, but there are now more drops; while this allows for faster deliveries in theory, this also brings new problems that could affect lead time and quality of products. An efficient logistics operation should be able to balance these factors and provide an efficient service that does not just benefit the retailer, but the end consumer as well.

The need for an agile, responsive logistics operation must also be remembered. While this has always been the case, the rapid expansion of retail chains—and the evolving needs of customers—has resulted in ever-changing requirements. Items may be introduced or dropped in stores at a faster rate in response to demand. Drop sizes may also change as more branches are opened. Quick response rates and efficient, forward-looking planning are qualities that should be revisited and reemphasized.

In some cases, it falls on the supply chain operation to fulfill other tasks normally done by the retailer. This includes acceptance of payments, a case especially true for online retailers who accept cash on delivery. Ensuring that these transactions are secure is important, giving customers peace of mind and ensuring that they patronize your products again. Technology has also allowed for other means to make payments, such as making payments through your mobile phone.

EVERYBODY HAS A ROLE

Of course, the burden does not squarely fall on the supply chain industry. Retailers have to keep close watch over customer demand, and should be able to adapt to their needs faster than their competitors—a need especially true for businesses that do not provide niche or luxury items. This is not just by offering the products they need, but providing

value-adding services as well. Convenience stores in Taiwan, for instance, have automated kiosks that allow you to pay for bills, top up your phone, and even buy concert tickets. Some even have printing and photocopying services. On the other hand, convenience stores here have marketed themselves as a place to hang out, as evidenced by the premium food offerings and significant sitting areas of some Family Mart branches.

Customer relationship management programs have been part of the retail experience for quite a while now, from gift cheques and promotions to loyalty cards, such as SM's Advantage and Shopwise's Wise Card. Some retailers have also tied up with banks; Citibank, for instance, has credit cards in cooperation with both Rustan's and Mercury Drug. CRM programs encourage customers to patronize particular establishments by offering discounts and other perks. This also allows retailers to learn more about their customers, and tailor products and services more towards their interests.

Retailers also have to foster good communication avenues with other stakeholders in their supply chain operations. By understanding and knowing the needs and capabilities on the manufacturing, logistics and the end customer, retailers can ensure that they deliver the right product to the

right people at the right time—and, hopefully, get their patronage in the future. This means proper feedback mechanisms, streamlined responses to whatever problems arise, and transparency leading towards fair negotiations and discussions, allowing everyone to

provide their services at the optimal value.

Finally, the rise of retail in the Philippines would be greatly aided with support from authorities involved. While barriers to entry have been lowered, allowing foreign brands to compete with local ones, more can be done to ensure every retailer can serve their customers more effectively. Streamlining regulatory requirements would make it easier for businesses to enter the country—not just the bigwigs but also small, budding entrepreneurs seeking to start online.

Improving infrastructure is also a must. Roads and ports must be improved and decongested to allow for better flow of products. Communication networks must also be improved and widened: as retailers turn more and more to technology to ensure an effective operations, our networks must be up to speed (and beyond) to allow businesses to serve their customers better. After all, supply chain is a two-way street: products go to customers, and information go to producers.

The growing retail landscape is, indeed, a sign of the country's improving economy—and not just because there are more things to buy, but because more people are able to buy. We can, and should, do better, and it is a task everybody should be ready for. •

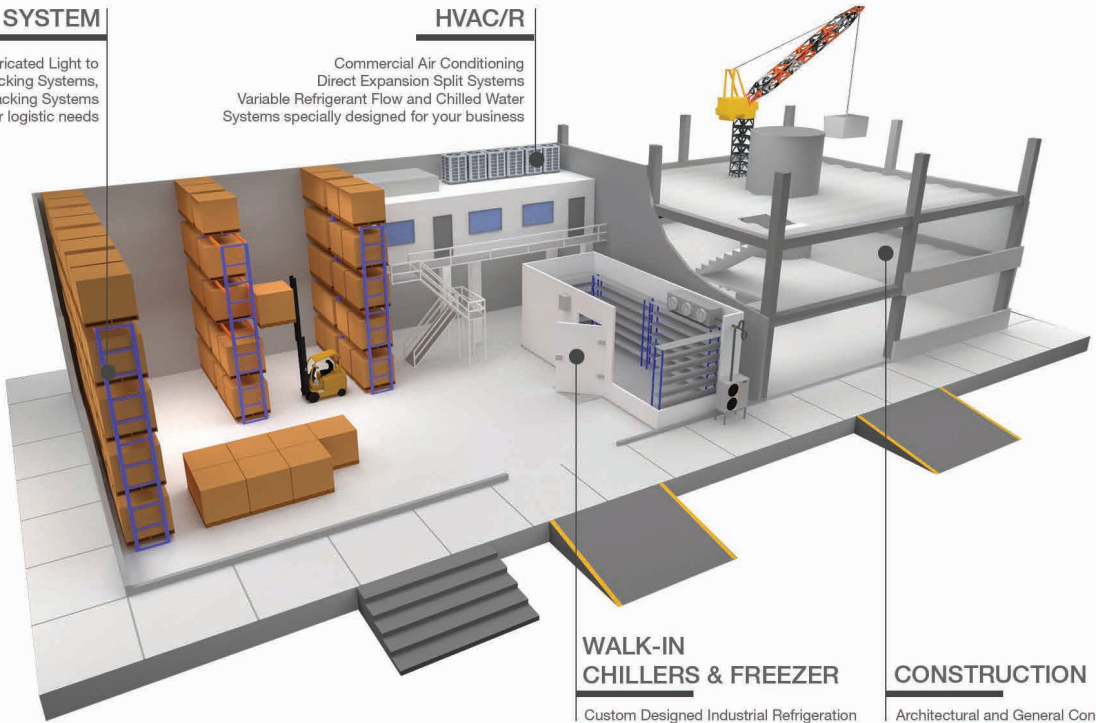
One thing remains the same: good service still matters most.

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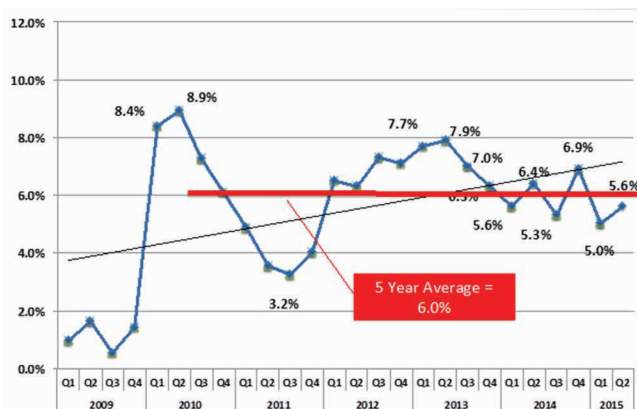
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In the middle of surpluses and institutional changes

Ronilo Balbieran presents an economic outlook for the Philippines for the rest of 2015 and on to 2016—and says things are definitely looking up, if we keep up the pace

We were greeted with much great news this 2015. It was a good and fresh start from the many setbacks we had last year, but with a mix of better (the Pope's visit) and bitter news (the Mamasapano incident). On the other hand, the anxiety and fear of the unknown towards 2016 are dominating our discussions. And then the report of the first quarter gave us bad news of a lowest economic performance in three years. When the Philippine Statistics Authority released the second quarter gross domestic product (GDP) of the Philippines at 5.6%, everybody was surprised. Surprised, not in a celebratory sense, but neither was it in a gloomy mood. Considering that this is an improvement from the first quarter performance at 5% but, this is still far from a 6.7% increase of GDP during the second quarter of last year.



Everyone wants to understand. Everyone is asking: is this good news? Is this bad news? Where do I start in trying to understand a very complicated web of concepts of understanding the economy? Was this expected? Was this lower or higher than expected? What can we expect in the next half of the year and the whole of next year? What should the government do? What should the households do? What should the investors do?

With all the emotions and opinions about the economy, our business, and the government, we might be losing track of what is really happening in the economy.

A FRAMEWORK TO UNDERSTANDING THE ECONOMY

Dr. Emilio Antonio Jr., the late founding chairman of the REID Foundation, always emphasized this basic model of understanding the economy. In its simplest form, it only means that an economy is just like any household. A household earns, then it spends.

The story of our lives has one and the same framework in this sense. Which activity dominates our lives will dictate a certain consequent destiny. If earning is greater than spending, then surpluses will be generated, and this will generate increases in savings and accumulation of higher cash position. This enables the household to think in long-term hori-

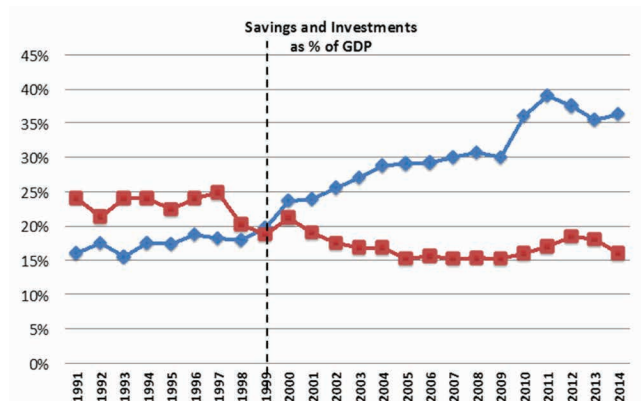
zon and focus on strategies for higher income generation.

Conversely, persistent spending higher than income earned is the most direct path towards the trap of poverty and debt, cutting any possibility and power to think about the future and strategic investments.

Translated into macroeconomic formula and terms, this can be summarized in a formula of macroeconomic surpluses: $(S-I) + (T-G) = X-M$, where $(S-I)$ is private sector surplus from savings less investments, $(T-G)$ is public sector surplus from tax collections less government spending, and $(X-M)$ is the nation's surplus from exports of goods and services less imports of goods and services.

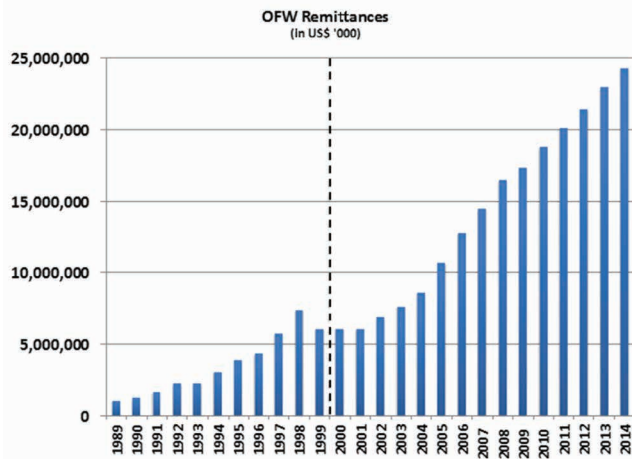
STRONG FUNDAMENTALS THROUGH SAVINGS AND SURPLUSES

The basic summary for household framework are two questions: (a) does the Philippines have positive annual surplus from private and public sector and (b) has it accumulated enough savings and reserves to support economic activities during times of difficulties? The quick answers to both questions are yes. Yes, we are now earning more than what we are spending. And yes, the Philippines has more than enough savings and reserves to enable it to grow faster at a longer period of time.



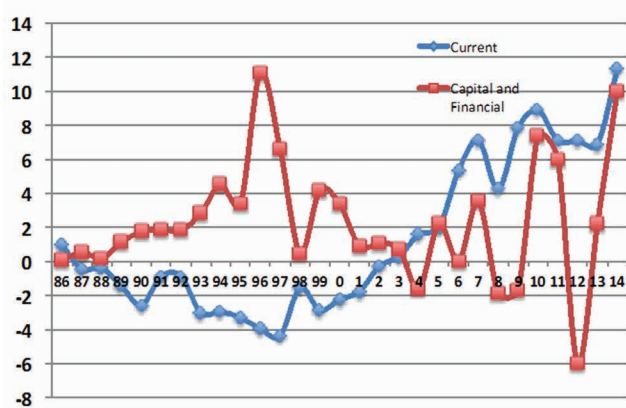
The Philippines is actually in a middle of a good problem of too much money or liquidity chasing relatively fewer investment destinations. Using the gross national income as an indicator of national income, the Philippines has a very competitive savings rate against the ones of our neighbors. We use GNI instead of the usual gross domestic product (GDP) that is used by other analysts because the former contains contribution of the OFW remittances and income of Filipino companies abroad. This is, indeed good news.

The amount of OFW remittances has steadily increased and has sustained the liquidity of the entire country, and pushing the financial markets into uncharted territories of surpluses, sleeping resources, and regimes of low inflation, low interest rates, and low volatility of the exchange rate.



On the government side, we already know that the our government has embarked on the program of good governance, and it has resulted into unprecedented heights of tax collection to the surprise of the government agencies, that the tax collection is faster than government project roll-out. It has pushed the deficit of government to just 1% of GDP (the acceptable rate is within 5%).

Thus, manifested through the Current Account Balance, our national surplus has breached surplus line since 2003 and has never looked back. Whereas before, our inability to earn more than spending dollars, we heavily relied on foreign money, now dollars coming in form the OFWs, BPO sector, tourism, and earnings of Filipino companies abroad, have built strong positive cash flows for the country for more than a decade already. Foreign investors and portfolio money indicated in the Capital and Financial Accounts, has not shown any consistency, since in around 10 years now, a lot of these money are “hot money” that come and go based on short-term speculations of good news.



Now that we have established the long-term fundamentals of the Philippine economy, and how it is characterized with strong surpluses, we can analyze the very short horizon

of economic performance of the country through the second quarter economic data.

Was the second quarter report below or above expectations? This was below expectations.

Historically, second quarter GDP growth is generally higher than the first quarter. So this higher growth than the first quarter was already expected. But statistically speaking, growth rates of GDP must be compared with the same period the previous year. I did not expect it to be that low at 5.6% compared to 6.7% of 2014Q2.

This 5.6% growth was expected since we already know from the first quarter that the main problems are (1) public construction affecting many sectors, (2) OFW remittance slowdown, and (3) the appreciation of the peso, among others.

For the second quarter, we expected that (1) the national government will do everything necessary to adjust the spending speed, and indeed they spent, however, it was mainly DPWH that was responsible for the jump of public construction as DBM reported; (2) the OFWs will remit more, and they did; (3) the peso will depreciate to aid the income multiplier of OFWs and exporters.

The peso, however, did not depreciate at the level that will significantly improve purchasing power of OFWs and expansion of exporters. Nevertheless, it was a positive contribution that increased the peso growth of OFW remittances from 4.4% to 7%. This definitely contributed to household consumption and specifically food consumption, to increase to 6.2% and 5.6% respectively in the second quarter. (These growth rates are higher both higher than 2015 first quarter rates and 2014 second quarter rates.)

However, the depreciation of peso by 1.2% in second quarter compared to the same period last year, may not be enough to make our exports perform competitively (-3%).

What was the target growth for the second half of the year? My personal target was at 6% to 6.3% following the trajectory of the exchange rate and the promises of a much higher government spending. However, the negative growth of agriculture was something that surprised everyone, and certainly pulled the total GDP. With the expected El Niño that will start in the second half of the year, we cannot expect too much growth contribution from the agriculture sector.

Will the second half be better? Definitely.

- The public construction growth in the 3rd quarter last year was negative. Just on the base effect alone, we can expect double digit growth already for the third quarter with no change at the current speed of government infrastructure.
- Moreover, I am positive that by this time, the bidding

processes and budget disbursement would have accelerated, faster than what we have seen in the second quarter. With the election just around the corner, the national government has no choice but to really pump prime spending.

- The significant jump of government infra spending should be a sign solid enough for private construction to confidently increase its bet on the future.

	2014	2015	
	Q2	Q1	Q2
Construction	10.5	6.7	13.1
Public	5.7	-24.0	20.4
Private	12.5	5.3	10.2

This overall growth in the construction would further pull its backward linkages and forward linkages in manufacturing, finance, trade, transportation, real estate, and ultimately in the consumption of the households.

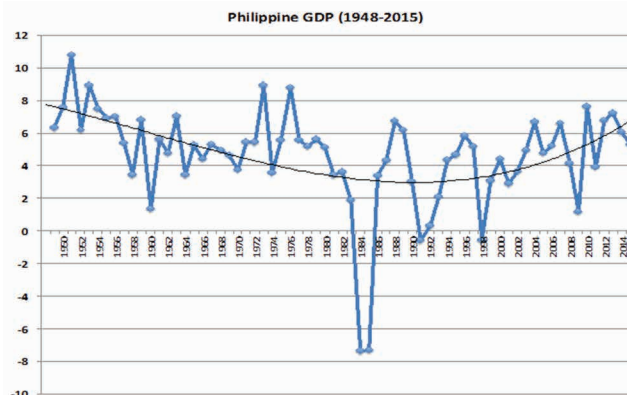
- The current trajectory of depreciation of the peso will further strengthen the purchasing power of OFWs. If depreciation is significant, we can see a recovery of exports, amidst certainty in the global economy.
- Tourism is really sustaining its growth, and the numbers point to more arrivals, longer stays and bigger spending.
- Low inflation should boost more spending and local tourism as well.
- By fourth quarter, we should start seeing signs of gains from maritime transportation savings due to the newly enacted Co-loading Law (Relaxation of Cabotage).

What will be the main drivers of economic growth for 2015 and 2016? The 6.5% is still a realistic target, given the explanations above, and I am hoping that as we put our acts together, we can still push this a little bit higher.

WE, AS A NATION, HAVE TO USE OUR GIFTS OF SLEEPING SURPLUSES WISELY

The Philippine economy has very strong fundamentals in the form of excess savings and reserves of both the public and private sector. Before, our national scarcity was financed by other people’s money. Now, it is worthwhile to note that we are living with surpluses, produced from the sweat, blood, and tears of our own people, whether here or abroad. Thus, it is no longer a question of “are we growing?” but rather “how fast?” and “for how long?” I calculate that our peso and dollar reserves can support 8-10% in the next ten years.

The private sector has led the pending thus pushing a decent economic growth, but not enough to deliver the fast growth that will lift more Filipinos from poverty. The government, through its good governance initiatives, had excellent fiscal management (collected so much money and spent properly on projects). However, administrative bottlenecks



and higher probabilities of audit associated with transparent and accountable spending have scared and prevented some government agencies from spending.

The coming election and spending of the accumulated money of the government should boost economy into prolonged higher growth rates. In the meantime, there are poor, hungry, and jobless Filipinos and thus we need to encourage more private investments as well as continue engaging our government to speed up our infrastructure development and the utilization of existing major projects that have already been constructed. The good news is, through the leadership of the DPWH, infrastructure spending is double digit already, triggering more opportunities a for the private sector.

The “animal spirit”(or the confidence of consumers and investors to continue and expand what they are doing) of the Filipinos may be tamed or scared with the confusing news of the second quarter... not-so-wonderful news, but still a good news nonetheless. If consumers and investors will focus on the good news and the signs for third and fourth quarter, and the long-term positive outlook of the Philippine economy, then there is still hope we can exceed 6.5%. Economics education is really key in avoiding self-fulfilling economic fears, especially if some government agencies, such as DBM, DOT, and DPWH are really doing something.

With all these, economic growth will continue regardless of who will be our next president because of our surpluses in money and people. However, economic education will further shield our animal spirit from speculations and imaginations from short-term data and analyses. Equipped with the education and the animal spirit, we can better analyze and reflect on our votes, and engage our government leaders in a more constructive and productive dialogue to sustain project delivery, money circulation, income and employment generation, multiplying our economic growth that will be lift millions of our countrymen from poverty and hunger. •

Ronilo Balbieran currently consults for the Department of Tourism and the Department of Public Works and Highways, as part of USAID-COMPETE. A part of the REID Foundation, he graduated from the University of Asia and the Pacific, where he also served as a faculty member.

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WEEKLY SHIPPING SCHEDULE

MANILA OUT

Route	Frequency
Manila-Cebu	6x a wk
Manila-Cagayan	4x a wk
Manila-Tacloban	3x a wk
Manila-Ozamis v.v	once a wk
Manila-Iligan v.v	once a wk

CEBU OUT

Route	Frequency
Cebu-Manila	4x a wk
Cebu-Cagayan	4x a wk
Cebu-Tacloban	3x a wk
Cebu-Iligan v.v	once a wk
Cebu-Gen San/Davao	once a wk

CAGAYAN OUT

Route	Frequency
Cagayan-Manila	3x a wk
Cagayan-Tacloban	2x a wk
Cagayan-Cebu	once a wk
Cagayan-Iligan	once a wk

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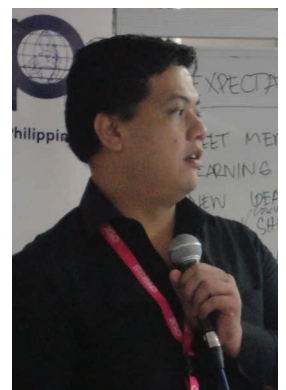
SCMAP holds first Vismin Supply Chain Conference

SCMAP's first conference focusing on supply chain issues in Visayas and Mindanao was held in Cebu

SCMAP held two events in Cebu, putting the spotlight on the critical role played by the Visayas and Mindanao regions in advancing supply chain management and furthering the national economy.

The inaugural Vismin Supply Chain Conference was held last May 16 at the Summit Circle Hotel in Cebu City. It was attended by supply chain professionals from Cebu and nearby provinces, as well as the participants of this year's Logistics Immersion Course, which kicked off the previous day in Manila.

Both events saw talks from a respected roster of government officials, business leaders and industry advocates. The Logistics Immersion Course, held on board MV St. Leo the Great, saw talks from USAID-COMPETE's Roni Balbieran, XVC Logistics' Cora Curay, the Department of Trade and Industry's Sarah Lope, 2GO's Bimsy Mapa, Unilever Philippines' German Martizano and Manila North Harbour's Erik Reyes. There was also a tour of MNHPI's facilities before disembarkation, and later, a behind-the-scenes tour of the





Top: Participants to the Logistics Immersion Course strike a pose before boarding MV St. Leo the Great bound for Cebu

Middle row, from left: LIC speakers Bimsy Mapa of 2GO, Erik Reyes of MNHPI, Roni Balbieran of USAID-COMPETE, Sarah Lope of DTI, Cora Curay of XVC Logistics and German Martizano of Unilever

Bottom row, from left: Vismin Supply Chain Conference speakers Capt. Rodien Paca of Mariners Professional Shipmanagement, Gilbert Cabatana of LF Logistics, Mark Philip Comandante of DURBI, Gordon Allan Joseph of the Cebu Business Club, Edmund Tan of the Cebu Port Authority, and Dr. Enrico Basilio of USAID-COMPETE





Top left: Participants at the Vismin Supply Chain Conference in Cebu City

Top right: SCMAP's Bobby Cabaero and Fountainhead Technologies' Jojo Salvador draw raffle winners

Middle left: the LIC participants get a tour of MV St. Leo the Great's bridge

Middle right: Selfie time at the Bluewater Maribago Resort

Bottom: Oracle's Srikanth Kakalupati speaks to the delegates



vessel itself.

The Vismin Supply Chain Conference saw talks from USAID-COMPETE's Dr. Enrico Basilio, Cebu Business Club's Gordon Allan Joseph, Oracle's Srikanth Kakalupati and Harish Karthik, Mariners Professional Shipmanagement's Capt. Rodien Paca, and Cebu Port Authority's Edmund Tan. SCMAP national chapter president Mark Philip Comandante and Visayas chapter president Gilbert Cabatana also spoke.

The speakers tackled supply chain developments and challenging that the industry faces, both within the context of the growing Visayas/Mindanao region, as well as the accelerating national economy. There was also an opportunity for networking among peers from across the country, making the events a truly inclusive affair.

On the third day, the LIC participants had the chance to relax with an afternoon lunch at the Bluewater Maribago Beach Resort, before flying back to Manila that night.

SCMAP would like to thank 2GO Group, and event sponsors Boeing Material Handling and Fountainhead Technologies, for the support offered that led to the event's success. •

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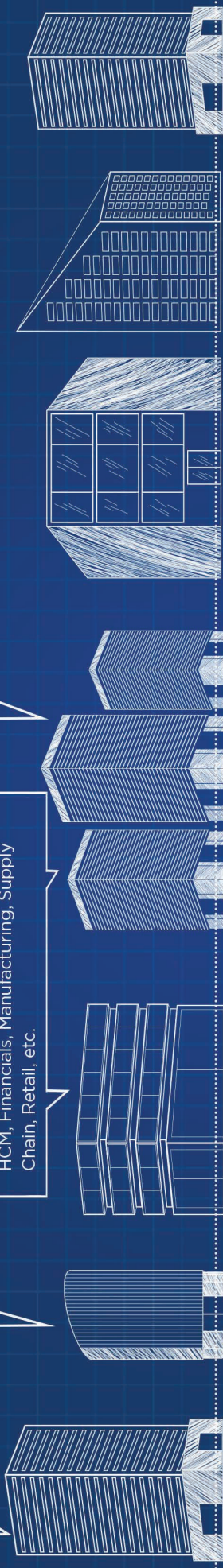
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Representatives from SCMAP and REID Foundation discuss the collaboration

SCMAP, REID, Fountainhead team up on good governance project

A consortium between the REID Foundation, the Supply Chain Management Association of the Philippines, and Fountainhead Technologies are collaborating on a project aiming to develop and expand linkages among members of the private and public sectors, with the goal of formulating policies that will connect good governance with inclusive economic growth.

The project aims to develop a strategic plan, formulated with stakeholders, which will take advantage of the

reforms implemented by President Benigno Aquino III and translate them to economic growth. This plan will center on aspects such as economic education, infrastructure development, supply chain development and the use of technology.

At least two to three knowledge sharing sessions will be facilitated during the project's duration. These will take advantage of the linkages formed by SCMAP and REID over the years. The results of the workshops will be

consolidated and presented during an international conference on good governance, to be attended by international policy makers and thought leaders, which will be held in Manila in 2016.

The output of both the workshops and the strategic plan will be made available to the public through a website and social media channels. IT tools will also be devised and used to allow for monitoring of stakeholder engagement and smoother flow of information. •

SCMAP supports 2015 Asian Logistics and Maritime Conference

The Supply Chain Management Association of the Philippines—particularly its official magazine, Supply Chain Philippines—will once again support this year's Asian Logistics and Maritime Conference, which will be held on November 17-18 at the Hong Kong Convention and Exhibition Centre.

This year's conference will focus on China's "One Belt, One Road" economic initiative, as well as the rise of e-commerce and the importance of Big Data. As before, there will be fora on logistics, supply chain management, maritime and air freight. There will also be an exhibition featuring 80 stalls

from eleven countries.

This year's panelists include Herbert Chia of the Alibaba Group, Ivan Chu of Cathay Pacific Airways, George Yeo of Kerry Logistics and KK Leung of UPS. SCMAP members can avail of a 50% discount on registration by entering the code ALMC15SAPHI upon registering online at www.almc.hk. More information can also be found at this website.

Now in its fourth year, the Asian Logistics and Maritime Conference is organized by the government of Hong Kong SAR and the Hong Kong Trade and Development Council. •

- 1:** Former SCMAP president Mark Philip Comandante at the Logistics Immersion Course
- 2:** Carla Sanchez, who left SCMAP to migrate to the United States
- 3:** Wellmade's Philip Tan talks at the SCMAP Visayas chapter's General Membership Meeting
- 4:** Post-it notes at the SCMAP board's midyear planning
- 5:** SCMAP's Cora Curay and Mark Philip Comandante, and Fountainhead's Jojo salvador and Anjella Sarmiento, signing the memorandum of understanding
- 6:** The SCMAP national chapter's General Membership Meeting tackled traffic and cabotage revisions



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Mack Comandante leaves as president

Mark Philip Comandante has stepped down as president of SCMAP after moving to a new company.

Comandante left after taking up a new position with Zuellig Pharma. As he is no longer the official representative of Universal Robina Corporation, where he was previously employed, he was required to step down from the position. However, he remains involved with the organization, leading the newly-established SCMAP Center for Research and Policy.

With his departure, Corazon Curay, currently SCMAP's vice president, takes over as acting president. According to the by-laws, the board must elect, among themselves, a new president who will serve out the rest of Comandante's term, which is slated to end in 2016.

Meanwhile, Christine Pardiñas of Rustans Supercenters Inc. was named to the SCMAP board as a director. She is currently the company's vice president for SPIC and logistics, overseeing operations for the chain's three supermarket brands. She was also a speaker at the 2014 SCMAP Supply Chain Conference.

Fountainhead up for SCMAP portal

SCMAP and Fountainhead Technologies have signed a memorandum of understanding, forging a partnership between the two to improve the organization's online presence.

A major component of the partnership is the relaunch of the SCMAP website, which aims to be an essential tool to the Filipino supply chain professional.

Apart from information on the organization's activities and advocacies, the new website is envisioned to contain a portal of all SCMAP members, serving as a directory of those in the Philippine supply chain industry.

The MOU was signed during the SCMAP Vismin Supply Chain Conference in Cebu on May 16. Among those present were SCMAP president Mark Philip Comandante and vice president Corazon Curay, and Fountainhead Technologies' Jojo Salvador and Anjella Sarmiento.

SCMAP moves to new Ortigas office

SCMAP has moved to new offices at the Ortigas Center.

The organization now shares space with the REID Foundation, with which it signed a memorandum of cooperation early this year. The latter organization also recently moved to the office.

SCMAP is now located at Unit 804, 8F The Linden Suites, 37 San Miguel Avenue, Ortigas Center, Pasig City. You can contact us at our new phone number, (+632) 696.1041, or email us at the same email address: secretariat@scmap.org.

Board holds midyear planning

The SCMAP board held their midyear planning at the organization's new offices in Ortigas last July 23. The board assessed the goals they set during their strategic planning last January, and reiterated their aim to become a community that moves the Philippine supply chain industry.



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GMMs hit record attendance

The SCMAP's national chapter held two widely-attended General Membership Meetings in the past three months.

The first of these GMMs were held last June 18 at the Zalora Philippines warehouse in San Pedro, Laguna. Zalora's Constantin Robertz and Joseph Landas tackled the rise of e-commerce in the Philippines, and gave attendees a tour of their facilities. SSI Schaefer's Henry Batallones also spoke about keeping your warehouse safe during an earthquake. This GMM saw a record number of attendees.

The second was held at the Linden Suites on August 20. Sam Palomares of CITRA discussed plans to connect the Skyway extension to the port area through a new elevated highway, and put this in context with other planned infrastructure projects for Metro Manila. Peter Aguilar of the Philippine Inter-Island Shipping Association tackled how the revised cabotage laws would affect shipping in the Philippines, while Ninoy Rollan looked into developing human resources as a business strategy.

Visayas chapter talks productivity

SCMAP's Visayas chapter held their General Membership Meeting on July 21 at the Sarrosa International Suites in Cebu City.

The meeting centered on two topics. The first was on ensuring productivity, quality and innovation in operations. Philip Tan, president of Wellmade Global Holdings, delivered the talk.

The second topic was an overview of reverse logistics, particularly on the environmental responsibility on disposing product returns and wastes. Speaking on the topic was Jose Eric Arandez, managing director of Tritex Reverse Logistics, and a 30-year expert on the field.

SCM evolution on Mornings

Supply Chain Mornings kicked off on June 25 with former SCMAP president Ike Castillo documenting the evolution of supply chain as a business strategy. The talk, held at the Astoria Suites in Ortigas, was attended by around 15 participants.

Good luck, Carla. Good morning, CJ.

SCMAP bid farewell to Carla Sanchez, its long-time secretariat staffer, with a farewell lunch last August 11. She leaves the organization to move to the United States with her family.

With this, SCMAP welcomes Christian Jason Barrot to the family. CJ, as we call him, will now be staffing the secretariat, with help from Annette Camangon.

And coming up next...

SCMAP supports the Department of Transportation and Communications' **Cargo Transport Forum** in September 28 ... two **General Membership Meetings** are set on October 22 and November 19, with the latter date coinciding with the election of officers ... **Supply Chain Mornings** continues on the same dates ... the **Asian Logistics and Maritime Conference** in Hong Kong on November 17-18 ... and our **Christmas Fellowship** on December 4.

More details will be revealed in the coming weeks, through our website, Facebook page and the *Supply Chain Philippines On Time* email newsletter.

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Deadline for all submissions for our next issue, which will be out in February 2016, is on 23 January.

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Be a contributor: We'd love to hear your ideas on what should be on the magazine! Whether it's a piece on improving supply chain practices, or a spotlight on technologies that could change the way we work, we'd love to hear about it.

Email secretariat@scmap.org with the subject line "SCP Contributor" and give us a synopsis of your article idea. Writers who get published will get freebies and perks.



We are a community that moves the global competitiveness of the Philippine supply chain industry.

The Supply Chain Management Association of the Philippines is the premiere supply chain organization in the country. Founded in 1989 as the Distribution Management Association of the Philippines (DMAP), SCMAP is now composed of over 150 member companies committed to improving their supply chain processes and professionalizing their supply chain practitioners.

SCMAP's members are spread across three chapters: the national chapter, based in Manila, and two regional chapters based in Cebu and Cagayan de Oro, respectively.

The organization is led by a ten-member Board of Directors, elected annually by the general membership every November. The Board later elects, among its members, the officers. The Board works alongside the Secretary General, who oversees the Secretariat and represents SCMAP in events and activities.

SCMAP's three pillars help position the country's supply chain industry towards competitiveness and nation building.

Advocate: SCMAP works with government agencies, industry groups and other parties to push for policy reforms that strengthen and improve supply chain processes. SCMAP has advocated for efficient port operations, fair transport costs, development of RORO routes and the promotion of Clark as a secondary gateway to Greater Manila.

Communicate: Through regular events, fora and publications such as *Supply Chain Philippines*, SCMAP updates its memberships on trends, innovations, challenges and practices affecting the supply chain industry.

Educate: In collaboration with different academic organizations and government agencies, SCMAP organizes workshops and programs that make supply chain practitioners more competitive and gear them towards nation building.

Being an SCMAP member brings a wide range of benefits.

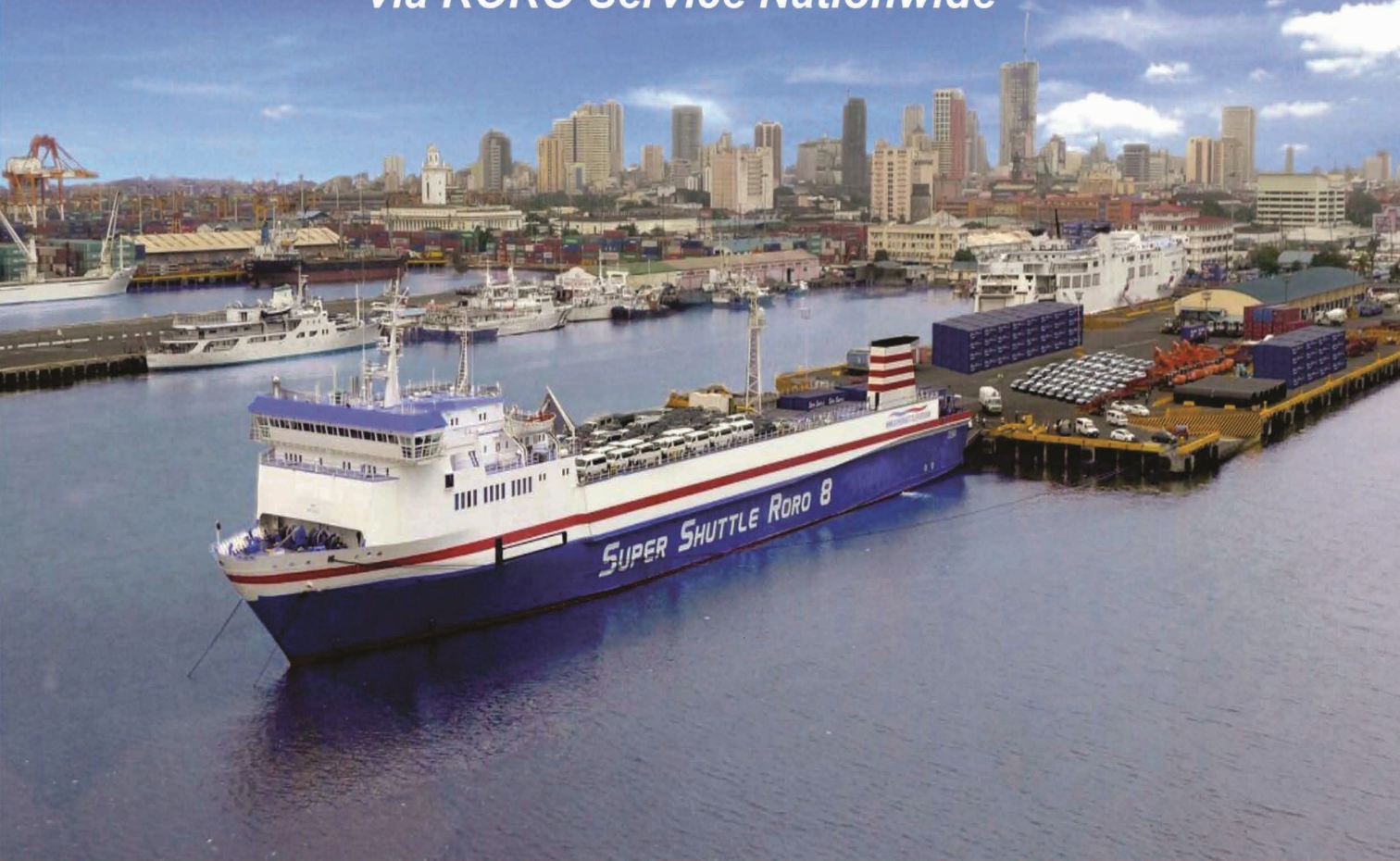
SCMAP members have greatly benefited from the organization's efforts in promoting its advocacies. It has helped effectively reduce, contain and postpone increases in logistics costs, and prevent disadvantageous regulations and impositions such as a total truck ban in major expressways and unfair deregulation provisions.

Through their SCMAP membership, companies also get opportunities for exchange of information and developments through various programs and activities. They also get opportunities for training, and representation in formulation of government policies through participation in surveys, benchmarking projects and the like. Members also gain an avenue for networking with their peers within and outside the supply chain industry.

Membership is open for both companies and individuals. For information, email the SCMAP Secretariat through secretariat@scmap.org.

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