FORWARD

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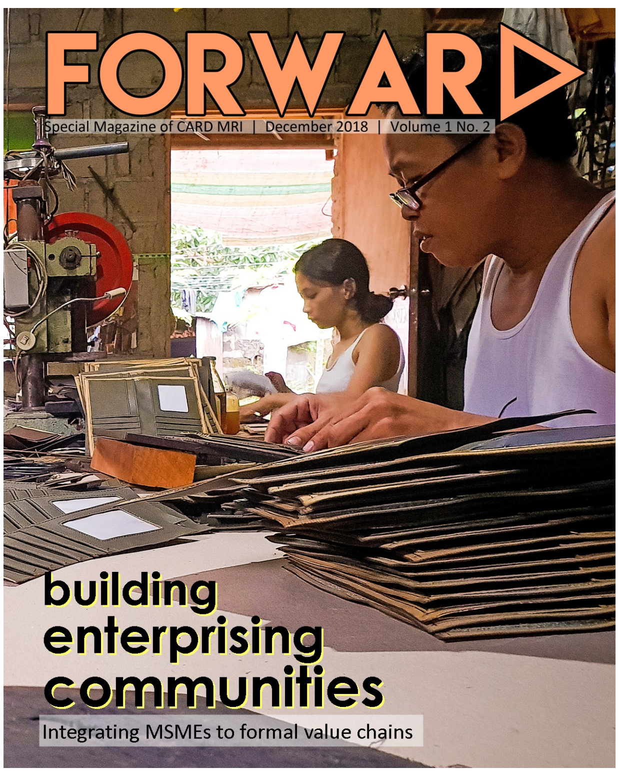
building enterprising communities

Integrating MSMEs to formal value chains

IN THIS ISSUE: **December 2018**



Providing access is the first step to poverty eradication. For 32 years now, the microfinance clients of the four financial institutions of CARD MRI have grown their respective businesses tremendously. Some are successful in finding profitable markets while others are struggling; and this is where CARD MRI is bridging the gap. CARD MRI through its 21 development institutions is now integrating these MSMEs to formal value chains to be able to create a community that generates income and work and contributes to our country's economy.

FROM THE EDITOR

CYRENE GRACE DC. LUBIGAN
Editor

Family always comes first. That is why among the seven core values of CARD MRI, the Family Spirit is the great equalizer. Whatever we are going through, may it be a success or not, we always go back to our family – the source of our strength and courage.

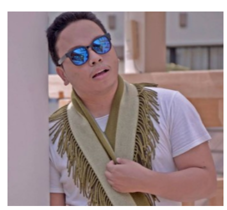
At CARD MRI, we are surrounded with millions of *Nanays* and *Tatays* nationwide. They are the reason why CARD has been existing for 32 years now. Our family continues to grow extraordinarily. In 2020, we aim to reach eight million clients and insure 40 million individuals. These are huge numbers and as a family, we have to grow and journey together. No one should be left behind.

In this issue of Forward Magazine, we will share with you the many ways CARD MRI is doing to make sure that everyone at CARD MRI is moving and growing together significantly. For this issue, we will talk about value chain, a strategy that helped CARD MRI in driving its clients to wider market.

More stories are documented in this issue, which we hope could inspire everyone to step up and become movers of our economy especially in the local setting.

Let's grow together as a family!

WRITER/CONTRIBUTORS



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NELIZA G. LARGUEZA is a communications graduate. She's new at CARD MRI but looking forward to spend more years in the institution. Nel was a former Account Officer and currently a Junior Writer at CARD MRI Publishing House.

JE'IRO LAZAREO ACLAN is a communications graduate. JL is excited to learn and explore how development communication could further enhance his skills and talent in communication. Currently, JL is one of the Junior Writers of CARD MRI Publishing House.

FROM THE FOUNDER AND CHAIR

DR. JAIME ARISTOTLE B. ALIP
Founder and Chairman Emeritus
CARD MRI

I am always thrilled with the creativity of our micro entrepreneurs. When CARD was established in 1986, I have already seen how this creativity could help these MSMEs thrive over years.

True enough, it's been 32 years now and our clients are still with us, who are continuously improving and innovating their respective businesses for wider opportunities.

Envisioning this to happen, we also prepared ourselves. So from a non-government organization, we have also established banks, micro insurance companies, marketing and business development support, school, and information technology companies, among others. This is to make sure that we will be able to respond significantly to the growing and evolving needs of our clients.

When you are at CARD, you are not boxed in one institution only. The 21 development-institutions of CARD MRI become your outlet for wider and extraordinary opportunities. These institutions were all established for a reason and that is to make room for all the creativity the MSMEs have.

Yes, your creativity will never be in vain because CARD MRI has your back.

Moreover, these institutions are the answer to the need for formal value chain of our clients. The way CARD MRI was established, our business model itself, is already a value chain process. I am very excited in the coming years to come especially for the future expansions of CARD MRI and the creation of more enterprising communities nationwide.

Forward, MSMEs!

FROM THE MANAGING DIRECTOR

FLORDELIZA L. SARMIENTO
Managing Director
CARD MRI

We, Filipinos, are naturally creative and innovative. This attribute makes us always ready to reinvent ourselves just like our clients nationwide who now manage their own promising micro-businesses, which showcases their artistry through quality products and new concepts.

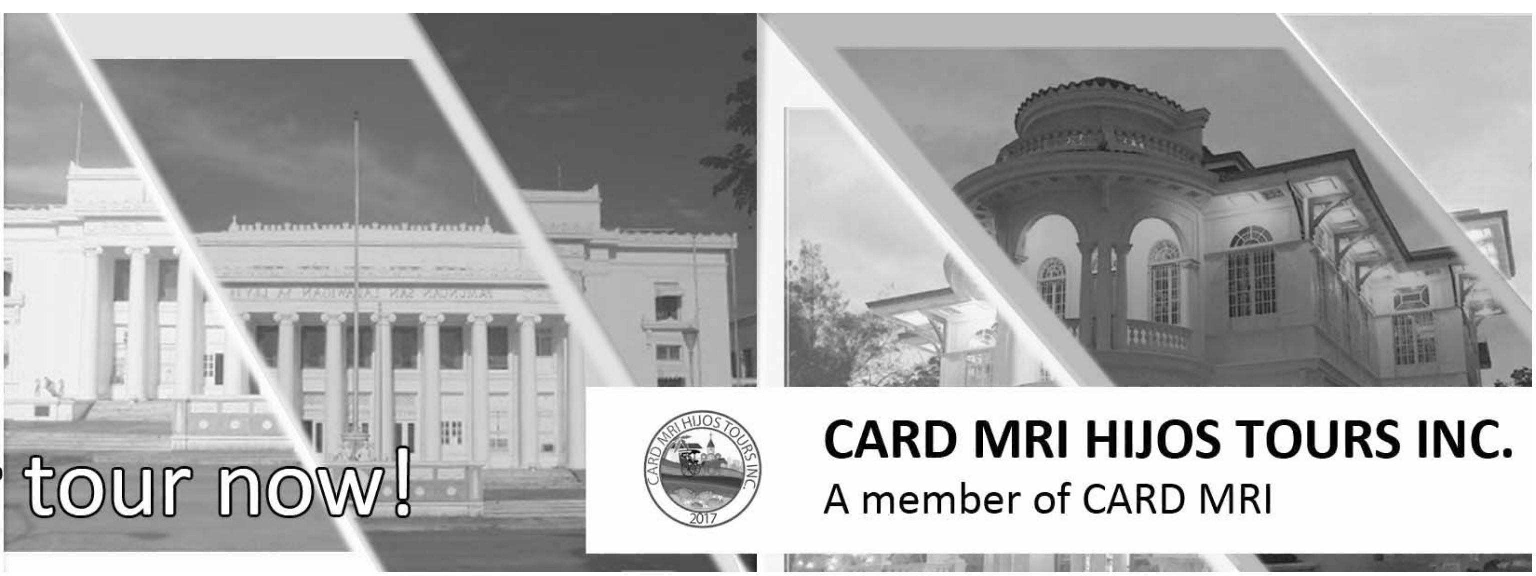
This is what COMPETENCE and EXCELLENCE is all about; two of the core values that CARD MRI upholds since 1986.

At CARD, we are always inspired to see clients step up because we know that the support system we provide to them are relevant. This inspiration keeps us dedicated and committed to continuously provide support to aspiring entrepreneurs all over the Philippines, especially in the marginalized sector.

In fact, we have established various support institutions to link many MSMEs to a wider market, enabling our poverty eradication approach become more holistic and inclusive.

To all CARD MRI staff, let us continue empowering these micro entrepreneurs by giving them our all out support and providing them enough knowledge on enterprise development.

To our millions of clients nationwide, continue to inspire many by upholding competence and excellence. Extract the creativity within yourselves and bring our world class products to the international scene!



building enterprising communities:

CARD MRI as a value chain for MSMEs

Michael Porter's concept of value chain emphasizes how important it is to build a competitive advantage for your respective product or service to be able to generate profit. There is a chain of events that build to this advantage: in bound logistics, operations, outbound logistics, marketing and sales, service, procurement, technology development, human resource management, and firm infrastructure.

This is quite much to absorb; so in layman's term, value chain is like a "support system" that ensures that your products will reach your desired target market and become profitable. For big companies, value chain is crucial to be able to position its products and services in the global market.

Among the issues being raised by MSMEs are access to wider market and capacity building. While value chain can be the solution for this, it can be quite costly for MSMEs, making it an uphill challenge for them. To bridge this gap, CARD MRI stepped up and carefully planned the establishment of other mutually reinforcing institutions under CARD.

In 1986, CARD started as microfinance NGO and provides livelihood assistance and capacity building programs in San Pablo City. The program ranged from cow dispersal to deep-well installation. Eventually, CARD has seen the viability of the businesses of its clients. As their businesses grow, their need for capitalization also gets bigger, which the NGO cannot provide based on the mandate of the Securities and Exchange Commission (SEC).

This success challenged CARD to respond to the ever-changing needs of its clients. So in 1995, CARD started discussing the transformation of its NGO to a formal banking institution. Two years after, the Bangko Sentral ng Pilipinas (BSP) granted CARD the license to operate as microfinance-oriented rural bank.

The year 1997 marked the start of something bigger and greater for the microfinance clients of CARD. With the bank, clients can now lend up to P300,000. Then CARD acquired a bank and turned into another rural bank to be able to reach more entrepreneurs in the country.

When CARD established and acquired rural banks, CARD thought that it was the peak of their clients' entrepreneurial journey. To its surprise, clients from NGO and rural banks were showing outstanding performance in terms of managing and growing more businesses pushing them to need millions of additional capitalization. So in 2007, CARD established the CARD SME Bank, a thrift bank that allows their microfinance clients avail up to millions of loans for their businesses.

The growth in leaps and bounds sounds so fascinating. But what is really behind these successes?

In between CARD's journey, the management saw the potential of the creativity and innovativeness of its clients are. Few are thriving, few also fail. The bottom line of the issue is always ACCESS. That is why some MSMEs survive because they have connections to link them to a wider market. But those who have known no one…they are left behind in the business cycle.

Prior to linking these local entrepreneurs to other communities and/or wider market, CARD decided to start with capacity building first. This is because CARD wants its clients to recognize the existing resources in their community and maximize it for better use.

So, what did CARD do? In 2008 CARD established a business development foundation, the CARD-BDSFI, which aims to assist its clients in making sure that their produce will generate income. Various product and enterprise development trainings were then organized per region regularly. CARD challenged its clients to develop and turn these resources into something usable and worth buying.

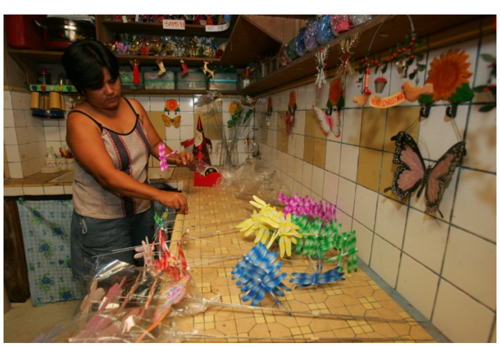
This effort then became a buzz-word among the clients of CARD nationwide. The eagerness of participation of the clients is high every time CARD conducts enterprise development and livelihood trainings. Before, one of CARD's selection criteria for client membership is to at least have an existing business before being granted by a loan. But now, adjustments were made because CARD already understood the need and the potential.

To date, CARD already assisted thousands and millions of clients in turning locally sourced materials to something that can be worn, eaten or displayed.

New and innovative products and services were born and rising. From this comes the Mga Likha ni Inay (MLNI) in the picture. MLNI's concept is a dream realized, which evolved from a marketing program of BDS. On August 2014, MLNI was registered as a separate entity to give focus to its core purpose, which is to help CARD clients in marketing their quality products to a larger number of consumers locally and globally. MLNI then put up stores in Laguna and some key areas in the Philippines where CARD clients can display and showcase their products.

The products of CARD clients then became known to many especially to some big malls, fashion designers, among others. Other than MLNI, CARD was also able to link its clients to bigger markets and wholesalers. Some also became suppliers of raw materials to known distributors and traders nationwide.

All of these experiences made CARD as one stop institution where everything you need for your family and business are accessible at an affordable cost. In effect, the communities being assisted through the value chain process of CARD allowed its clients to grow together with the institution. No one is left behind in the process.



FORWARD THOUGHTS

Lessons learned by CARD MRI

ACCESS TO FINANCING

Providing families with financial access is the first step towards poverty eradication. This enables them to own assets, invest in businesses, and save for the future. It is when they are given the capacity to take hold of their destinies that they can fully realize their full potentials. This is the reason why CARD has established rural banks and thrift bank to respond to whatever financial needs of its clients.

TECHNICAL ASSISTANCE

When you provide them with access to financing, you have to couple it with technical assistance or capacity building. These entrepreneurs need to be trained and or their understanding about business should be processed accordingly. Everyone has its own unique skills. It's just a matter of time and guidance to let it bloom. This is the role of CARD-BDSFI and CARD-MRI Development Institute (CMDI).

ACCESS TO MARKET

Giving or helping entrepreneurs have access to market is important. This makes the support system process more sustainable. In effect, it increases family income, personal and business assets building, and community revitalization by creating job opportunities for other people. And on wider scale of effect, this pushes economic development. This is where Mga Likha ni Inay comes in the picture.

GIVING CONTROL AND OWNERSHIP OF INSTITUTIONS TO THE POOR

CARD MRI gives its clients ownership of the institutions by giving them the chance to become shareholders of the banks. CARD also ensures that the voice of its clients is heard by providing them seats in the Board of Directors. By doing this, CARD knows that the institution is in the right direction because it is the clients who decides and guide them towards achieving its goals.

MOVING TOWARDS DIGITALIZATION

CARD believes that embracing digital transformation can improve the efficiency and effectiveness of its services. So CARD introduced several digital platforms including the konek2CARD mobile application that allows its clients to do bank transactions without going to the actual bank. CARD also introduced the cardless ATM withdrawal, which enables its clients to withdraw cash from ATM machines with just a tap from their smart phones.

Sophie's Gourmet: *A mom's language of love*

by: *Je'iro Lazareo Aclan*

Supena S. Solis, fondly called "Sophie", 65, is the face and the brain behind the Sophie's Gourmet that caters to both the demands for healthy options and convenience.

In November 2015, with a P2,000 budget, Sophie and one of her children, Thea Larrah who is a food technologist, formulated recipes for gourmet sardines. They started cooking in a small steamer that only produces 13 bottles at that time. This also helped Thea divert her attention and cope with her chemotherapy cycle after being diagnosed with cancer.

Sophie first gave the home-made gourmet sardines to their relatives and closest friends as Christmas presents that year. Surprisingly, they loved it and boosted Sophie's idea of turning this hobby to a full-time manufacturing venture.

Before making gourmet products, Sophie sold pastries since 2010 as an additional source of income for her family. "I was really fond of making pastries, cakes, and tart. Since I was a kid, it is my passion and hobby at the same time. So the baking experience I have was a huge help in starting up this business," Sophie mentioned.

With P30,000 as capital, they started Sophie's Gourmet. After a month, there was already a return of the investment.

Mid 2016, a staff from Mga Likha ni Inay (MLNI), the marketing arm of CARD MRI, invited her to avail the services of CARD Leasing and Finance Corporation (CLFC).

CLFC, in collaboration with CARD-BDSFI and other CARD MRI group, ensures acceleration in the development of micro-entrepreneurs' enterprises. "We were given additional financial assistance by CLFC to acquire needed equipment and extra machines to attain efficient and sufficient production of gourmet sardines. They are always ready to help us if we need additional fund for the business," thanked Sophie.

As the demand and production grew, the gourmet products became ready to step up and reach much larger chunk of consumers. The MLNI then served as channel in marketing, promoting, advertising, and trading Sophie's Gourmet products.

"Our products under Mga Likha ni Inay are being sold in outlets in various prestigious malls in Metro Manila including SM Supermalls and Rockwell. They are really a great help to us especially in reaching out to the larger market," she added.

Customers can choose from a variety of gourmet products featuring Tawilis, Tamban, Bangus, Tinapa and Tuyo cooked in corn oil, dried kamias, with spices and chili or lemon juice, minced garlic, rosemary, and

spices packed in hermetically sealed bottle jars. These products have shelf life of up to a year.

At present, Sophie's Gourmet has expanded their production area to house the preparation, cooking, cooling, and packaging phases of their products.

Also, since the demand for their goods has increased, Sophie's Gourmet is able to generate livelihood for their neighbors. They are now employing three people that help them maneuver four pressure canners producing thousands of bottled sardines per month.

Moreover, Sophie is also helping her co-microfinance clients in CARD from Talisay, Batangas by having them as suppliers of her gourmet's raw materials. "Helping and seeing other people grow is one of the remarkable journeys Sophie's Gourmet has taken," she added.

According to Julius Adrian R. Alip, chief executive of CARD-BDSFI, connecting local producers to processors is one way of driving economic development and community revitalization. "Value chain facilitation is crucial among MSMEs. The common situation is not all have the access to wider market or at least to the distributors and traders. This is the gap that CARD-BDSFI fills in," added Alip. Sophie, through CARD-BDSFI, hopes to reach more microfinance clients in the future to become her suppliers of raw materials.

To the eyes of many, Sophie and her family may have achieved the peak of their business venture's success, but not for Sophie. The business is still bound for further expansion and hopefully product exportation.

"Never stop dreaming; never stop reaching for your dreams. Don't lose hope even hardships may come your way. Work hard for it. Definitely, pray for it," she concluded.

"Value chain facilitation is crucial among MSMEs. The common situation is not all have the access to wider market or at least to the distributors and traders. This is the gap that CARD-BDSFI fills in."

"Helping and seeing other people grow is one of the remarkable journeys Sophie's Gourmet has taken."

THE MASTERPIECE OF *Elizabeth*

by: *Neliza Largueza*

Passed through generations, embroidery became the past time and livelihood activity of many local residents in Lumban, Laguna, which is the Embroidery Capital of the Philippines.

Among the many local embroiderers in Lumban is the 47-year-old microentrepreneur Elizabeth Agarao. She started to learn hand embroidery when she was in college. Through this skill, she supported herself financially.

"My mother was a laundrywoman and my father was a carpenter. I have four siblings. With our status, I could not ask my parents to shoulder all my school expenses. Because of that, I decided to do hand embroidery as a part time job," shared Elizabeth.

Doing hand embroidery, according to Elizabeth, takes much time and patience; however, "when you master the process, it will always be a fun job to do."

Years of effort and hard work were compensated when she received her diploma in Bachelor of Science in Secondary Education. She then worked as a substitute teacher in various public and private schools for more than a year.

Afterwards, she decided to leave the field of teaching and look for a job in line with her passion and interest.

After some time, she found a secretarial job in an embroidery shop where she met Ariel, who was a delivery staff of a mobile retail store. They became lovers and not too long, they decided to get married. They became happy and thankful especially when they were blessed with two children.

Like other couples, time challenged their love and relationship. They both lost their job. That moment made them realize to put up their own business. Elizabeth told her husband to put up an embroidery shop considering her background and experience and the huge income this kind of business can generate.

"I was a hands-on secretary back then. When my boss is not around, I am tasked to oversee the whole production process, which made me more knowledgeable in running such kind of business," recalled Elizabeth.

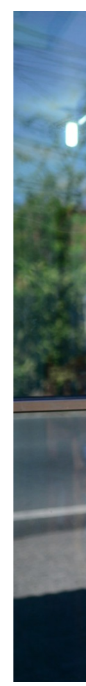
Ariel then vouched his go signal with an initial capital of P5,000. They bought few yards of cloths and other needed materials. They designated tasks. Elizabeth did the embroidery while her husband is in-charge of the laundry and cloth cutting. They just look for sub-contractual sewers who will make the *barongs*.

"For us to get customers, we walk to different municipal halls, schools, and other companies to introduce and sell our products. It was never easy at first but we sustained our strategies and eventually it reaped positive feedbacks," she shared.

Customers continue to flow when Elizabeth's siblings who are connected with CARD MRI referred their *barongs* and Filipiniana gowns to the institution. One of CARD MRI's institutions is CARD-BDSFI, which saw the design and quality of Elizabeth's crafts.

CARD-BDSFI then encouraged Elizabeth in 2011 to become a client of CARD Bank, the microfinance-oriented rural bank of CARD MRI. "Becoming a client of CARD Bank provided Mrs. Agarao with wider opportunities especially in financing her business and capacity building," said Vladimer Sanchez, operations director of MLNI. Continued support in terms of business development and marketing is extended by CARD-BDSFI to Elizabeth's business venture.

Two years after Elizabeth met CARD Bank, she was given privileges to sell her products in other countries like Laos and Thailand during the Asia Fair Summit where she represented CARD Bank. Privileges never ended there because in February 2014, three months after the summit, she received a request from the Philippine Embassy to join the Women International Group to showcase her products in Laos once again together with the other Asian women entrepreneurs. Then last October 2018, as part of the Great Women Organization, she was



selected as one of the embroiderers of the Philippine-made bags designed by the world known designer Christian Louboutin.

"Given all these privileges and extraordinary experiences, I am grateful to God for letting me know CARD Bank," shared Elizabeth with sparks of happiness in her eyes.

Introduced and highly recommended for its quality and affordable products, Elizabeth's *Agarao Barong and Gowns Embroidery Shop*, continuously caters to bulks of orders from various schools and local government offices. More than that, Elizabeth is one of the suppliers of MLNI stores.

Elizabeth is glad that many of her customers like and purchase their embroidered masterpieces.

The Blessing of Hortesa Crafts

by: *Je'iro Lazareo Aclan*

Ma. Teresa Lucena, 47 years old, and Horacio Fule, 60 years old, residents of San Pablo City, Laguna are the living proof that with hard work, patience and creative minds, aspiring entrepreneurs can succeed in the realm of business.

In 2002, Horacio and his cousin planned to start a molding business with a start-up capital of P2,000. Horacio's cousin, however, decided to leave and work abroad. Eventually, Horacio still pursued the business with his wife.

Few months after the birth of Hortesa Crafts, Teresa and Horacio became members of CARD Bank, Inc. The various financial services that the couple availed from the bank allowed them to support the growing needs of their business. The couple was also referred to CARD-BDSFI for linkages.

After series of interventions, their religious items were marketed to a bigger number of consumers through Mga Likha ni Inay (MLNI), Inc. and SM Kultura. Also, the family business generated jobs within their communities. Out-of-school youth in their barangay helped Teresa and Horacio meet the demand for their quality products.

Their customers can choose from a variety of religious items including the Holy Family, Jesus Christ, Virgin Mary, and other saints. They can also personalize the design depending on the request of their customers.

The melody of triumph

by: *Je'iro Lazareo Aclan*

Dreams can be achieved with a combination of determination, teamwork, and unending faith. This is the success story of Melody Capistrano, 49 years old, resident of Brgy. Sto. Angel, San Pablo City, Laguna.

Melody is a loving wife to Ronilo and a supportive mother to Rommel and Marielle. A decade ago, when her husband Ronilo lost his office job, they did not know how their family would survive. They knew nothing except making wallets and other leather-based products.

With the capital of around P50,000 and one machine given by Melody's brother, Willy Mauricio, they began with the journey they never thought would change their lives. When they were starting, they were able to produce 80 pieces of wallets and coin purses each week. These products were brought by Ronilo to town markets and sell them to the locals. Until one day, a bigger opportunity arrived. They were asked to bring their products to various resellers at Divisoria, Manila. This chance opened a lot of doors for Melody and her husband.

A year after starting the business, Melody became a member of CARD Bank, Inc. Seeing the potential of their business, CARD Bank referred Melody to CARD-BDSFI to assist them in their product development and promotion. After series of interventions, the leather-based wallet products of Melody were marketed to a bigger number of consumers through Mga Likha ni Inay.

Since the wallet-making venture of Melody and Ronilo is growing, the demand for their quality products is also increasing. This paved way for generating jobs within their communities. Their business has five workers who are their relatives and neighbors.

At present, a variety of leather-based products mainly wallets, pouches, and coin purses made by Melody's team supply some of biggest clothing and apparel brands in the country including Red Logo.

Moreover, Melody and Ronilo were able to fund the renovation of their home, as well as the construction of production area of their business.

WHY VALUE CHAIN?

Economic Development

Community Revitalization

Asset Building

Job Creation

Human Development

THROUGH THE LENS...

The maiden issue of Forward Magazine first featured the photojournalistic skills of CARD MRI drivers. For more than six months now, they have been active in capturing interesting stories in and out CARD MRI. As we aim to continue capturing more beautiful development stories, the succeeding issues of Through the Lens is now open to everyone. So if you have breathtaking shots of your journey and whereabouts, send them to us at publishing@cardmri.com. Let's capture memories together!

Support system. Robert Ingersoll reminds us that "We always rise by lifting others." *Photo taken by Ariel Horena.*

Regaining strength. Napoleon Hill said that "Strength and growth come only through continuous effort and struggle." *Photo taken by Ariel Horena.*

Keep fighting! Confucius once said, "It doesn't matter how slowly you go as long as you do not stop." *Photo taken by Lester Dellosa.*

Reaching the heard to reach. According to Dr. Aris Alip, CARD MRI is in the business of poverty eradication. So regardless of gender and geographical location, CARD MRI is always ready and excited to help communities. *Photo taken by Neliza Largueza.*

Get connected with konek2CARD

Advanced technologies should be maximized and enjoyed not by the privileged people only but by everyone. And this is what CARD MRI is revolutionizing.

In 2017, CARD MRI through its microfinance-oriented rural bank, CARD Bank, launched the konek2CARD mobile application. The application is such a game-changer in the online banking sector as it allowed the oldies and those who are living in the rural areas to use the platform.

Through this technology, the processes of CARD Bank were made easier and faster. There were issues on digital divide and access to smart phones but CARD MRI was able to address the issue strategically: a cellular phone loan was launched and series of trainings on how to use the app and the smart phone itself were conducted.

This is the future and every microfinance clients should cope up with this as it is also crucial in the value chain process; making all transactions efficient and hassle-free. Get connected now!

WORD SEARCH

H	N	L	J	A	A	K	V	L	L	O	J
V	C	C	A	R	D	M	R	A	A	C	A
S	A	C	C	E	S	T	F	F	O	O	C
A	C	L	U	E	L	E	S	S	M	E	U
A	C	Y	U	T	S	I	A	C	O	H	X
B	E	S	H	E	W	A	P	R	O	S	C
I	S	K	W	A	C	A	L	E	A	F	V
I	S	F	I	R	I	H	T	A	T	H	D
I	N	I	N	N	O	V	A	T	I	V	E
X	R	N	I	N	G	K	O	I	K	A	W
T	R	A	I	N	I	N	G	V	N	O	H
B	A	N	D	E	R	S	B	E	K	S	S
C	A	C	A	R	D	M	R	I	M	X	R
I	H	E	B	G	D	A	J	A	G	Y	G

- ☐ VALUE CHAIN
- ☐ ACCESS
- ☐ CARD MRI
- ☐ INNOVATIVE
- ☐ CREATIVE
- ☐ FINANCE
- ☐ TRAINING

See if you can find the seven words hidden in the puzzle. Take a photo of your answer and send it via private message in CARD MRI's FB Page for a chance to win any of the products made by our clients featured in this magazine.