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IN THIS ISSUE

JULY - SEPTEMBER 2023

COVER STORIES

18 Powering Inclusive Growth: How NDC Drives Progress for the Philippines
BY RHEA VITTO TABORA

42 Guide to Small Business Loans
BY CARLOS GONZALES

48 Top VCs and Angel Investors
BY CARLA CONCEPCION

52 Risk Management for Small Businesses: Insurance Strategies for Success
BY EDMUND LAO, RFP®

PLAN

08 How to Write a Winning Business Plan
BY KARLO BIGLANG-AWA, RFP®

10 Best Small Business Accounting Software
BY CARLOS GONZALES

14 Versus: One Person Corporation (OPC) Vs. Ordinary Stock Corporation (OSC) Vs. Sole Proprietorship
BY CARLA CONCEPCION



18



10



14

“The most *important* quality for an investor is *temperament*, not intellect.”
– WARREN BUFFET

“The four most dangerous *words* in *investing* are ‘this time it’s different.’”
– SIR JOHN TEMPLETON

“*Only* those who will risk going too far can *possibly* find out how far one *can go*.”
– T. S. ELIOT

“To be *successful* you have to have your heart in your *business*, and your business in your *heart*.”
– THOMAS J. WATSON

“Stop chasing *money* and start chasing the *passion*.”
– TONY HSIEH



16



56



60

16 Primer: Small Business Insurance
BY CARLOS GONZALES

INVEST

56 Stock Market 101: Investing in Small Cap Stocks
BY JOSEFINO GOMEZ, RFP®

58 Real Estate 101: Virtual Office Vs. Co-Working Space Vs. Home Office
BY CARL DY

SPEND

60 Spend: The Ultimate Home Office
BY CARLOS GONZALES

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Bootstrap Your Startup

Starting a business from scratch is a thrilling endeavor, but it often comes with its fair share of challenges, especially when it comes to funding. Bootstrapping, the art of self-funding your startup without relying on external investments, can be a viable and empowering approach. Here are some principles and practices in bootstrapping your startup, helping you build a strong foundation for success.

1 Start Lean and Validate Your Idea. Before investing significant resources, validate your business idea by conducting thorough market research. Identify your target audience, understand their needs, and assess your competition. This information will help you tailor your product or service to meet a real demand, reducing the risk of building something that won't gain traction.

2 Develop a Minimal Viable Product (MVP). Instead of aiming for a fully-featured product from the start, focus on creating a minimal viable product (MVP). An MVP is a stripped-down version of your offering that includes only the core features. This approach allows you to get your product to market faster, gather user feedback, and iterate based on real-world usage.

3 Prioritize Revenue Generation. One of the primary goals of bootstrapping is generating revenue early on. Find ways to monetize your product or service from the outset. Whether it's through subscriptions, one-time purchases, or service fees, focusing on revenue generation will help sustain your business and fund its growth.

4 Control Costs and Maintain Frugality. Bootstrapping requires a mindset of frugality. Be cautious with your spending and avoid unnecessary expenses. Consider working from a home office, using open-source software, and negotiating with suppliers to secure favorable terms. By keeping costs low, you extend your runway and increase your chances of long-term success.

5 Embrace DIY and Skill Development. In the early stages, take on multiple roles and responsibilities within your startup. Learning new skills can save you money and empower you to make informed decisions. Whether it's designing your website, handling marketing, or managing finances, embracing a DIY mentality can be a valuable asset.

6 Leverage Your Network. Your personal and professional network can be a valuable resource for bootstrapping. Seek advice, mentorship, and potential partnerships from those in your industry. Networking events, online communities, and social media platforms can help you connect with like-minded individuals who can offer insights and support.

7 Reinvest Profits Strategically. As your business starts generating revenue, resist the urge to splurge. Instead, reinvest profits strategically to fuel growth. Allocate funds to areas that directly contribute to expanding your customer base, enhancing your product, or improving customer experience.

8 Offer Pre-Sales and Crowdfunding Campaigns. Pre-sales and crowdfunding campaigns are excellent ways to secure funds upfront. Offer special discounts or early access to entice customers to support your product before it's fully launched. Platforms like Kickstarter and Indiegogo – or, locally, The Spark Project – can help you reach a broader audience and raise capital.

9 Iterate Based on Feedback. Regularly gather feedback from your early customers and use it to iterate on your product or service. Continuous improvement not only enhances customer satisfaction but also demonstrates your commitment to delivering value.

10 Build Strong Customer Relationships. Invest in building strong relationships with your customers. Deliver exceptional customer service, listen to their feedback, and address their needs promptly. Loyal customers can become your brand advocates, helping you expand your reach through word-of-mouth marketing.

11 Focus on Long-Term Sustainability. Bootstrapping is a long-term game. Instead of chasing rapid growth at any cost, prioritize building a sustainable business model. Gradual, steady growth allows you to maintain control, make informed decisions, and weather economic fluctuations more effectively.

12 Know When to Seek Funding. While bootstrapping can take you a long way, there might come a point where seeking external funding makes sense. However, by bootstrapping initially, you'll be better positioned to negotiate terms and maintain a larger ownership stake when seeking investment.

Bootstrapping your startup requires a combination of resourcefulness, dedication, and strategic thinking. By starting lean, focusing on revenue generation, and maintaining a frugal mindset, you can build a foundation of self-sufficiency that sets the stage for sustainable growth. Embrace challenges as opportunities, and remember that the journey of bootstrapping is not just about building a business—it's about cultivating your entrepreneurial spirit and learning valuable lessons along the way.^{MS}

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How to Write a Winning Business Plan?

By KARLO BIGLANG-AWA, RFP®

Are you planning to start a business? Are you thinking of making the big leap from the corporate world and starting your own business by offering either products or services to your target market? Or maybe you have been currently running your own business for quite some time, but you feel like it's not yet scalable for the next level of growth.

With that, you should establish your business plan so you will have a roadmap for growing your startup or even your current business status.

In the past three years, we observed that there's been a lot of growth in the business sector. With that, let's define a business plan first. A business plan roadmap for small or big companies will itemize the products, services, income, leadership, sales, and operations model.

Here are aspects that will be established as to why it is important to have a business plan that can help you gain trust from investors too:

“If you have a strong *product* focus, this supports your *understanding* of the customers' needs and preferences.”

Structured Planning. Writing out your plans in detail will help the management and the team to lay down the ideas that will translate to the groundwork of the company. This is crucial because if the day-to-day operations are established, it will help the company reach its quarterly, semi-annual, and annual goals.

Competitive Research. Before coming up with your projections and strategies, the team will collaborate with ideas, and do detailed research about the industry of your business, competitors, and SWOT analysis. This will help the management and the team to be effective in executing the plans.

Recruitment & Talent Acquisition. Growing your business is directly connected with hiring the right talents. Hiring people will be a big chunk of the company's budget, but it is also a way to build the credibility of the organization. Your company plan and vision will also be the factor to motivate the talents to join you.

Products & Services. Each industry has specific products that can help the business in scaling up. If you are a start-up or even a seasoned company, product focus will help you align your efforts and financial resources toward delivering a set of solutions to your consumers.

Customer Satisfaction. If you have a strong product focus, this supports your understanding of the customers' needs and preferences. With this, you can develop high-quality products/services which can lead to brand trust and long-term growth.

Innovation & Growth. Companies with a product focus will invest more in innovation. We learned from top companies that if we don't innovate, our sustainability will be affected. Since disruption is constant in today's business environment, organizations should always take into consideration the emerging technologies that can spur growth.

Effective Leadership Style. Here are some traits of an effective leader:

- **Vision and purpose.** A strong leader will help the team by articulating a vision for the future of the company. They provide a sense of purpose, inspiring employees to work towards a common goal.

- **Leading by example.** Setting a positive example by demonstrating values, work ethic, and behaviors.

- **Effective communication.** This is one of the most important aspects of leadership. Having this skill will help the team to be united despite their differences so that the company can achieve a common goal on a much faster scale.

- **Empowerment.** Delegating authority and responsibilities to the right people will help your business grow with the right foundation. If you're a leader, you need to establish the flexibility of decisions per department to avoid bottlenecks in operations.

- **Coaching and personal development.** Organizations should invest in the growth and development of their team members. Having this culture of giving constructive feedback and mentorship helps employees improve their skills and capabilities, contributing to the advancement of the company.

- **Decision-making and problem-solving.** Making well-informed decisions will have an effect on whether the business plan will be achieved or not. As a leader, you must

weigh the pros and cons affecting the relevant stakeholders.

Specific & Measurable Goals. Establishing clear and measurable goals will help your team to be realistic and time bound, which allows you to track the progress and evaluate the success of your business.

Financial Projections. In every business plan, financial projections are very important. These include the cash flow statements and profit and loss statements to also create a day-to-day strategy for the business. This will include an annual, semi-annual, and quarterly projections that can be evaluated as needed. This will help the team assess if the operations and sales teams are effective in what was planned early on.

Risk Management. Identifying the potential risks that your business will face in the short and long term will help the company to achieve sustainability. If you're a startup, this is an aspect that you should always consider. There are big companies that overlooked risk management which caused them to collapse.

At the end of the day, all these aspects will be achieved together with the whole team. Always remember that small progress will contribute to the bigger picture no matter where you start. Keep pressing towards your goals, keep on learning, and be part of a business community so you have people who will stand with you.^{MS}



Best Small Business Accounting Software

By CARLOS GONZALES

Efficient financial management is crucial for small businesses to thrive in today's competitive market. One of the key tools that aids in this process is small business accounting software. These software solutions automate various accounting tasks, simplify bookkeeping, and provide valuable insights into a company's financial health.

Factors to Consider when Choosing Small Business Accounting Software. When selecting small business accounting software, it's important to consider several factors to ensure it aligns with your business needs and goals. Here are some key factors to consider:

- **Features and Functionality:** Assess the software's specific features and functionalities. Consider the core accounting functions such as invoicing, expense tracking, bank reconciliation, and financial reporting. Additionally, evaluate if the software offers advanced features like inventory management, payroll processing, time tracking, project management, and integration with other business tools. Determine which features are essential for your business and ensure the software provides them.

- **Scalability:** Consider the scalability of the accounting software. Will it be able to handle the growth of your business in terms of transaction volume, number of users, and additional features required in the future? Choose software that can accommodate your business's expanding needs without requiring a disruptive migration to a different system.

- **User-Friendliness:** Evaluate the software's user interface and overall user experience. Is it intuitive and easy to navigate? Consider the learning curve for your team members who will be using the software daily. Look for a user-friendly

solution that minimizes the time spent on training and allows for efficient adoption across your organization.

- **Integration Capabilities:** Assess the software's ability to integrate with other business tools that your company relies on, such as CRM systems, e-commerce platforms, payment gateways, or project management software. Seamless integration reduces manual data entry, streamlines processes, and improves overall efficiency.

- **Reporting and Analytics:** Financial reporting is crucial for monitoring the health of your business and making informed decisions. Evaluate the software's reporting capabilities, including the availability of customizable reports, real-time data, visual analytics, and the ability to export data in various formats. The software should provide the insights you need to track key performance indicators and analyze financial trends.

- **Security and Data Protection:** Ensure that the software takes data security seriously. Look for features such as encryption, regular data backups, secure user access controls, and compliance with industry standards (e.g., GDPR or HIPAA). Consider whether the software is cloud-based or locally installed and assess the associated security risks and benefits.

“Choose software that can accommodate your business's expanding needs without requiring a disruptive migration to a different system.”

- **Customer Support:** Consider the level of customer support the software provider offers. Will they be responsive and assist when you encounter issues or have questions? Look for software vendors that offer reliable support channels, such as email, phone, or live chat, as well as comprehensive documentation, tutorials, and an active user community.

- **Pricing and Budget:** Evaluate the pricing structure of the software, including any upfront costs, monthly or annual subscription fees, and additional charges for advanced features or add-ons. Consider your budget and ensure the software's cost aligns with the value it brings to your business. Look for transparent pricing plans that match your business's size and requirements.

- **Reviews and Recommendations:** Research user reviews and recommendations from small business owners and professionals in your industry. Their experiences can provide valuable insights into the software's performance, reliability, and suitability for your business. Pay attention to factors such as ease of use, customer support, and overall satisfaction.

By considering these factors, you can make a well-informed decision when choosing small business accounting software that best fits your business's unique needs, enabling efficient financial management and facilitating growth.

Top 5 Small Business Accounting Software. Here are the best small business accounting software options available, highlighting their features, pros and cons, and pricing details.

QuickBooks Online

<https://quickbooks.intuit.com/ph/>

QuickBooks Online is a widely recognized and trusted name in the accounting software industry. It offers a comprehensive set of features tailored specifically for small businesses. Here are some key aspects of QuickBooks Online:

Features:

- Invoicing and payment processing
- Expense tracking and management
- Bank reconciliation
- Financial reporting and analytics
- Inventory management
- Tax preparation and management
- Integration with other business tools

Pros:

- User-friendly interface with an intuitive dashboard
- Wide range of features suitable for various industries
- Strong invoicing and payment functionalities
- Robust mobile app for on-the-go management
- Extensive integration options with popular third-party applications
- Regular updates and customer support

Cons:

- Pricing can be relatively high compared to some competitors
- Some advanced features may require additional add-ons or higher-tier plans
- Steeper learning curve for more complex functions

Pricing:

- QuickBooks Online offers multiple pricing plans to cater to different business needs. It also offers a free 30-day trial and discounted rates for the first three months. The plans are as follows:
- Simple Start: \$18/month
- Essentials: \$27/month
- Plus: \$38/month

Xero

<https://www.xero.com/ph/>

Xero is another top-tier small business accounting software known for its user-friendly interface and robust features. It is widely favored by small businesses, accountants, and bookkeepers. Let's delve into its features:

Features:

- Invoicing and billing
- Expense tracking and receipt management
- Bank reconciliation
- Inventory management
- Payroll management
- Financial reporting and analytics
- Integration with third-party applications

Pros:

- Intuitive and visually appealing interface
- Extensive array of features suitable for various business types
- Excellent invoicing and billing capabilities
- Strong collaboration tools for sharing financial information with advisors
- Seamless bank reconciliation process
- Regular updates and strong customer support

Cons:

- Advanced features such as project tracking and multi-currency support may require higher-tier plans
- Limited options for inventory management compared to some competitors
- Some users may find the reporting capabilities less robust than other software options

Pricing:

Xero has a 30-day free trial and offers three pricing plans:

- Starter: \$25/month
- Standard: \$40/month
- Premium: \$54/month

Wave

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

Wave stands out from the competition by offering a free accounting software solution specifically designed for small businesses. While it lacks some advanced features, it provides a solid foundation for basic financial management. Let's explore its features:

Features:

- Invoicing and billing
- Expense tracking and management
- Bank reconciliation
- Financial reporting
- Integration with payment processors
- Receipt scanning and management

Pros:

- Free accounting software with no hidden costs or limitations
- User-friendly interface suitable for non-accountants
- Solid invoicing and billing functionalities
- Integration with payment processors simplifies online transactions
- Excellent receipt scanning and management capabilities

Cons:

- Lacks advanced features such as inventory management or payroll processing
- Limited customer support options for free users
- Some users may find the reporting features less robust compared to paid alternatives

Pricing:

Wave's accounting software is available for free, making it an attractive option for budget-conscious small businesses. However, they also offer additional paid services, such as payroll and payment processing.

Zoho Books

<https://www.zoho.com/books/>

Zoho Books is a comprehensive accounting software solution that caters to the needs of small businesses. With its user-friendly interface and robust feature set, Zoho Books offers a seamless accounting experience. Let's explore its key features:

Features:

- Invoicing and billing
- Expense tracking and management
- Bank reconciliation
- Inventory management
- Financial reporting and analytics
- Time tracking
- Integration with third-party applications

Pros:

- Intuitive and easy-to-navigate interface
- Strong invoicing and billing capabilities with customizable templates
- Excellent inventory management features, including tracking stock levels and managing orders
- Robust time tracking functionality for service-based businesses
- Comprehensive financial reporting and analytics for better decision-making
- Integration with other Zoho applications for seamless business management

Cons:

- Some users may find the initial setup process slightly complex
- Advanced features such as project tracking are available only in higher-tier plans

The payroll feature is limited to specific regions

Pricing:

Zoho Books has a free plan for businesses with revenues less than \$50,000 per year and offers five pricing plans:

- Standard: \$12/month
- Professional: \$24/month
- Premium: \$36/month
- Elite: \$129
- Ultimate: \$249

FreshBooks

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

FreshBooks is a popular cloud-based accounting software solution that caters to the needs of small businesses and self-employed professionals. It focuses on simplifying accounting tasks and streamlining the invoicing process. Here are its notable features:

Features:

- Invoicing and billing
- Expense tracking and management
- Time tracking
- Project management
- Financial reporting and analytics
- Client and vendor management
- Integration with third-party applications

Pros:

- Intuitive and user-friendly interface with a strong focus on invoicing
- Efficient time tracking features for accurate billing
- Project management capabilities to track project-related expenses and tasks
- Seamless integration with popular payment gateways for online payments

- Extensive reporting and analytics to gain insights into business performance
- Excellent mobile app for managing finances on the go

Cons:

- Advanced features such as inventory management and multi-currency support are not available
- Some users may find the reporting features lacking compared to other software options
- Limited customization options for invoice templates

Pricing:

FreshBooks offers 50% off for the first six months and has three pricing plans:

- Lite: \$17/month
- Plus: \$30/month
- Premium: \$55/month

Choosing the right small business accounting software is crucial for efficient financial management. QuickBooks

Online, Xero, Wave, Zoho Books, and FreshBooks are among the top contenders in the market, each offering unique features and advantages.

QuickBooks Online is a feature-rich solution suitable for various industries, while Xero provides an intuitive interface and collaboration tools. Wave stands out as a free accounting software option, ideal for businesses with basic financial management needs. Zoho Books offers comprehensive features, including inventory management and time tracking, while FreshBooks excels in invoicing and time tracking functionalities.

Consider your business requirements, budget, and long-term goals when selecting an accounting software solution. Evaluating the features, pros and cons, and pricing details of each option will help you make an informed decision. By leveraging these powerful tools, small businesses can streamline their accounting processes and focus on growth and success. ^{MS}



One Person Corporation (OPC) VS. Ordinary Stock Corporation (OSC) Vs. Sole Proprietorship

By CARLA CONCEPCION

Choosing the appropriate business structure is a critical decision for entrepreneurs in the Philippines. The country offers several options, including One Person Corporation (OPC), Ordinary Stock Corporation (OSC), and Sole Proprietorship. Each structure has its own advantages and considerations, influencing factors such as liability, taxation, governance, and scalability. In this article, we will explore the characteristics, benefits, and considerations of OPC, OSC, and Sole Proprietorship, helping entrepreneurs make an informed decision about the most suitable structure for their businesses.

Sole Proprietorship. Sole Proprietorship is the simplest and most common business structure in the Philippines. It is typically owned and operated by a single individual, with minimal legal formalities. Let's delve into its characteristics and considerations:

Characteristics:

- **Ownership:** The business is solely owned by one individual, who assumes full responsibility for all business decisions and liabilities.
- **Legal Formalities:** Setting up a Sole Proprietorship involves minimal legal requirements and is relatively straightforward.
- **Liability:** The owner is personally liable for all debts and obligations of the business. Personal assets can be at risk in the event of business liabilities.
- **Taxation:** The business income is considered the owner's personal income and is subject to individual income tax rates.
- **Governance:** The owner has complete control and decision-making authority over the business.
- **Scalability:** Sole Proprietorship may face limitations in terms of scalability and raising capital due to its

reliance on the owner's personal resources and creditworthiness.

Considerations:

- **Personal Liability:** As the owner, you are personally liable for all business obligations, which means your personal assets are at risk.
- **Tax Implications:** Consider the tax implications, including individual income tax rates and potential limitations in claiming business deductions.
- **Perceived Credibility:** Some businesses, particularly those seeking partnerships or larger contracts, may find Sole Proprietorship less credible than other business structures.

Ordinary Stock Corporation (OSC). An

Ordinary Stock Corporation (OSC) is a more complex business structure that offers certain advantages for entrepreneurs. Here are its key characteristics and considerations:

Characteristics:

- **Ownership:** OSCs are owned by shareholders who hold shares of stock in the company.
- **Legal Formalities:** Establishing an OSC involves more extensive legal procedures, such as drafting articles of incorporation and bylaws, and obtaining necessary licenses.
- **Liability:** Shareholders' liability is limited to their investment in the company. Their personal assets are generally protected from business liabilities.
- **Taxation:** OSCs are subject to corporate income tax rates, which are generally lower than individual income tax rates. However, shareholders may face double taxation if dividends are distributed.
- **Governance:** OSCs follow a formal governance structure with a board of directors and officers, responsible for decision-making and managing the company.
- **Scalability:** OSCs offer greater potential for growth and scalability, as they can raise capital by issuing and selling shares to investors.

Considerations:

- **Legal Compliance:** OSCs are subject to more stringent legal and regulatory requirements, including annual financial reporting and shareholder meetings.
- **Cost and Complexity:** Establishing and maintaining an OSC can be more costly and time-consuming due to legal requirements and ongoing compliance obligations.
- **Governance Structure:** OSCs require a board of directors and officers, which may introduce complexities in decision-making and potentially lead to conflicts among shareholders.
- **Tax Planning:** Consider the potential impact of corporate taxation and the possibility of double taxation on dividends.

One Person Corporation (OPC). Introduced in 2019, the One Person Corporation (OPC) is a unique business structure in the Philippines that offers benefits similar to both Sole Proprietorship and OSC. Let's explore its characteristics and considerations:

Characteristics:

- **Ownership:** OPCs are owned by a single individual, similar to Sole Proprietorship, but with limited liability protection.
- **Legal Formalities:** Establishing an OPC involves registering with the Securities and Exchange Commission (SEC) and drafting the articles of incorporation and bylaws.
- **Liability:** The owner's liability is limited to the capital they have invested in the OPC. Personal assets are generally protected from business liabilities.
- **Taxation:** OPCs are subject to corporate income tax rates, similar to OSCs, but with potentially more favorable tax treatment.

- **Governance:** OPCs follow a formal governance structure, including a single shareholder and a board of directors.
- **Scalability:** OPCs offer greater potential for growth and raising capital compared to Sole Proprietorship, as they can issue shares to investors.

Considerations:

- **Limited Liability:** While OPCs provide limited liability protection, the personal assets of the owner can still be at risk if corporate formalities and regulations are not properly observed.
- **Compliance Requirements:** OPCs are subject to ongoing compliance obligations, such as maintaining proper books of accounts, holding annual meetings, and filing annual financial statements with the SEC.
- **Potential Tax Advantages:** OPCs may benefit from lower corporate income tax rates and more favorable tax treatment compared to Sole Proprietorship.
- **Governance Structure:** OPCs require a board of directors, which adds formality and complexity to decision-making compared to Sole Proprietorship.

Choosing the right business structure is a crucial decision for entrepreneurs in the Philippines. Sole Proprietorship offers simplicity but exposes the owner to personal liability. Ordinary Stock Corporations (OSCs) provide limited liability protection but come with more legal and compliance requirements. One Person Corporations (OPCs) combine aspects of both structures, offering limited liability and potential tax advantages.

Consider your business's needs, growth potential, liability concerns, tax implications, and personal preferences when choosing between OPC, OSC, and Sole Proprietorship. Consulting with legal and financial professionals can provide valuable guidance in making the best decision for your business's long-term success. By selecting the appropriate business structure, you can lay a solid foundation for growth, protect your personal assets, and navigate the regulatory landscape effectively. ^{MS}



Small Business Insurance

By CARLA CONCEPCION

Running a small business comes with its share of risks and uncertainties. From unexpected events to unforeseen liabilities, these challenges can pose significant threats to the financial stability and success of your venture. This is where small business insurance steps in as a critical safeguard. In this article, we explore the world of small business insurance in the Philippines. Discover what it entails, why it's crucial, the different coverage options available, and the leading insurance providers catering to small businesses.

Understanding Small Business Insurance. Small business insurance is a protective measure that shields your enterprise from potential losses and liabilities. It provides coverage against risks specific to your industry and safeguards your assets, operations, and financial well-being. Investing in small business insurance offers numerous benefits, including:

- **Protection against Property Damage and Loss:** Property insurance safeguards your business assets, such as buildings, equipment, inventory, and other physical property, from damages caused by perils like fire, theft, or natural disasters.
- **Liability Coverage:** General liability insurance shields your business from claims related to bodily injury, property damage, or personal injury caused by your operations. It protects against legal expenses and potential damages, providing peace of mind.
- **Professional Indemnity:** Professional liability insurance, also known as errors and omissions insurance, covers claims arising from errors, omissions, or negligence in the provision of professional services. It is crucial for consultants, contractors, and service-oriented businesses.
- **Business Interruption Protection:** Business interruption insurance safeguards your income and covers ongoing expenses in case your business operations are temporarily halted due to covered events like fire, natural disasters, or equipment breakdowns.
- **Employee Safety Net:** Workers' compensation insurance ensures your employees' well-being by covering medical expenses and lost wages in the event of work-related injuries or illnesses. Complying with this insurance is

essential to protect your workforce and adhere to legal requirements.

- **Product Liability Coverage:** If your business manufactures, distributes, or sells products, product liability insurance protects you against legal claims arising from injuries or property damage caused by defective products.

Factors to Consider When Choosing the Right Business Insurance. Choosing the right business insurance is a crucial decision that requires careful consideration. Here are several factors to keep in mind when selecting insurance coverage for your business:

- **Risk Assessment:** Start by assessing the specific risks your business faces. Consider the nature of your industry, the size of your business, and the potential risks associated with your operations. This will help you determine the types of coverage you need and the appropriate policy limits.
- **Coverage Needs:** Identify the specific coverage needs of your business. This will vary based on factors such as property, equipment, inventory, liability risks, and the number of employees. Consider the level of protection required for each aspect of your business to ensure comprehensive coverage.
- **Legal Requirements:** Understand any legal requirements or regulations mandating certain types of insurance coverage in your industry or jurisdiction. This includes workers' compensation insurance, professional liability insurance, and other industry-specific requirements.
- **Insurance Providers:** Research and evaluate insurance providers to ensure they are reputable, financially stable, and have a strong track record in serving businesses similar to yours. Consider factors such as their customer service, claims handling process, and their ability to offer customized coverage options.
- **Policy Exclusions and Limitations:** Carefully review the policy exclusions and limitations to understand what is covered and what is not. Be aware of any specific conditions or circumstances that may invalidate a claim. Seek clarification from the insurance provider if needed.
- **Deductibles and Premiums:** Evaluate the deductibles and premiums associated with the insurance policies. Consider your budget and cash flow capacity when determining the appropriate level of deductibles and the affordability of premiums.

- **Policy Flexibility:** Assess the flexibility of the insurance policy. Determine if it can be adjusted as your business grows or if it can be easily modified to meet changing needs. This ensures that your coverage remains relevant as your business evolves.
- **Customer Support:** Consider the quality of customer support provided by the insurance provider. Prompt and efficient claims handling and customer service are crucial when you need to file a claim or seek assistance.
- **Reviews and Recommendations:** Seek reviews and recommendations from other business owners or industry professionals who have experience with the insurance provider or policy you are considering. Their insights can provide valuable guidance in your decision-making process.
- **Professional Advice:** Consult with an insurance broker or agent who specializes in commercial insurance. They can assess your specific needs, provide expert advice, and help you navigate the complexities of insurance policies.

Top Small Business Insurance Providers in the Philippines. When it comes to choosing the right insurance provider, consider factors such as reputation, financial strength, coverage options, and customer service. Here are some of the top insurance providers in the Philippines catering to small businesses:

- **Malayan Insurance:** Known for its comprehensive coverage options and exceptional customer service, Malayan Insurance offers tailored solutions to meet the unique needs of small businesses across industries.

- **Pioneer Insurance:** Pioneer Insurance provides a wide range of insurance products for small businesses, including property insurance, liability coverage, and professional indemnity insurance.
- **BPI-Philam Life Assurance Corporation:** With a focus on holistic business protection, BPI-Philam offers a range of insurance solutions for small businesses, including property insurance, business interruption coverage, and employee benefits packages.
- **FPG Insurance:** FPG Insurance provides customized insurance plans designed specifically for small businesses. Their offerings include property insurance, general liability coverage, and workers' compensation insurance.
- **Standard Insurance:** Standard Insurance offers a range of comprehensive insurance solutions, including property insurance, general liability coverage, and product liability insurance. They have a strong track record in serving small businesses across various sectors.

Small business insurance is a critical investment that safeguards your venture against unforeseen risks and liabilities. By understanding the importance of coverage, exploring the different options available, and partnering with reputable insurance providers, you can protect your assets, operations, and employees. Remember, insurance is not just an expense; it is a strategic tool that enables you to focus on growing your business with peace of mind. Safeguard your small business today and pave the way for a secure and thriving future.^{MS}





NDC General Manager Anton Mauricio

Powering Inclusive Growth:
**How NDC
Drives
Progress
for the
Philippines**

By RHEA VITTO TABORA Photography by PAUL JEFFRIC DEL ROSARIO

ot a lot of people have heard about NDC, what NDC is for, and what it's doing," says Anton Mauricio, General Manager of the National Development Company (NDC). And for good reason. For decades, the NDC has been a rather obscure government corporation that was associated more with bailing out losing projects. But not anymore.

It has since been a "very responsible steward of government assets," as Mauricio points out. It has been ISO-certified for 13 consecutive years on quality management systems for equity investment, project financing, support services, asset management, and fund management. "It's the oldest government investment company and the only government entity to have that kind of ISO certification," he adds.

Established in 1919, NDC has evolved over a century to become an indispensable catalyst for national development. Its mandate centers on promoting progress for all Filipinos. From supporting micro, small, and medium-sized enterprises (MSMEs) to creating jobs in rural areas, NDC implements targeted programs that benefit citizens and local economies.

The organization continues to be a key driver of the Philippines' economic success story. "What we want to do now to align with the Philippine Development Plan and the direction of the Department of Trade and Industry (DTI) to support its objectives, including supporting MSMEs, is to move forward and use NDC for this purpose – to invest in Philippine development, specifically innovation."

NDC Powers Industry Growth and Local Economies

At its core, NDC fosters industry development and energizes local economies. It engages with and invests in enterprises across commercial, industrial, agricultural, and other vital sectors. By providing loans and guarantees, NDC enables the growth and expansion of projects that spur economic growth and serve the public interest.

Where the private sector hesitates, NDC steps in as a steadfast partner – kickstarting progress that benefits all Filipinos. Its strategic investments and partnerships ignite economic gains, lighting the way to a brighter collective future.

"We are helping fill the gaps and helping MSMEs and doing developmental projects, especially innovative ones," Mauricio explains.

Multi-Sector Portfolio Driving Progress on Multiple Fronts

As the government's investment arm, NDC's diverse investments are strategically aligned with crucial national development priorities. From infrastructure projects that enhance connectivity and mobility to renewable energy initiatives that address sustainability concerns, NDC drives progress across key sectors.

By establishing joint ventures and providing financial support to local and foreign investors, NDC actively contributes to industries like infrastructure, technology, energy, and more. Its extensive holdings in agricultural and mineral lands facilitate economic progress and create opportunities for sustainable development.

NDC's commitment to nurturing the start-up ecosystem through initiatives like the Startup Venture Fund (SVF) further demonstrates its dedication to nurturing innovation, driving competitiveness, and empowering businesses, especially MSMEs.

Empowering Communities, Bridging Gaps, and Fostering Inclusive Growth

NDC is equipped with a wide range of powers and functions outlined in its Revised Charter, enabling it to actively drive national economic development and contribute to the well-being of communities. Through its diverse capabilities, the

NDC plays a crucial role in the following:

- engaging, investing in, or extending loans and guarantees to various enterprises that spur economic growth and serve the public interest
- holding public agricultural and mineral lands that exceed the limits set for private corporations, associations, and individuals
- acquiring, holding, mortgaging, and alienating personal and real property in the Philippines or elsewhere
- making contracts and arrangements for the development, exploitation, and operation of land, mineral holdings, and industrial enterprises
- guaranteeing domestic and foreign loans, including for subsidiaries
- purchasing bonds issued by duly incorporated companies involved in desirable development projects
- entering into contracts, including those without public bidding, with individuals, foreign governments, or entities for the undertaking of diverse development projects
- exercising the right of eminent domain when required
- investing in projects of the Association of Southeast Asian Nations (ASEAN)
- organizing subsidiary companies to undertake activities mentioned in the Revised Charter
- holding public lands, including logged-over areas, for NDC projects allocated by the President

Commitment to the Overall Economic Development and Stakeholder Interests

Aligned with its core values of passion, integrity, commitment, excellence, and financial prudence, NDC is deeply committed to fulfilling its vital role in the overall economic development of the Philippines.

The organization advocates excellence, teamwork, and accountability to advance the interests of its stakeholders. By investing in its human capital, NDC recognizes that its people are its most valuable resource.

Through its actions and partnerships, NDC actively contributes to sustainable socio-economic development, creating a positive impact on the lives of Filipinos.

As NDC continues to fulfill its mission, it remains dedicated to serving as a catalyst for progress, enhancing the nation's competitiveness, and creating opportunities for all segments of society.^{MS}



DTI Sec. Alfredo Pascual

DTI and NDC: Empowering Startups and MSMEs for Sustainable Growth

By EXCEL DYQUIANGCO

In the ever-evolving landscape of entrepreneurship, the synergy between government agencies plays a crucial role in fostering innovation, supporting startups, and nurturing Micro, Small, and Medium Enterprises (MSMEs). The Department of Trade and Industry (DTI) and the National Development Company (NDC) are prime examples of how collaborative efforts can lead to transformative outcomes. Their partnership and collective efforts have not only led to the empowerment of startups and MSMEs but have also set the stage for economic growth and sustainability.

DTI, the primary government agency responsible for promoting trade, industry, and investments, has been a catalyst in promoting the growth of startups and MSMEs in the Philippines. Secretary Alfredo E. Pascual of the DTI has underscored the agency's commitment to supporting these entities, noting, "We recognize the immense potential of startups and MSMEs in driving economic growth and innovation. To this end, DTI has initiated various aid programs to provide grants, seed funding, and assistance to these enterprises."

Funding Initiatives

One of the key initiatives spearheaded by DTI is the provision of grants and seed funding to startups through a range of aid programs. This support helps emerging businesses navigate the challenging early stages of development, ensuring that promising ideas are given the chance to flourish. Additionally, the Startup Grant Fund (SGF) Program, a collaboration between DTI, the Department of Information and Communications Technology (DICT), and the Department of Science and Technology (DOST), serve as a lifeline for early-stage startups, providing them with essential funding.

Complementing these efforts is the Small Business Corporation (SBCorp), an agency under DTI that focuses on lending to MSMEs, including startups. The SBCorp's involvement highlights the commitment to nurturing businesses at various stages of growth. The convergence of DTI's support for startups and MSMEs through grants and funding, along with SBCorp's lending initiatives, creates a comprehensive ecosystem that addresses the financial needs of these enterprises.

To further accelerate the growth of startups with the potential for becoming unicorns, DTI collaborates with the NDC through the Startup Venture Fund (SVF). Secretary Pascual emphasizes, "NDC, in partnership with private sector venture capital, invests in post-seed potential unicorn startups. This initiative not only demonstrates the government's confidence in the startup ecosystem but also brings together public and private resources to fuel growth."

Beyond supporting individual businesses, DTI, NDC, and the Cooperative Development Authority (CDA) are working in tandem to expand MSMEs through a cooperative network that spans the nation. This effort reinforces the importance of collaboration among government agencies to create a robust environment for business growth and development for cooperatives.

DTI's Vision for NDC

Secretary Pascual envisions the NDC as an investment magnet that not only provides stability through government support but also offers access to government buyer markets and facilitates collaboration with other government entities. The NDC's investment philosophy focuses on projects that fill gaps not addressed by the national government or agencies, aligning with themes of pioneering, developmental, sustainable, inclusive, and innovative endeavors.

Moreover, NDC invests in projects that require alternative sources of funding, providing a unique avenue for initiatives that may not traditionally receive funding from the General Appropriations Act (GAA). This approach not only encourages innovation but also promotes the diversification of funding sources.

The impact of DTI's initiatives and programs for MSMEs and startups, including the SVF, is tangible and far-reaching. The collaborative efforts have led to the seeding and funding of early-stage startups, setting them on a trajectory of growth. SBCorp's lending support has provided a lifeline to countless MSMEs, aiding them in overcoming financial challenges and pursuing their entrepreneurial dreams.

As Secretary Pascual notes, "Within this year, MSMEs will be supported by the very first Philippines-owned e-commerce platform." This platform, intricately linked to the DICT's e-governance super-app, holds the promise of transforming the landscape of online business for MSMEs. By providing a cost-effective, swift, and efficient solution, this initiative empowers MSMEs to thrive in the digital marketplace.

The collaboration between DTI and NDC showcases the power of partnership in fostering a thriving ecosystem for startups and MSMEs. By providing funding, resources, and support, these agencies empower businesses to grow, innovate, and contribute to economic development. Secretary Pascual's vision for NDC as an "investment magnet" aligns with the overarching goal of promoting sustainable growth, both at a local and global level. As the government and private sector work hand in hand, the Philippine entrepreneurial landscape is poised to achieve new heights of success and innovation. [MS](#)



The NDC Management Committee

Joyce Alimon (Finance & Administrative Department Manager), Leopoldo Acot (Asst General Manager for Corporate Communications), Atty. Rhoel Mabazza (Asst General Manager for Corporate Support), Atty. Geneflor Santiago-Lumbang (Asst General Manager for Asset Management), Alewjin Ong (Asst General Manager for Business Development), Saturnino Mejia (Asst General Manager for Special Projects)

Investing in Key Industries: Driving Inclusive Development

In its remarkable 104-year history, the National Development Company (NDC) has been a trailblazer in investing in vital industries that fuel the nation's economic engine while nurturing inclusive growth.

With a vision firmly grounded in sustainable progress, NDC has consistently championed innovative projects across a broad spectrum of sectors. This strategic approach has led to the creation of over 58,000 jobs for Filipinos, thanks to recent investments and initiatives.

From renewable energy to MICE (meetings, incentives, conferences, and exhibitions), infrastructure, industrial estate development, innovation, trading, mining, and food and agriculture, NDC's investment strategy seeks to unlock unprecedented opportunities and drive comprehensive growth across the Philippines.

Renewable Energy: Powering Sustainable Progress

The global shift towards a low-carbon future underlines the importance of renewable energy in reaching sustainable development goals.

Recognizing the immense potential of renewable energy, NDC has made strategic investments in this sector. These include San Carlos Bioenergy, Inc., the country's first bioethanol plant with 42 million liters annual production capacity; Rizal Hydropower Plant, which operates a 1 MW mini-hydro powerplant in the Pampanga River Irrigation System; and Euphorbia Project, an alternative source of energy fuel.

NDC's support for bioethanol, hydro, and plant-based energy projects not only reduces carbon emissions but also creates job opportunities while ensuring energy security for the Philippines.

MICE: Shaping the Future of Business Tourism

The power of the Meetings, Incentives, Conferences, and Exhibitions (MICE) industry is undeniable. Seeing this potential, NDC has invested in state-of-the-art MICE facilities and event spaces.

The Manila Exhibition Center, Inc., owner of the World Trade Center (WTC), is an affiliate of NDC. WTC draws international and domestic gatherings, bolstering tourism

and hospitality industries and generating employment in event management, hospitality, and supporting services.

This move fortifies the Philippines' reputation as a premier destination for world-class conferences and exhibitions, attracting foreign direct investments and driving economic growth.

Infrastructure: Building Foundations for Progress

Robust infrastructure lays the groundwork for economic advancement. NDC has strategically invested in companies that are involved in infrastructure projects ranging from transportation networks to modernized ports and airports. Some of these companies are Philippine National Construction Corporation, Philippine National Lines, Davao Integrated Port and Stevedoring Corp., and National Shipping Corporation of the Philippines.

By supporting companies engaged in infrastructure projects, NDC stimulates economic activities and job creation across various sectors. These initiatives also bridge the gap between urban and rural areas, promoting regional growth and fostering inclusivity.

Industrial Estate Development: Driving Industrialization and Employment

Through investments in industrial estate development, NDC provides an optimal environment for businesses to thrive. The creation of modern industrial zones attracts investors and fosters innovation, leading to job creation and technological advancements.

There are several projects underway which include Leyte Industrial Development Estate, a special economic zone spanning 425 hectares, and housing major industries such as the Philippine Associated Smelting & Refining Corporation and the Philippine Phosphate Fertilizer Corporation. Additionally, there is Science Park of the Philippines, Inc. which has over 800 hectares of land for private industrial estate development, and NDC Industrial Estate, which is being developed into a Special Economic Zone to be registered with the Philippine Economic Zone Authority.

These industrial estates serve as incubators for small and medium-sized enterprises (SMEs) and multinational corporations alike, nurturing entrepreneurship and enhancing the nation's competitive edge in the global market.

Trading and Mining: Expanding Economic Horizons

NDC's involvement in trading and mining ventures broadens the country's economic landscape. Through strategic partnerships and ventures, NDC explores new markets and valuable resources. Trading investments facilitate the import and export of goods, while mining projects harness the nation's natural resources responsibly.

These industries contribute to job creation in logistics, manufacturing, and resource extraction while ensuring the sustainable utilization of the country's resources.

NDC's investments in these sectors include Philippine International Trading Corporation, Davao Food Terminal Complex, an agricultural trading center that supports small and medium-scale farmers in Davao City and Davao del Sur; and Philippine Mining Development Corporation, the government's mining arm responsible for conducting exploratory mining activities and developing the mining industry in the Philippines.

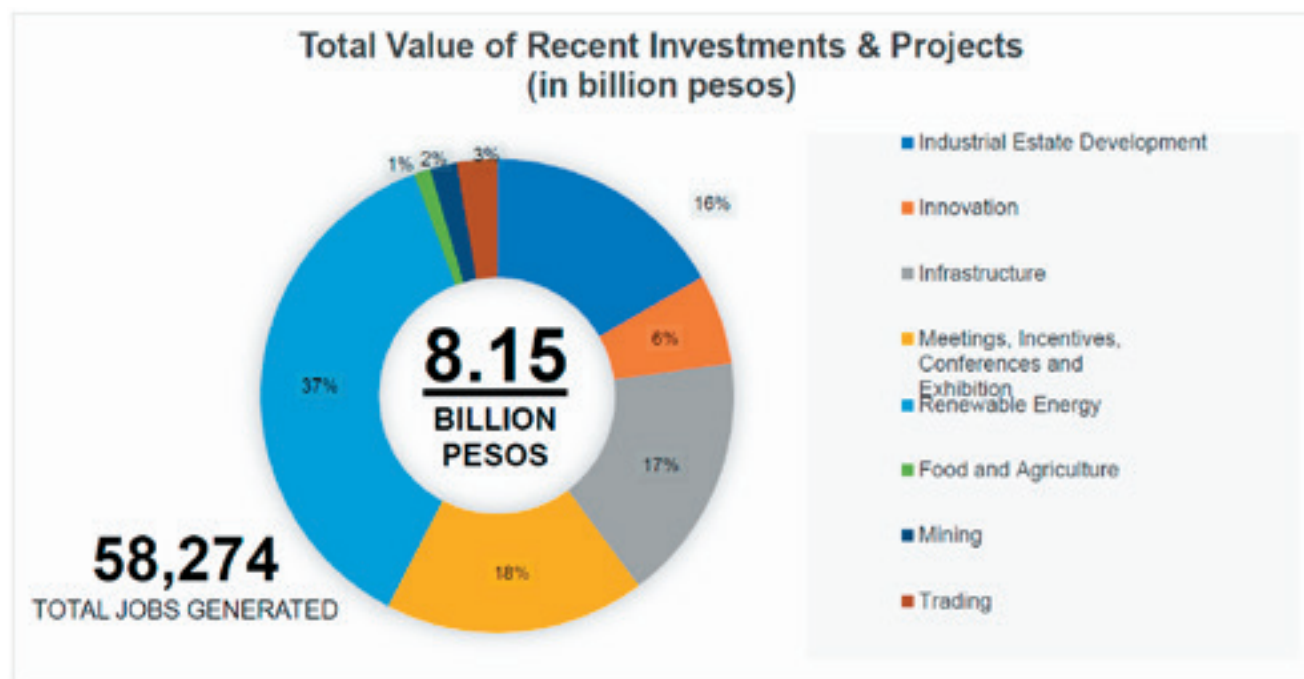
Food and Agriculture: Nourishing the Nation

In keeping with NDC's commitment to sustainable development, investments in food and agriculture play a crucial role in ensuring food security and supporting rural livelihoods. By supporting agri-businesses, promoting sustainable farming practices, and enhancing value chains, NDC aims to uplift rural communities, enhance productivity, and increase the income of smallholder farmers.

NDC's projects and investments in food and agriculture include agricultural plantations; rice for domestic consumption; warehouses for rice, copra, and tobacco; pineapple production; revival of the pre-war food cannery; post-harvest technology and facilities; and adoption of mechanized agricultural production.

These investments contribute to poverty reduction, food security, and the development of resilient and sustainable agricultural systems.

In summary, the NDC's strategic investments across key industries continue to contribute significantly to the Philippines' economic growth and inclusivity. This diversified approach ensures a more resilient and sustainable economy, creating a brighter and more prosperous future for Filipinos.



Antonilo “Anton” Mauricio: Inspiring Leadership in the Public Sector

Amidst the landscape of public sector leadership, there are individuals who bring their diverse backgrounds and a unique blend of private sector experience, expertise, and a passion for creating positive change. One such inspiring leader is Antonilo “Anton” Mauricio, a finance and strategy expert who transitioned seamlessly from the private sector to the government, assuming the role of General Manager of the National Development Company (NDC). His journey exemplifies the potential for dedicated individuals to make a significant impact on the country’s development agenda, transcending boundaries and inspiring others to consider working in the public sector.

Mauricio’s breadth of experience, spanning over 30 years, encompasses multiple sectors, ranging from investment banking and finance to technology, agriculture, engineering, property, telecoms, energy, water, and start-ups. His core areas of expertise include investment strategy, risk and compliance, and financial management advisory. This diverse background has equipped him with a deep understanding of different industries and the ability to navigate complex business landscapes.

Known for his innovative leadership, Mauricio is guiding NDC to new heights of success. Since joining the organization in October 2022, Mauricio has spearheaded several key initiatives, including diversifying the corporation’s investment portfolio, streamlining operations for greater efficiency, and launching new programs to support MSMEs, such as the establishment of the Philippine Innovation Hub, and drive economic growth.

Under his leadership, NDC prioritized projects in strategic sectors such as infrastructure, renewable energy, manufacturing, and agriculture, with a keen focus on innovation, inclusivity, job creation, poverty reduction, and sustainable development.

Mauricio’s innovative and forward-thinking approach to leadership led to the establishment of co-investment arrangements, fostering collaboration with domestic and international investors who share the vision of inclusive development. By leveraging his expertise in finance and strategy, Mauricio effectively mobilized resources and channeled investments into projects that align with the country’s national development agenda.

“We aim to transform NDC into a more relevant, responsive, and resilient organization,” Mauricio said. “By adopting best practices from the private sector, we can better fulfill our mandate of propelling national development, befitting NDC’s status as the oldest government company and the state’s investment arm.”

Mauricio’s journey from the private sector to the government is a testament to his desire to create a meaningful impact on society. He believes that by leveraging his expertise for the benefit of the government, he can set an example for individuals who aspire to contribute to the betterment of the Philippines.

“I want to inspire others who may have reservations about working in the government to consider a career in the public sector and explore ways to serve the country and contribute to its development.”

Mauricio’s story is a testament to the positive change that can be achieved when private sector expertise is leveraged for the public good. As he continues to lead the NDC, there is no doubt that he will continue to inspire and make a significant impact in the public sector. ^{MS}

“I want to *inspire* others who may have *reservations* about working in the government to *consider a career* in the public sector and explore ways to serve the country and *contribute* to its development.”





Seated from left: Emily Cariaga (Human Resources), Atty Kates Aguilar (Office of the General Manager), Joyce Azurin (Corporate Planning), Denise Manalansan (Accounting)
Standing from left: Marianne Lamorin (Treasury), Jonathan Eugenio (Special Projects), Sarah Macailing (Administrative Unit), Atty. Benjamin Rabuco (Legal Department), Velayda Buenaventura (Asset Management), Johnierrey Cueto (Budget Unit)

Revolutionizing the Startup Landscape: NDC's Pioneering Role

In the dynamic world of business, startups serve as catalysts for economic growth, job creation, and technological innovation. The National Development Company (NDC) acknowledged the great promise of these businesses and took a bold step in 2021, launching the Startup Venture Fund (SVF), a groundbreaking initiative redefining the entrepreneurial landscape in the Philippines.

The SVF, adopting a co-investment model, collaborates with selected investors to fuel high-growth potential startups, accelerating growth within the Philippine startup ecosystem.

Anton Mauricio, NDC General Manager, emphasizes that supported projects must be pioneering, developmental, sustainable, inclusive, and innovative. "A pioneering venture is a market trailblazer. A developmental project benefits the Philippines and its people, making it eligible for support even if spearheaded by foreign entrepreneurs," he explains. "Sustainability entails resilience and adherence to environmental, social, and governance (ESG) criteria. Inclusive projects champion diversity, equity, and socio-economic inclusion across geographic and cultural boundaries. Innovation could involve a novel market, technology, process, or enhancement of existing processes."

Empowering Entrepreneurs and Igniting Innovation. The significance of NDC's SVF in fostering innovation and entrepreneurship cannot be understated. By infusing much-needed capital into the local startup ecosystem, the fund transforms innovative ideas into thriving businesses.

Increased access to capital enables startups to surmount financial hurdles, invest in research and development, adopt cutting-edge technologies, and scale their operations, thereby stimulating economic growth and job creation.

Nurturing a Dynamic Startup Ecosystem

NDC's proactive role in fostering a vibrant startup ecosystem is pivotal for the success of innovative ventures. Beyond funding, NDC serves as a hub for collaboration, mentorship, and knowledge sharing, connecting startups, industry experts, investors, and government entities to create an environment ripe for growth and innovation.

Through diverse programs, incubators, and networking events, NDC facilitates the exchange of ideas, provides market access, and offers guidance on scaling operations effectively. This commitment cultivates a culture of entrepreneurship, spurs technological advancements, and positions the Philippines as an innovation hotspot in the region.

An illustration of this approach was the "SYNAPSE: A Community Mixer Event," held in Makati City on March 24, 2023.

Organized by the SVF Investment Committee (IC), the event aimed to forge connections between investors and startups, fostering collaborations in terms of financial and non-financial support mechanisms. The event brought together five accredited Co-investment Partners (CIPs) and eight potential startup investees, providing a platform for startups to connect with investors and explore financing opportunities.

During the event, Mauricio, who is also the SVF IC Chairman, highlighted the burgeoning potential of the SVF ecosystem, valued at Php 8 billion. The Philippine Venture Capital Report for 2023 by Foxmont Capital Partners revealed that investments in Philippine startups exceeded US\$ 1 billion for two years running, underscoring the crucial role of CIPs in galvanizing the ecosystem and propelling startup growth.

Inclusivity and Future Prospects:

The Hybrid Approach. SYNAPSE adopted a hybrid format to promote inclusivity, enabling startups outside Metro Manila to engage in networking sessions and connect virtually with potential collaborators. This approach expands financing opportunities and supports startups from diverse regions.

As NDC continues to scout and support future tech giants, its commitment to nurturing a prosperous startup ecosystem in the Philippines is evident. By empowering entrepreneurs from various backgrounds and regions, the fund ensures that innovation isn't exclusive to a select few. It promotes equal opportunities, enabling startups to make a significant impact across sectors.

Moreover, NDC's investments in startups trigger a ripple effect on job creation, as these ventures require skilled personnel to support their growth. By generating employment, particularly for the youth and marginalized communities, NDC contributes to poverty reduction and socio-economic progression.

With the ongoing evolution of the SVF, the future of the Philippine startup ecosystem gleams brightly, propelled by the collaborative efforts of NDC, CIPs, and passionate entrepreneurs reshaping the entrepreneurial landscape and driving economic progress.^{MS}

FEdCenter and NDC: A Strategic Synergy Driving Innovation and Financial Inclusion in the Philippines

The National Development Company (NDC), a state-owned investment firm, has found a strategic ally in The Finance Education Center (FEdCenter), a leading provider of financial training and consultancy services. By joining forces, these organizations leverage their respective strengths and resources to empower Filipinos and build an inclusive economy.

This collaboration is founded on their mutual commitment to drive innovation, promote financial inclusion, and advance the country's economic prosperity through impactful programs and activities. NDC and FEdCenter strive to improve accessibility to financial services, including digital solutions, while championing financial literacy.

A major thrust of this alliance is FEdCenter's involvement in the Philippine Innovation Hub, a new initiative spearheaded by NDC.

As part of its strategic engagement, FEdCenter is poised to undertake several pivotal roles and initiatives.

1 Advocating for policies and regulations: Together, FEdCenter and NDC work to advocate for policies and regulations that encourage innovation and expand financial inclusion across the Philippines. Their joint advocacy aims to create a conducive environment for sustainable growth and development.

2 Developing and implementing joint programs: By jointly developing and executing programs and projects centered on innovation and financial inclusion, FEdCenter and NDC synergize their expertise and resources for greater collective impact.

3 Providing access to resources: FEdCenter explores the possibility of granting NDC access to its resources, including technical knowledge, research, and physical resources to support NDC's initiatives effectively.

4 Building NDC's capabilities: FEdCenter plays a crucial role in amplifying the potential and expertise of Fin.Ed's workforce through specialized training and valuable workplace experiences. This capacity-building initiative ensures NDC is well-equipped to lead amidst the rapidly evolving financial landscape.

5 Research and analysis: FEdCenter may conduct research and analysis related to innovation and financial inclusion, sharing these findings with NDC to enhance collective understanding and guide evidence-based decision-making.

6 Co-organizing activities and events: Collaboratively, FEdCenter and NDC organize activities like training sessions, workshops and events focused on nurturing innovation and expanding financial access nationwide.

"Together, FEdCenter and NDC are making strides toward advancing financial inclusion, fostering innovation, and fortifying the financial sector, all while embracing the transformative power of technology to shape a prosperous future for the Philippines," says Marc Kristian Gulle FEdCenter CEO and Co-Founder.

This strategic synergy between NDC and FEdCenter sets a pioneering example of how impact-driven partnerships can drive meaningful change. By pooling their expertise and passion for financial empowerment, these organizations are writing a new chapter in the Philippine financial story.^{MS}

"Together, FEdCenter and NDC are making strides toward *advancing* financial inclusion, fostering *innovation*, and fortifying the financial sector, all while embracing the *transformative* power of technology to shape a prosperous *future* for the Philippines."



Office of the General Manager

From left: Patrick Dimatulac, Christine Llagas (seated), Paula Lopez, Rocky Acot, General Manager Anton Mauricio, Alewjin Ong (Chief-of-Staff, OGM), Joyce Azurin, Aldwin Bermido, Raphael Abragan, Jerahmeel Chen (Chief Innovation Officer - iHub), Kates Aguilar

Unleashing the Future of Tech: Inside the Philippine Innovation Hub

Set against the backdrop of a rapidly evolving digital landscape, the Philippine Innovation Hub emerges as a beacon of tech innovation and inclusive economic growth. This dynamic hub is a melting pot of initiatives and centers, each playing a pivotal role in propelling the nation's progress.

From trailblazing e-commerce platforms to state-of-the-art artificial intelligence centers, the Philippine Innovation Hub is more than just a space; it's an ecosystem that incubates startups, fosters collaboration, and bolsters the nation's digital transformation.

The Philippine E-Commerce Platform (PEP): A Digital Lifeline for Filipino Businesses

Stealing the limelight at the Philippine Innovation Hub is the Philippine E-Commerce Platform (PEP), the first government omnichannel platform championing Filipino businesses in the online world. Prioritizing locally made products and registered businesses, PEP instills confidence in online transactions, adding an extra layer of consumer protection.

In collaboration with public sector initiatives like Go Lokal, PEP offers buyers a treasure trove of top-quality Filipino products. It serves as a digital springboard for businesses, enabling them to tap into wider markets and stimulating national economic growth.

The Philippine Artificial Intelligence Center: The Vanguard of Tech Innovations

As AI continues to redefine the global landscape, the Philippine Artificial Intelligence Center stands as a cornerstone of the country's digital transformation journey. This groundbreaking initiative is set to disrupt industries and fuel technological innovation.

"This hub for AI research will be used for the advancement of scientific discoveries in AI and algorithmic innovations," shares Anton Mauricio, General Manager of NDC.

This initiative will propel the nation forward and position the Philippines as an AI powerhouse in the region.

The Startup Venture Fund (SVF) Headquarters: The Launchpad for Startups

For aspiring entrepreneurs and burgeoning startups, the Startup Venture Fund (SVF) Headquarters offers a springboard for growth and innovation. Offering training, mentorship, and financial grants, it ensures promising ventures can scale and thrive in a competitive landscape.

By empowering startups, the SVF Headquarters plays a pivotal role in nurturing the startup community, driving their expansion, and contributing to the country's vibrant startup ecosystem.

Co-working Space: The Breeding Ground for Collaboration and Innovation

This vibrant space serves as a convergence point for entrepreneurs, innovators, and industry experts, sparking synergies and partnerships that fuel growth. It's a nurturing environment where ideas are exchanged, knowledge is shared, and innovative solutions take shape.

The co-working space fast-tracks ideation and collaboration, creating a fertile ground for revolutionary projects that shape the future of the Philippines' business landscape.

Collaboration Center: The Epicenter of Innovative Initiatives

The Collaboration Center at the Philippine Innovation Hub is a nexus for transformative initiatives. By converging key players from different industries, the center facilitates cross-sectoral innovation and problem-solving.

From Finance Education Center (FEEdCenter) and Philippine Fintech Center to Startup financial advisory services and NDC innovation events like the PH Hackathon, the Collaboration Center is where stakeholders join forces to tackle complex challenges, leveraging technology and innovation to create holistic solutions that drive inclusive growth.



Philippine Innovation Hub (i.e. iHub)
Joyce Azurin (Corporate Planning),
Jerahmeel Chen (Chief Innovation
Officer)

NDC Digitalization Initiative: Leading the Digital Revolution

As the digital landscape evolves, the NDC Digitalization Initiative spearheads digital transformation across industries. By harnessing the power of technology, this initiative streamlines processes, enhances productivity, and propels growth. The NDC Digitalization Initiative ushers industries into the future of digital innovation.

Through this transformative approach, businesses embrace digitalization to enhance competitiveness, create new opportunities, and contribute to the Philippines' journey toward becoming a digitally empowered nation.

Training and Consulting Center: Equipping Minds for Success

At the Training and Consulting Center, the Philippine Innovation Hub offers a range of interventions, including coaching, online learning, and specialized training programs. Through these initiatives, individuals and businesses acquire essential skills and knowledge that fuel personal and professional growth.

With a focus on continuous learning and development, the Training and Consulting Center equips stakeholders with the tools they need to excel in the ever-evolving business landscape. It's where minds are honed, skills sharpened, and future leaders molded, ready to embrace emerging technologies and drive forward the nation's economic agenda.^{MS}

Charting a Sustainable Future: NDC's Innovative Initiatives

The National Development Company (NDC) is more than just an economic driver; it's an architect of sustainable innovation and progress. Through a portfolio of groundbreaking initiatives, NDC is not only fueling local economies but also crafting a resilient, future-ready Philippines.

From industrial estates to gamma irradiation facilities, each project is a chapter in NDC's narrative of transformative development. These ventures represent the embodiment of NDC's strategic vision, weaving a tapestry of resilience and prosperity.

NDC Industrial Estate: An Economic Powerhouse

At the forefront of the NDC's transformative initiatives is the NDC Industrial Estate. Spanning 19.2 hectares of NDC-owned land, this project is set to become a Special Economic Zone under the Philippine Economic Zone Authority (PEZA).

The establishment of this economic zone is set to unlock a multitude of opportunities, attracting both local and foreign investors seeking a strategic location for business expansion.

Equipped with state-of-the-art infrastructure, enticing tax incentives, and a conducive business environment, the NDC Industrial Estate is poised to ignite industrialization, stimulate local economies, and generate jobs for Filipinos.

“In response to the global *health* crisis, NDC is taking the bold *step* of establishing the Philippines' own *vaccine* manufacturing facility.”

Multi-Purpose Gamma Irradiation Facility: Elevating Quality Standards

NDC is making strides in technological innovation with the country's first commercial Multi-Purpose Gamma Irradiation Facility (GIF). This state-of-the-art facility revolutionizes the decontamination and sterilization of both food and non-food commodities.

By leveraging gamma irradiation, the GIF ensures product safety and quality, extends shelf life, and reduces waste. More than that, it positions the Philippines on the global stage, meeting international standards for quality and safety.

Vaccine Manufacturing Facility: Towards Self-Sufficiency

“In response to the global health crisis, NDC is taking the bold step of establishing the Philippines' own vaccine manufacturing facility. This landmark venture aims to make the country self-reliant in vaccine production, mitigating dependence on foreign imports,” says NDC General Manager Anton Mauricio.

The initiative promises wider accessibility and affordability of vaccines, positioning the Philippines as a regional leader in healthcare innovation.

Biowaste to Organic Fertilizer: A Green Revolution

In a world grappling with waste management, NDC's Biowaste to Organic Fertilizer project offers a sustainable solution. In partnership with Japan's YMO Technology, NDC is transforming biodegradable waste into organic fertilizer.

This green revolution reduces environmental pollution and enriches agricultural productivity, embodying NDC's dedication to environmental stewardship and the principles of a circular economy.

As NDC continues to spearhead projects that redefine the nation's landscape, the Philippines stands on the brink of a future defined by self-sufficiency, prosperity, and global competitiveness. Each initiative is a testament to NDC's unwavering commitment to chart a sustainable path towards inclusive growth and economic resilience. [MS](#)





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Guide to Small Business Loans

By CARLOS GONZALES

M SME loans are financial products specifically designed to cater to the financing needs of Micro, Small, and Medium Enterprises (MSMEs) in the Philippines. These loans aim to provide accessible funding solutions to support MSMEs in their growth, expansion, working capital requirements, and investment needs. MSMEs are crucial contributors to the Philippine economy, and the availability of tailored loans can significantly benefit them in several ways.

- **Accessible Financing:** MSME loans are designed to be more accessible and tailored to the specific needs and capacities of MSMEs. They typically have simplified application processes, reduced documentation requirements, and flexible repayment terms. This accessibility allows MSMEs, often facing limited access to traditional financing options, to obtain the capital necessary for their operations and growth.

- **Working Capital Support:** MSME loans can provide vital working capital support to ensure the smooth functioning of day-to-day operations. This funding can be used to purchase inventory, cover operational expenses, manage cash flow fluctuations, and meet short-term financial obligations. By addressing working capital needs, MSMEs can maintain stability and seize growth opportunities.

- **Business Expansion:** One of the significant benefits of MSME loans is their ability to facilitate business expansion. MSMEs often face constraints in expanding their operations due to limited financial resources. With MSME loans, businesses can access the necessary capital to invest in infrastructure, equipment, technology upgrades, and additional manpower. This, in turn, enables business expansion, market penetration, and increased competitiveness.

- **Investment in Fixed Assets:** MSME loans can be used to finance the acquisition of fixed assets, such as land, buildings, machinery, and equipment. These investments are crucial for MSMEs to enhance their productivity, efficiency, and overall competitiveness. By providing funds for such investments,

MSME loans contribute to the long-term growth and sustainability of businesses.

- **Product and Service Development:** MSME loans can also be utilized for product or service development initiatives. This funding can support research and development efforts, product diversification, innovation, and improvement of production processes. By investing in these areas, MSMEs can adapt to changing market demands, improve product quality, and expand their customer base.

- **Job Creation and Economic Growth:** MSMEs are significant contributors to job creation and overall economic growth. By providing accessible financing options, MSME loans contribute to the development and expansion of MSMEs, enabling them to hire additional employees and generate employment opportunities. This, in turn, leads to economic growth, poverty reduction, and increased consumer spending.

- **Strengthened Financial Management:** Obtaining an MSME loan often requires proper financial planning and documentation, which promotes better financial management practices among MSMEs. This includes preparing financial statements, cash flow projections, and business plans. Such practices enhance financial discipline and help MSMEs in making informed decisions, measuring their performance, and attracting potential investors.

- **Building Credit History:** Successfully managing an MSME loan and making timely repayments contribute to building a positive credit history for the business. This, in turn, improves the creditworthiness of the MSME, making it easier to access future financing from banks and financial institutions. Building a strong credit history is crucial for MSMEs to establish credibility and gain access to more extensive funding opportunities.

Types of MSME Loans. Various types of MSME loans are available to cater to the specific financing needs of MSMEs. These loan options are designed to support different aspects of operations, growth, and development. Here are the different types of MSME loans commonly offered in the Philippines:

- 1 **Working Capital Loans.** Working capital loans provide funds to cover day-to-day operational expenses, manage cash flow fluctuations, and fulfill short-term financial obligations.

These loans are essential for MSMEs to ensure smooth business operations and meet their immediate funding needs.

- 2 **Business Expansion Loans.** Business expansion loans are specifically designed to support MSMEs in expanding their operations, entering new markets, and investing in infrastructure, equipment, and technology upgrades. These loans provide the necessary capital for MSMEs to grow their businesses and increase their competitiveness.

- 3 **Machinery and Equipment Loans.** Machinery and equipment loans are tailored to meet the financing needs of MSMEs looking to purchase or upgrade machinery, tools, and equipment necessary for their operations. These loans enable MSMEs to improve productivity, efficiency, and product quality by investing in modern and reliable equipment.

- 4 **Trade Financing.** Trade financing loans assist MSMEs involved in domestic and international trade. These loans provide working capital for businesses engaged in import and export activities, including purchase order financing, inventory financing, and trade credit facilities. Trade financing loans enable MSMEs to fulfill customer orders, manage supply chains, and expand their trading activities.

- 5 **Microfinance Loans.** Microfinance loans are small-scale loans offered to microenterprises and individuals who may not have access to traditional banking services. These loans are typically provided by microfinance institutions (MFIs) and aim to support income-generating activities, provide working capital, and improve livelihoods for individuals and microenterprises in underserved communities.

- 6 **Agricultural Loans.** Agricultural loans cater to the financing needs of MSMEs involved in the agriculture sector, including farmers, fisherfolk, and agribusinesses. These loans support agricultural activities such as crop production, livestock farming, fisheries, and agri-processing. Agricultural loans can be used for purchasing seeds, fertilizers, farm equipment, and expanding farming operations.

- 7 **Export Financing.** Export financing loans are designed to support MSMEs engaged in export activities. These loans provide working capital to cover costs associated with exporting goods, including production, packaging, transportation, and marketing. Export financing loans enable MSMEs to take advantage of international trade opportunities and expand their export capabilities.

- 8 **Development Financing.** Development financing loans are offered by government agencies and development banks to promote MSME growth and development. These loans often come with favorable terms and conditions, including lower interest rates and longer repayment periods. Development financing loans may be targeted towards

Top MSME Lenders in the Philippines

In the Philippines, several financial institutions play a significant role in providing loans and financing solutions specifically tailored to MSMEs. While the landscape can evolve over time, here are some of the top MSME lenders in the Philippines:

Development Bank of the Philippines (DBP): As a government financial institution, DBP provides specialized loan programs for MSMEs, including working capital loans, fixed asset acquisition loans, and export financing. They focus on promoting inclusive growth and supporting various sectors of the economy.

Land Bank of the Philippines (LBP): LBP is another government financial institution that offers MSME loans through its Small Business Loans department. They provide working capital loans, term loans, and credit facilities to support MSMEs in different industries.

Small Business Corporation (SB Corporation): SB Corporation is a government-owned and controlled corporation under the Department of Trade and Industry (DTI). They administer loan programs and financing facilities specifically designed for MSMEs, including the P3 Program (Pondo sa Pagbabago at Pag-asenso) aimed at providing micro and small business loans.

Banco de Oro (BDO): BDO offers a range of loan products and financing options for MSMEs, including working capital loans, equipment loans, and business expansion loans. They have a dedicated Small Business Loans department catering to the specific needs of MSMEs.

Rizal Commercial Banking Corporation (RCBC): RCBC provides MSME loans through their SME Banking division. They offer working capital loans, business loans, equipment financing, and other credit facilities to support the growth and development of MSMEs.

Union Bank of the Philippines: Union Bank offers various MSME loan products, including working capital loans, business expansion loans, and supply chain financing. They provide customized financial solutions for different industries and have a dedicated SME Banking unit.

Security Bank: Security Bank provides MSME loans through their SME Business Banking division. They offer working capital loans, business loans, and other financial products to meet the financing needs of MSMEs.

specific sectors, regions, or industries identified as priorities for economic development.

Eligibility Criteria for MSME Loans. The eligibility criteria for MSME loans can vary depending on the lender and the specific loan product. However, several common factors are typically considered by lenders when evaluating loan applications. These criteria can differ among lenders, so it's advisable to consult with individual lenders to understand their specific requirements. Here are the usual eligibility criteria for MSME loans in the Philippines:

- **Business Registration:** MSMEs should have proper registration with the appropriate government agencies such as the Department of Trade and Industry (DTI) or the Securities and Exchange Commission (SEC) for corporations. The business should have a valid and up-to-date business permit or license.

- **Business Age and Operations:** Lenders typically require a minimum period of business operations to assess the stability and viability of the MSME. This period can vary, but it is commonly around 1-3 years. Some lenders may have specific requirements for the number of years in operation.

- **Creditworthiness:** Lenders assess the creditworthiness of the MSME and its owners. They review the credit history, which includes the borrower's personal credit score, repayment history, and existing loan obligations. A good credit score and a positive credit history increase the likelihood of loan approval.

- **Financial Statements and Cash Flow:** Lenders typically require the submission of financial statements, including income statements, balance sheets, and cash flow statements. These documents provide insights into the MSME's financial health, profitability, and ability to generate sufficient cash flow to repay the loan.

- **Collateral and Guarantees:** Depending on the loan amount and terms, lenders may require collateral or guarantees to secure the loan. Collateral can be in the form of real estate, machinery, inventory, or other valuable assets. Personal guarantees from the business owner or co-signers may also be required.

- **Legal and Regulatory Requirements:** MSMEs must comply with legal and regulatory obligations, including tax payments and submission of necessary reports. Lenders may request documentation to verify compliance with these requirements, such as proof of tax filings and clearances from government agencies.

- **Industry and Sector Considerations:** Some lenders may focus on specific industries or sectors and have tailored eligibility criteria accordingly. This could be due to the perceived risk associated with certain industries or the lender's specialization in serving particular sectors.

Loan Purpose and Business Plan: MSMEs may be required to provide a comprehensive business plan detailing the loan purpose, projected financials, market analysis, and growth strategies. This helps lenders understand the MSME's goals, viability, and repayment capacity.

Sources of MSME Loans in the Philippines. MSME loans can be obtained from various sources, including traditional financial institutions, government agencies, and alternative financing providers. Here are the typical sources of MSME loans in the Philippines:

- **Commercial Banks:** Commercial banks are the most common source of MSME loans. They offer a range of loan products tailored to the financing needs of MSMEs, including working capital loans, equipment financing, trade financing, and business expansion loans. Commercial banks typically have established lending practices, require collateral, and assess creditworthiness before approving loan applications.

- **Government Financial Institutions:** Government financial institutions such as the Development Bank of the Philippines (DBP) and Land Bank of the Philippines (LBP) play a crucial role in supporting MSMEs. These institutions offer specialized loan programs and financing options designed to facilitate MSME growth and development. Government financial institutions often have favorable terms, lower interest rates, longer repayment periods, and relaxed collateral requirements compared to commercial banks.

- **Microfinance Institutions:** Microfinance institutions (MFIs) cater to the financing needs of microenterprises and small-scale entrepreneurs who may not have access to traditional banking services. MFIs provide microloans to MSMEs, including individual entrepreneurs, small business owners, and community-based enterprises. Microfinance loans are typically smaller in scale and have more flexible eligibility criteria and repayment terms.

- **Cooperative Banks:** Cooperative banks are financial institutions that are owned and operated by cooperatives. They offer banking services, including MSME loans, to their cooperative members. Cooperative banks provide loans specifically tailored to the needs of MSMEs within the cooperative sector. These loans often come with favorable terms and conditions and support cooperative development and growth.

- **Non-Bank Financing Companies:** Non-bank financing companies (NBFCs) are financial institutions that provide lending services outside of traditional banking channels. These entities offer alternative financing options to MSMEs, including small business loans, equipment financing, and working capital loans. NBFCs often have more flexible lending criteria and faster loan approval processes compared to banks. However, interest rates may be higher than those offered by commercial banks.

Top Alternative MSME Lenders in the Philippines

In the Philippines, alternative lenders have emerged to provide additional financing options to MSMEs outside of traditional banking channels. Here are some of the most popular ones:

First Circle: First Circle is a fintech company that offers financing solutions to MSMEs. They provide working capital loans and supply chain financing to help businesses manage cash flow, purchase inventory, and meet operational needs. Their online platform simplifies the loan application process, enabling faster approvals and disbursements.

Blend.ph: Blend.ph is a peer-to-peer lending platform that connects MSME borrowers directly with individual lenders. They facilitate business loans with flexible terms and competitive interest rates. MSMEs can access funding from individual investors who are looking to lend money to businesses with growth potential.

Acudeen: Acudeen is a fintech company that specializes in invoice financing. They provide MSMEs with working capital by purchasing their outstanding invoices at a discount. This allows businesses to convert their unpaid invoices into immediate cash flow, improving liquidity and addressing working capital needs.

Fuse Lending: Fuse Lending is an online lending platform that offers financing solutions to MSMEs, including working capital loans, business expansion loans, and equipment financing. They leverage technology to streamline the loan application and approval process, providing faster access to funds.

SeedIn: SeedIn is a crowdfunding platform that connects MSMEs with a community of investors. Through their platform, businesses can raise funds for working capital, business expansion, and specific projects. Investors can choose to participate in these funding opportunities, supporting MSME growth.

Global Dominion: Global Dominion is a financing company that offers equipment leasing and financing solutions to MSMEs. They provide financing for various equipment types, such as machinery, vehicles, and technology. MSMEs can acquire the necessary equipment without upfront capital investment.

While alternative lenders can offer more flexible terms and faster loan processing, interest rates and fees may vary. You should carefully evaluate the terms, eligibility criteria, and reputation of alternative lenders before entering into any financial agreements. Conducting thorough research, comparing options, and seeking professional advice can help MSMEs make informed decisions regarding alternative financing.



Online Lending Platforms: With the rise of financial technology (fintech), online lending platforms have emerged as an alternative source of MSME loans in the Philippines. These digital platforms connect borrowers directly with lenders, providing an efficient and accessible way to secure financing. Online lending platforms offer various loan types, including working capital loans, invoice financing, and peer-to-peer lending. Loan application processes are typically streamlined, and loan approvals can be faster compared to traditional financial institutions.

• **Government Loan Programs:** The Philippine government provides various loan programs and initiatives specifically targeted at supporting MSMEs. These programs are offered through government agencies such as the Small Business Corporation (SB Corporation), Department of Trade and Industry (DTI), and Department of Agriculture (DA). Government loan programs often come with favorable terms, lower interest rates, and extended repayment periods. Examples include the P3 Program (Pondo sa Pagbabago at Pag-asenso), SME Unified Lending Opportunities for National Growth (SULONG), and Kapatid Mentor ME (Micro-Entrepreneurship) Program.

Alternative Financing Options for MSMEs. MSMEs have access to alternative lenders that provide alternative sources of funding outside of traditional banking channels. These can be valuable for MSMEs seeking additional capital or facing challenges in obtaining financing through traditional means. Here are some alternative financing options available to MSMEs in the Philippines:

- 1 **Crowdfunding.** Crowdfunding platforms allow MSMEs to raise funds from a large number of individuals who contribute small amounts. It involves creating an online campaign to attract investors or contributors who believe in the business or its products/services. Crowdfunding can be reward-based, equity-based, or donation-based, depending on the platform and the offering.
- 2 **Peer-to-Peer Lending.** Peer-to-peer (P2P) lending platforms connect individual lenders (investors) directly with borrowers, eliminating the need for traditional financial intermediaries. MSMEs can access funds from individual investors who are willing to lend money for an agreed-upon interest rate. P2P lending provides an alternative financing option with potentially faster approval and more flexible terms.
- 3 **Venture Capital and Angel Investors.** Venture capital firms and angel investors provide financing to startups and high-growth businesses in exchange for equity ownership. These investors typically seek companies with high growth potential and innovative business models. MSMEs with strong growth

prospects and scalability may attract venture capital or angel investment for expansion or product development.

- 4 **Grants and Subsidies.** Government agencies, foundations, and organizations provide grants and subsidies to MSMEs for specific purposes such as research and development, innovation, environmental initiatives, and social impact projects. These grants and subsidies are non-repayable funds that can help MSMEs launch new projects, invest in technology, or develop sustainable practices.
- 5 **Supplier Financing.** Supplier financing involves negotiating extended payment terms with suppliers or vendors. This arrangement allows MSMEs to access goods or services upfront while deferring payment for an agreed-upon period. Supplier financing improves cash flow and provides a form of short-term financing without the need for traditional loans.
- 6 **Trade Financing.** Trade financing options such as factoring and supply chain financing provide MSMEs with working capital solutions related to trade activities. Factoring involves selling accounts receivable to a financing company at a discount in exchange for immediate cash flow. Supply chain financing allows MSMEs to access financing based on the strength of their trade relationships with buyers and suppliers.
- 7 **Social Impact Investors.** Social impact investors focus on financing businesses that generate both financial returns and positive social or environmental impact. These investors are interested in MSMEs that address social challenges, promote sustainability, or have a clear social mission. MSMEs aligned with such values can explore social impact investment opportunities.
- 8 **Savings and Credit Cooperatives.** Savings and credit cooperatives provide financial services to their members, including MSMEs. These cooperatives pool members' savings and use them to provide loans and other financial products. MSMEs can become members of cooperatives and access credit facilities that are often more flexible and inclusive compared to traditional banks.

When considering alternative financing options, it's essential for MSMEs to assess their specific needs, financial situation, and growth objectives. Each alternative option comes with its own benefits and considerations, so it's advisable to conduct thorough research, seek professional advice, and carefully evaluate the terms and conditions before choosing the most suitable alternative financing option for your business.^{MS}

Tips for Successful Loan Acquisition

Securing a loan for your business can be a critical step towards growth and success. To increase your chances of a successful loan acquisition, consider the following tips:

1 **Understand Your Financing Needs:** Clearly define the purpose of the loan and assess the specific financing needs of your business. Determine the loan amount required, the desired repayment period, and the type of loan that aligns with your objectives. Understanding your financing needs will help you approach lenders with a clear plan.

2 **Improve Your Creditworthiness:** Lenders assess your creditworthiness based on your credit history and financial standing. Take steps to improve your credit score by paying bills and existing loans on time, reducing outstanding debt, and resolving any credit issues. A higher credit score enhances your chances of loan approval and favorable interest rates.

3 **Prepare a Comprehensive Business Plan:** Develop a well-structured business plan that outlines your business model, market analysis, growth strategies, and financial projections. A solid business plan demonstrates your vision, expertise, and the potential of your business. It reassures lenders about the viability of your business and your ability to repay the loan.

4 **Organize Financial Documents:** Gather and organize all the necessary financial documents that lenders may require. These may include financial statements, tax returns, bank statements, cash flow projections, and any other relevant financial records. Accurate and up-to-date financial documentation strengthens your loan application and showcases your financial stability.

5 **Research and Compare Lenders:** Conduct thorough research to identify lenders that specialize in providing loans to businesses like yours. Compare loan terms, interest rates, repayment options, fees, and customer reviews. Consider both traditional financial institutions and alternative lenders to explore a wider range of options.

6 **Build Relationships with Lenders:** Establish relationships with potential lenders before applying for a loan. Attend networking events, engage with industry associations, and participate in business forums where you can connect with

lenders. Building relationships helps you understand their requirements, receive guidance, and increases the likelihood of loan approval.

7 **Prepare a Convincing Loan Application:** Craft a compelling loan application that highlights your business's strengths, financial performance, and growth potential. Clearly articulate how the loan will be used to enhance your business operations and generate returns. Tailor your application to meet the specific requirements of each lender, emphasizing why your business is a good investment.

8 **Be Prepared for Due Diligence:** Lenders conduct due diligence to assess your business's creditworthiness and loan repayment capacity. Be prepared to provide additional information or clarification during this process. Respond promptly to lender inquiries and provide accurate and comprehensive answers to their questions.

9 **Consider Collateral and Guarantees:** Evaluate if collateral or guarantees are required for the loan. Prepare documentation related to collateral, such as property titles or asset valuations. If personal guarantees are needed, ensure that the guarantors understand the commitment and are willing to support your loan application.

10 **Seek Professional Assistance:** Consider engaging a financial advisor or loan consultant to help navigate the loan acquisition process. They can provide expertise in preparing loan applications, identifying suitable lenders, and negotiating loan terms.

Professional assistance can increase your chances of securing the right loan for your business.

11 **Maintain Open Communication:** Once you secure a loan, maintain open communication with your lender. Keep them updated on your business's progress, financial performance, and any changes that may impact loan repayment. Building a strong relationship with your lender fosters trust and may lead to additional financing opportunities in the future.

Remember, each lender may have specific requirements and considerations, so tailor your loan application accordingly. By following these tips and demonstrating your business's potential, financial stability, and ability to repay the loan, you can increase your chances of a successful loan acquisition and propel your business towards greater success.

“Develop a well-structured business plan that outlines your business model, market analysis, growth strategies, and financial projections.”

Top VCs and Angel Investors in the Philippines

By CARLA CONCEPCION

The startup ecosystem in the Philippines has been gaining momentum in recent years, attracting a growing number of venture capital firms and angel investors. These investors play a crucial role in fueling innovation, providing funding, mentorship, and expertise to promising startups. In this article, we will explore some of the top venture capital firms and angel investors in the Philippines, highlighting their investment focus, notable portfolio companies, and contributions to the local startup ecosystem. Their support has been instrumental in nurturing the entrepreneurial spirit and driving economic growth in the country.

Benefits of VCs and Angel Investors. Venture capital (VC) firms and angel investors provide significant benefits to startups beyond just financial support. Here are some ways in which VCs and angel investors benefit startups:

- **Funding:** The most obvious benefit is the access to capital. Both VCs and angel investors provide funding that allows startups to develop their products, hire talent, scale operations, and invest in marketing and sales efforts. This capital infusion is crucial for startups, especially in the early stages when they may struggle to secure funding from traditional sources.
- **Expertise and Mentorship:** VCs and angel investors bring valuable expertise and industry knowledge to the table. They have experience in building and scaling businesses, and can offer guidance, advice, and mentorship to the startup's leadership team. Their insights can help startups navigate challenges, avoid pitfalls, and make informed decisions.
- **Networking and Connections:** VCs and angel investors often have extensive networks in the business world. They can connect startups with potential customers, strategic partners, and industry experts. These connections open doors to new opportunities, collaborations, and

distribution channels, accelerating the growth of the startup.

- **Credibility and Validation:** Securing investment from reputable VCs or angel investors can lend credibility and validation to a startup. It signifies that experienced professionals with industry knowledge and financial acumen believe in the startup's potential. This validation can help attract additional funding, customers, and talented employees.

- **Strategic Guidance:** VCs and angel investors provide strategic guidance that goes beyond day-to-day operations. They can assist with business planning, market positioning, product

development, and go-to-market strategies. Their experience and insights help startups make better strategic decisions and avoid common pitfalls.

- **Access to Follow-on Funding:** VCs and angel investors often have extensive networks within the investment community. Their initial investment can act as a catalyst for securing additional funding in subsequent rounds. They can help introduce startups to other potential investors and participate in subsequent funding rounds to support the startup's growth trajectory.
- **Industry and Market Insights:** VCs and angel investors stay informed about market trends, industry dynamics, and emerging technologies. They can share insights about market opportunities, competitive landscape, and potential risks. Startups benefit from this information, enabling them to make data-driven decisions and stay ahead of the curve.
- **Operational Support:** VCs and angel investors may provide operational support to startups, such as assisting with recruitment efforts, advising on operational efficiencies, and helping to build a strong team. Their experience in scaling businesses can be invaluable in optimizing operations and establishing effective processes.

- **Exit Strategies:** VCs and angel investors have a vested interest in the startup's success. They work with the founders to strategize and execute potential exit opportunities, such as mergers, acquisitions, or initial public offerings (IPOs). Their knowledge and experience in navigating exit strategies can maximize returns for all stakeholders involved.

Difference Between VCs and Angel Investors.

Venture capital (VC) firms and angel investors are both important players in the world of startup financing. While they share similarities in terms of providing funding to early-stage companies, there are key differences between the two.

Venture Capital Firms: Venture capital firms are investment firms that pool funds from various sources, such as institutional investors, high-net-worth individuals, and corporate entities. These firms form funds with the objective of investing in promising startups and high-growth companies. VC firms typically have a structured

approach to investing and a team of professionals who evaluate investment opportunities.

Here are some key characteristics of venture capital firms:

- **Investment Focus:** Venture capital firms focus on investing in startups and companies that have significant growth potential. They often seek innovative business models, disruptive technologies, or scalable solutions in sectors such as technology, healthcare, biotech, and consumer products.
- **Investment Stages:** VC firms invest across different stages of a company's life cycle, ranging from early-stage seed funding to later-stage growth financing. They provide capital to help startups develop their products, scale operations, enter new markets, and ultimately achieve profitability.
- **Funding Size:** Venture capital firms typically invest larger amounts of capital compared to angel investors. They can provide multimillion-dollar funding rounds, depending



on the stage and potential of the startup. VC firms often syndicate with other investors to share the investment risk and provide additional expertise.

- **Active Involvement:** In addition to providing capital, venture capital firms often take an active role in guiding and supporting portfolio companies. They may offer strategic advice, assist with business development, help recruit key talent, and leverage their networks to open doors for partnerships and additional funding.

Angel Investors. Angel investors are individuals, often high-net-worth individuals or successful entrepreneurs, who invest their personal funds into early-stage startups. They are often referred to as “angels” because they provide financial support when startups are in their nascent stages and may lack access to traditional funding sources.

Here are some key characteristics of angel investors:

- **Investment Focus:** Angel investors can have diverse investment interests. While some may focus on specific industries or sectors, others have a broader investment appetite. Their investment decisions are often influenced by personal experience, expertise, and areas of interest.
- **Investment Stages:** Angel investors primarily invest in early-stage startups, typically during the seed or early growth stages. They provide crucial capital that helps startups validate their ideas, develop prototypes, and establish initial traction.
- **Funding Size:** Angel investments are typically smaller compared to those made by venture capital firms. Angel investors may invest anywhere from a few thousand dollars to several hundred thousand dollars, depending on their financial capacity and the startup's funding requirements.
- **Individual Involvement:** Angel investors often provide more than just capital. They leverage their industry knowledge, networks, and experience to mentor and support the startups they invest in. They can offer guidance, advice, and introductions to potential customers, partners, or follow-on investors.

Top VCs in the Philippines. The startup ecosystem in the Philippines has seen the emergence of several top venture capital (VC) firms that have been actively investing in promising startups. While the landscape continues to evolve, here are some of the top VCs in the Philippines:

- **Kickstart Ventures:** Kickstart Ventures is a prominent VC firm based in the Philippines. It focuses on early-stage investments in technology startups in Southeast Asia.

- **500 Startups:** 500 Startups is a globally recognized venture capital firm with a presence in the Philippines. They invest in early-stage startups and have a diverse portfolio.

- **Wavemaker Partners:** Wavemaker Partners is an early-stage venture capital firm with a focus on technology startups in Southeast Asia.

- **Future Now Ventures:** Future Now Ventures is an early-stage venture capital firm that invests in technology-driven startups in the Philippines and Southeast Asia.

- **Gobi Partners:** Gobi Partners is a venture capital firm that focuses on early-stage investments in technology startups across Asia. While they have a regional presence, they have also made investments in the Philippines.

Top Angel Investors in the Philippines. The startup ecosystem in the Philippines has attracted several prominent angel investors who have made significant contributions to the growth of startups. While the landscape is dynamic and constantly evolving, here are some top angel investors in the Philippines and a few examples of the startups in their portfolios:

- **Manny Pangilinan:** Manny Pangilinan, also known as MVP, is a prominent Filipino businessman and investor. He has made notable investments in various sectors, including technology and telecommunications.
- **Jaime Augusto Zobel de Ayala:** Jaime Augusto Zobel de Ayala is a well-known Filipino businessman and philanthropist. He has shown interest in supporting startups and technology-driven initiatives.
- **Khailee Ng:** Khailee Ng is a Malaysian entrepreneur and investor who actively supports startups in Southeast Asia, including the Philippines.
- **Diosdado Banatao:** Diosdado Banatao is a Filipino-American engineer, entrepreneur, and investor. He has made significant contributions to the technology industry and has invested in startups in the Philippines.
- **Matthew Cua:** Matthew Cua is a Filipino investor and entrepreneur with a keen interest in supporting early-stage startups.

This list of angel investors mentioned above is not exhaustive, and there are several other angel investors who have made significant contributions to the Philippine startup ecosystem. Angel investors often have diverse portfolios, and the mentioned startups are just a few examples. The angel investing landscape in the Philippines continues to evolve, with new investors and startups entering the scene. Research and keep track of the latest developments in the industry.^{MS}

Veterans Bank Unveils War of Our Fathers Exhibit in Baguio to Commemorate Victory Day

This year's Victory Day celebration was made more meaningful as Philippine Veterans Bank unveiled its traveling World War II exhibit entitled “War of Our Fathers: A Brotherhood of Heroes” at the Baguio Convention and Cultural Center in Baguio City.

Launched in commemoration of the 78th Anniversary of the Surrender of the Japanese Forces led by Gen. Tomoyuki Yamashita in Baguio City that also marked the end of World War II in the Philippines, the exhibit is a heartfelt tribute to the valor and sacrifices of World War II veterans. Additionally, with the launch of the exhibit on Victory Day, Veterans Bank hopes that this national holiday will receive the same amount of reverence and attention like that of that Day of Valor celebrated every April 9th and the Leyte Landing every October 20th.

Veterans Bank President Renato A. Claravall led the formal opening of the traveling exhibit along with the event's guest of honor, US Ambassador to the Philippines MaryKay Carlson. They were joined by Baguio City Mayor Benjamin Magalong, Armed Forces of the Philippines Chief of Staff Lt. Gen. Romeo Brawner, and Philippine Veterans Affairs Office Administrator Reynaldo Mapagu.



Unveiling of War of Our Fathers Exhibit

(From left): AFP Chief Lt. Gen. Romeo Brawner, PVAO Administrator Reynaldo Mapagu, US Ambassador MaryKay Carlson, Baguio City Mayor Benjamin Magalong, and Veterans Bank President Renato Claravall

A recipient of the prestigious Anvil and Gold Quill Awards, the War of Our Fathers exhibit features a rich collection of artifacts, photographs, and stories that vividly recount the challenges and triumphs of the war era. Since 2006, the Veterans Bank Traveling Exhibit has been displayed in schools, museums, malls and other areas in over 40 cities and municipalities in the country and was also put on display at the Nanjing Museum in China in 2009. This year's exhibit in Baguio City included specially-dedicated panels showcasing Baguio historical accounts that led to the end of World War II in the Philippines.

Additionally, a panel called A Brotherhood of Heroes, advocates that our modern veterans – men and women who have fought in other wars both here and abroad, who have helped citizens of other countries, and who have fought local enemies of freedom share common values with our WWII veterans – that of bravery, patriotism, and determination – hence, a sense of brotherhood and camaraderie despite the decades that separate both groups of heroes.

Visitors to the exhibit will have the opportunity to immerse themselves in the history that has shaped the nation.

The War of Our Fathers Exhibit will be open for viewing from September 3 to 12 at the lobby of the Baguio Convention and Cultural Center.^{MS}



Risk Management for Small Businesses: Insurance Strategies for Success

By EDMUND LAO, RFP®

Most entrepreneurs are risk-takers who are willing to invest their resources with an expectation and hope of a good return, but of course, there is no such guarantee. The probability of having a loss always exists. From the side of the insurance provider, risk is another term for danger. It refers to an event where things can unexpectedly go in the wrong direction. Examples of such events are crime, vandalism, fire, personal injury lawsuit, computer malware, damaged equipment, failure to deliver raw materials, and death or illness of a key employee. These are some adverse events that can cause financial harm to a business or organization.

What is Risk Management? Risk management is a broad topic. It has always been a very important tool in running any small or large business, whether the market is experiencing an upside or not. It involves taking steps to minimize the effects of the possibility that events are going in the undesirable direction, which also means minimizing loss. In any business and economic environment, an unexpected negative event can destroy everything in one stroke if a business owner doesn't have the right risk management strategies in place to prevent, or at least mitigate, the damage that can arise from that risk.

A risk management strategy can become an ultimate defense against a coming business calamity. A common solution involves the purchasing of business insurance to minimize the financial impact of adverse events on a company when, despite the best efforts, negative things happen. No one likes thinking about what disaster could possibly arise. Nevertheless, as a prudent manager, you should understand the risks your business has to face. Until the risks are identified, you can't make good decisions about managing them.

Listed below are some of the areas of concern that business owners can focus on to help manage and mitigate the risks that arise from running a business.

1 Make planning a priority. The first step in creating a risk management plan should always be to consider risks a priority. A great way is to use a standard scale based on each risk's likelihood of occurring:

- A high chance of the risk to occur
- A slight chance of the risk to occur
- A small chance of the risk to occur
- A very low chance of the risk to occur

Logically, a risk that falls into the first category must have the highest priority over the others, and a plan to prevent or at least mitigate these risks should be put into execution. However, there is an exception. If a risk falls into a lower or last rung and it presents a potential for more financial damage, then it should be given a higher priority.

2 Protect via insurance. Before buying business insurance, assess the liabilities to determine what types of insurance will be required for the business.

For the Business: The purpose of this type is the protection of the business from unexpected natural disasters, legal suits, and devastating financial loss. Here are some types of insurance that you might need:

- **General Liability Insurance.** Also known as commercial or business liability insurance, it can provide coverage for risks caused by the business, such as bodily injury or property damage. It can be purchased either as a standalone policy or it can be bundled with other key coverages.
- **Business Interruption Insurance.** If the business needs to be shut down for a certain period because of events beyond control, business interruption insurance in the Philippines can help recoup lost operating expenses or income.
- **Cyber Insurance.** This is a type of coverage that can protect the business against losses from cyberattacks, viruses, ransomware, and data breaches.
- **Business Owner's Policy.** It bundles essential insurance coverage required by businesses. An office is the primary premises for various types of small businesses, including, for example, employment, travel, collection, insurance, advertising, and other agencies. Electronic equipment and data are vital to the operations of most such businesses. They also have the risk of lawsuits from disgruntled clients or customers.

For many office-based businesses, the most cost-effective and efficient way to obtain property and liability coverage is with a business owner's policy which is best suited to business offices and, in many cases, offices for a specific industry.

For Employees: Here are some business insurance products that are beneficial to business owners that are relevant to the employees and their duties:

- **Group Life Insurance.** This is often offered as part of an

employee's benefit aside from the group health insurance coverage (HMO).

- **Group Accident Insurance.** This is part of a packaged plan protecting employees from unforeseen incidents during their working hours so as to minimize the financial impact.
- **Key Person Insurance.** The business will be the policyholder and beneficiary in the event of a critical person, irreplaceable partner, or executive's demise. The proceeds can be used to train a new key person who will replace the previous one.
- **Employers' Liability Insurance.** This type of liability insurance can be bundled with workers' compensation for additional protection against the costs that usually come with workplace injuries, illnesses, and deaths. This can save a lot for the business if the risk becomes real.

For Customers: It is a good idea to consider getting general liability insurance coverage if there is concern about getting into a lawsuit over the products or services.

- **Public Liability Insurance.** This type of insurance covers the cost of claims made by the public for any negative incidents on the business property or in connection with the business activities.
- **Business Indemnity Insurance.** If the business provides professional services or consultations to clients, this type of insurance will come in handy. It compensates the business owner for costs arising from client lawsuits due to negligence or failure in delivering the committed services.

For Goods and Services: These business insurance products provide coverage for the non-life aspect of operating a business.

- **Product Liability Insurance.** It offers coverage against property damage or personal injury claims arising from the products sold by a business.
- **Credit Insurance.** Also known as payment protection insurance, it ensures payments for a small business's credit cards or loans in case of unemployment, disability, or death. In a way, the concept is similar to that of mortgage redemption insurance which is a life insurance product.

For Property and Equipment: The type of coverage needed will depend on the properties and equipment owned or rented. Here are some insurance products that may be needed.

- **Commercial Property Insurance.** It covers commercial property against theft, fire, and natural disasters.
- **Business Renter's Insurance.** If the business is operating out of a rented space, business renter's insurance will cover accidents within it, as well as fire, floods, and other natural disasters that may cause property or building damage.
- **Commercial Auto Insurance.** If the employees drive company vehicles, this type of policy is needed, which covers accidents when the employees are at fault.

Buying insurance allows the transfer of risk from the business to the insurance companies for a small cost, especially when compared to the potential cost of uncovered risk.

3 Limit your liability. There are three types of businesses: proprietorship, partnership, and corporation. In a proprietorship, the business owner is the proprietor. The business' liability is also the owner's liability. The business also dies with the proprietor. In a partnership, the scenario is the same, but there are two owners who share the liabilities of the business. The best way to limit the exposure to risk and liability is to have a business registered as a corporation. In this type of structure, the owner of the business is not held personally liable for the company's debts or other liabilities.

4 Limit your reputational risk. A good reputation is a must if the business is to be sustainable. No matter how big or small a business is, business reputation is vital to any ongoing business's success. Reputational damage can lead to loss of revenue, loss of business partners, and loss of clients, along with staffing issues. As customer service is key to success, it is imperative to implement a quality assurance program. Make it a point to test the products and services in order to ensure the highest quality. By testing and analyzing what is being offered, the owner will have an opportunity to make necessary adjustments.

5 Avoid high-risk customers. A business is successful only if it has a good customer base with good credit standing. You must be careful in choosing customers. If the business is just getting started, immediately implement a rule that customers with poor credit must pay ahead of time, which will avoid complications down the road. In order to do this, there is a need to have a procedure to identify poor credit risks far in advance.

Note that high-risk customers are individuals who could pose a threat to a business company and its operations. The

most common risk is credit risk, where the business folds due to the failure to determine the credit history of a customer. In the online world, these individuals could cause a compliance issue, commit fraud, or attempt to cause a cyber security breach.

It pays to know customers before allowing them to transact with your business. Always make it a point to conduct research and character/credit investigation of the prospective customer. Know if they have links to high-risk business sectors, if they are politically exposed people, or if they have dubious reputations. If any of these turned positive, the best is to deal with them only on a cash basis. A better move is to not deal with them at all.

6 Avoid rapid growth. This has a lot to do with employee training. If the business sells products and/or services and employees are given lofty goals, they might be tempted to take unnecessary risks, which can lead to a bad reputation for the company. Instead, it is better to train the employees to focus on quality, not quantity. By doing so, the business can avoid the risk of declining sales due to high-pressure sales tactics that customers don't appreciate.

On a related note, while innovation is a key to success, avoid the temptation to innovate too fast. If the company is constantly relying on the next innovation for growth, then disruption is inevitable because not all new products and services have a guarantee of success.

Why is the growth needed? Is it because there is a need to respond to a problem which is strong competition, smaller margins, or falling sales? Growing a business may help

overcome these problems and attract new customers, but there will possibly be a need to move to larger premises and increase resources and stock.

However, growing a business due to problems can sometimes make the problems bigger, where more money and risk will be involved.

Now, if growth may be required of the business if the cash is flowing in and profits are increasing, then the business has the potential to become a market leader. The business can then expand into other locations and employ more staff to cater to the increase in the demand for its products.

With rapid expansion, there is always a risk for the business to become unsustainable. Growth can stress out staff and resources, as well as financial and management structures.

Some of the common problems caused by rapid growth are:

- The business may outgrow the present location in the short term. There may not be enough space for everyone to perform their duties efficiently.
- Morale may drop if staff cannot keep up with the assigned work. Productivity may tend to decrease.
- There may be a need to borrow money to fund expansion costs.
- Management may be under stress where they will be operating reactively rather than proactively.
- The quality of the products and services may drop and can cause more customers to be irritated and have more complaints. There is always a risk of losing the loyalty of customers to the competitors. Always keep in mind that

in the business world, a competitor is always waiting for a competing business to commit an error.

- Staff turnover may increase due to much work overload. Important knowledge, skill, and experience could be lost to competitors who will pirate the unhappy staff. Hiring and training new staff involves lots of time and money.

7 Appoint a risk management team. If outsourcing requires a large amount of funds, you can consider appointing current employees who are qualified to head a risk management team. This assumes that the appointed employees have experience in this area and can lead the team. If time is of the essence, getting an outside risk management team will be of good value and a worthwhile investment to the company. They will be unbiased to map out all the risks to the company according to the type of business and can execute strategies to counter the risks should these become real. This should lead to the prevention of financial catastrophe for the business.

The risk management team can be composed of the chief executive officer, risk officer, audit officer, operating officer, financial officer, legal officer, privacy officer, compliance officer, and human resource officer, with each having his or her own specific scope of responsibilities.

Risk management is a form of insurance and can never be neglected if a business is to succeed. Businesses always encounter many risks that can affect their survival. It is important to understand the basics of risk management and how they can be maximized to aid in minimizing its effect. The seven pointers above should be able to help a business owner have a better chance of success via a sound risk management plan. **MS**

Different Kinds of Business Risks

There are two types of risks. External risks are out of the control of a business owner. These include, but are not limited to, loan interest and foreign exchange rates, politics, and weather. Internal risks are the ones that an owner can control, including information breaches, noncompliance, lack of insurance, growing too fast, and many more.

Businesses face various types of theft, such as burglary and robbery by outsiders, theft by insiders, and identity theft.

Burglary. This refers to crimes involving the unlawful entry of robbers inside a structure with or without force. Burglary prevention begins with making business premises to be not an attractive target by creating barriers to illegal entry.

Appropriate measures will differ depending on the type of business, the premises, and, most importantly, the location:

- For some businesses, security needs can be achieved simply by leasing a professional office in a building with good security

officers. It is also good to lease offices with strong doors and appropriate locks. This is particularly true for businesses in low-crime areas without high-value goods on the premises.

- An enterprise in a building that has valuable items on hand with more than one entrance and window and is located in an area with a high-crime rate will definitely present a different condition. Whatever type of business one has, the insurance company, the locksmith, the police department, and the security consultant can provide information on how to make the business premises harder to burgle. They may recommend improvements like steel doors that fit tightly into doorframes, shatterproof window glass, stronger window locks, and a fence around the premises, etc.
- Exterior lighting can help discourage burglars. The fewer dark places around a facility, the lesser the chance a burglar will be in that area. It is not a good idea for the office to have windows near trees or shrubs. This will be a hindrance to criminals as they have no way to conceal what they are doing. Also, it makes sense to keep dumpsters away from the building.
- Valuable property should be locked up to deter theft further. It is

a prudent practice to invest in a burglar alarm system that rings at the police station or at a private security firm when there is an unwanted person inside.

Robbery. Robberies involve the taking of valuables from another person or entity by force or with a threat of force. If a business transaction involves a member of staff receiving cash, it is best for employees to undergo training on what to do in case of robbery. The local police department can be of assistance in developing training material. Also, it is best to limit the amount of cash in cash registers.

Insider Crime. A lot of businesses put a great deal of effort into protecting their property from theft from the outside but neglect to put an equal effort into preventing insider theft. Employers should not underestimate the risk of trusted employees stealing from the company.

There are a lot of stories of insider theft, such as trusted employees stealing money from cash collection, staff stealing valuable items from the warehouse inventories, and some who

connive with contractors on awarded projects. All caught were summarily dismissed without being charged.

Loss control experts recommend employers adopt strategies to prevent internal theft: increase the perceived probability of discovery and decrease the probability that an employee will commit the crime. For the first, strict accounting control is required, and frequent audits as well. Having a policy that gives honest employees a way to report theft by their co-workers without fear of reprisal helps diminish insider theft, as does the emphasis on ethical practices, rewarding company loyalty, and having clear performance standards. Investing in CCTV cameras is also a great way to monitor and catch erring employees.

Identity Theft. Identity theft occurs when an individual uses someone else's personal information to commit fraud. Businesses should be able to provide identity theft victims with transaction records relating to their identity theft free of charge so that the innocent can be vindicated and the guilty be apprehended.

Investing in Small Cap Stocks

By JOSEFINO GOMEZ, RFP®

A small-cap stock is a publicly traded company whose total market value is around \$300 million to \$2 billion. Small-cap stocks historically have outperformed large-cap stocks but are also more volatile, illiquid, and riskier.

In the book “100 Baggers: Stocks that Return 100-to-1,” Chris Mayer investigated the stock performance of companies that produced 100-fold returns between 1962 to 2014. According to the book, the average market capitalization of these top performers was approximately \$500 million, showing the huge potential that may be found in small-cap stocks.

Almost half of stocks in the Philippine Stock Exchange (PSE) with a market capitalization of Php5 billion and below are not profitable. Not all small caps are the same, some are better managed and more promising than others. Investing in small-cap stocks can earn potentially higher returns but also comes with increased risks. To enter the world of small-cap stock investing successfully, consider the following guidelines:

“Not all *small caps* are the same, some are *better managed* and more *promising* than others.”

1 Get educated and research. Small-cap stocks are usually less covered by analysts and institutions. You need to seek them out. Study previous small-cap companies that have been successful. What qualities did they have? Who is behind them? What made them successful? After you find a small cap you like, understand them well and decide the price you are willing to pay.

Set your investment goals right. Your investment objectives and time horizon must be long-term, as small-cap investing needs time and patience.

2 Do not overpay. When evaluating small-cap stocks, analyze the company’s financials, including revenue, earnings per share, growth rate, and cash flow. Although you would most likely not find a high-quality small cap at a dirt-cheap price, you might be able to buy it at a decent price. One way to check this is the PEG ratio. It is P/E divided by the EPS (earnings per share) growth rate. Anything below 1 is cheap. If a stock P/E is 30 times EPS should at least grow by 30%. If EPS grows by 50%, then it is a bargain. If it only grows by 5%, then you might be overpaying for growth.

3 Find a growing small cap. Examine the management team’s experience and track record. Evaluate the competitive landscape and assess the company’s unique selling proposition. Look for catalysts that could drive future growth. Good growth comes from earning power and not from one-time gains. Learn to differentiate between a temporary versus a permanent slowdown in growth.

4 Look for small-cap stocks with economic moats. For a small cap to grow and prosper, it needs to reinvest at high returns on capital over long periods of time. To attain this, it must have economic moats. Any unique edge that it has over competitors, such as network effects, secret formulas, a reputable brand, or being a low-cost leader, would help it thrive and flourish.

5 Diversify. The less you know, the more you need to be diversified. Create a diversified portfolio of small-cap stocks if you want to spread your risk. Invest across different industries, sectors, and locations if you must.

6 Be aware of the risks. Understand the risks connected with small-cap stocks, such as price volatility, liquidity constraints, and limited company resources. Be prepared for higher levels of uncertainty and fluctuating prices.



7 Take a long-term view. Consider a long-term investment horizon when investing in small-cap stocks. While short-term price movements can be unpredictable, small-cap stocks have the potential for substantial growth over time if you select the right companies with strong fundamentals and growth prospects. Time is the friend of a wonderful business. The fastest 100 baggers in the book took at least five years. In normal situations, it will take about 20 years to get there. One way to fight impatience is to set an amount for each company you pick and commit to holding it for a long time.

8 Be patient and disciplined. Maintain a disciplined approach and avoid impulsive decisions based on short-term market fluctuations. Small-cap stocks may experience significant price swings, so it is important to stay focused on your investment thesis and not get swayed by short-term noise. Think twice when selling. Thomas Phelps said not to take any investment action for a non-investment reason. Some non-investment reason is that the stock is too high or it is not moving. Only sell when you make a mistake in evaluating the business, and it fails to meet your investing criteria, or you find something more undervalued and has better prospects than your current one.

9 Keep up to date. Stay updated on company-related news, industry trends, and economic factors that could affect your investments. There will be many distractions, such as economic reports and regular market predictions.

Being able to filter out the noise to focus on the business of the company is very important. Do not focus too much on forecasting where the market is going. Listen to only the important facts that matter.

10 Start small but think big. When beginning to invest in small-cap stocks, start with a small portion of your overall investment capital. As you gain experience and confidence, you may increase your allocation. If, after awhile, you are performing poorly, revisit your investment process and make improvements.

11 Regularly monitor performance. Review the performance of your small caps regularly. Make the necessary adjustments based on the changing environment, whether the companies’ fundamentals remain solid, and whether your investment thesis is intact. Be prepared to adjust if needed, such as taking profits, cutting losses, and rebalancing your portfolio.

Investing in small-cap stocks can be rewarding but requires thorough research, careful analysis of facts, and a very long-term perspective. By understanding the unique characteristics and risks associated with small-cap stocks and staying informed, you can unlock the potential investment opportunities available in this market segment. Remember to exercise patience, diligence, and adaptability to make rational decisions and maximize the chances of success in investing in small caps. [MS](#)

Pros and Cons of Virtual Office, Co-working Space, and Home Office

By CARL DY

I remember growing up that there was only one place to earn money: to go to an actual physical office and work. If your employer or business is home-based, it is not professional and not legit. Fast forward to after the pandemic, the work landscape has changed significantly. There are currently new alternative work environments that are now acceptable. Office setups like hybrid work, virtual offices, co-working spaces, and work-from-home arrangements are more commonplace.

In my 20 years of working and starting up a business, I have been fortunate to experience all of these work environments. Let me share with you my experience and what the pros and cons are of each setup.

1 Virtual Office. When I started my own business nine years ago, I started with a virtual office at a low rate of around Php1,000 a month. During my startup days, this was the cheapest alternative to having the reputation of a business address without needing the upfront cash out of a real physical office. This office option is ideal for freelancers, solopreneurs, or side hustlers who need to have an address to put in their calling cards, business registration and to receive physical mail delivered.

Pro

- **Very low cost to gain a business address:** Virtual offices are actual physical offices that allow you to co-share their address. You normally still work somewhere else, at home or in a 9-5 job, but the virtual office makes it look like you have an actual office.
- **Business services:** As an added service, a secretary is there to receive your mail and when landline was still a thing, the shared secretary would also answer calls for you.

Con

- **No actual office:** The virtual office has a few cons, except that it does not offer an actual office space to set up permanently. It's an ideal work setup for people who just needs to have a reputable business address without the high cost of maintaining an actual physical office rent.

2 Co-Working Space. After a few months into my startup, I needed to hire two permanent staff. This was pre-pandemic, so a physical office was necessary to make my business legit. Renting our own office would entail a high upfront capex and a small space in a high-value address was not available. Thus, we moved into a co-working space.

A co-working space is an actual physical office that you can rent by the month on a per-room basis, usually in a prestigious building in business districts like BGC, Makati, or Ortigas for a fraction of the cost.

Pros

- **Lower startup cost:** Co-working offices are ready-to-use offices. They start from a general shared common seating (Php 3,500/month) to one-seater private rooms (Php15,000/month) up to multiple seater rooms. It eliminates the need for

startup expenses like interior design, fit-out, and installation of air conditioning, lights, and other equipment. It also has fixed fees to remove variable costs such as electricity bills, Internet, and other maintenance fees, making it an easy entry and affordable choice for individuals or startups who want to hit the ground running on day one.

- **Flexibility:** There are co-working spaces that have multiple locations, like Regus. With a single registration fee, members can work from anywhere at any time, facilitating a better work-life balance, holding meetings in various locations, and enabling individuals to travel without losing productivity.
- **Access to a reputable building and address:** Co-working spaces usually have high-value locations allowing a small company to look bigger than it actually is, giving an opportunity to hire talents and secure bigger business deals due to its reputable business address.
- **Shorter commitment time:** Virtual offices allow rent on a month-to-month basis, making it beneficial for office teams that do not need a long-term lease.

Cons

- **Distractions:** The bustling and social nature of co-working spaces can, at times, lead to distractions, reducing concentration and productivity if individuals are not disciplined.
- **Lack of privacy:** With multiple professionals sharing the same space, privacy might be limited, making confidential discussions and activities challenging.

3 Home Office. After the pandemic, the concept of working from home was more accepted. We have moved our business operation to work from home mostly. This has allowed our employees to spend time with their kids and physically be able to attend to their needs. It is an arrangement that has worked for my team and business.

Pros

- **Lower operating costs:** With work from home, smaller

businesses no longer need to shoulder the monthly rent and utility cost of running a physical office.

- **Travel time and transportation savings:** Working from home eliminates commuting time and costs, allowing your team to spend more time with productive and meaningful output.
- **Improved work-life balance:** A home office allows individuals to seamlessly integrate personal and professional responsibilities, enabling greater control over work schedules and providing more time for family and personal commitments.

Cons

- **Potential distractions:** The presence of family members, household chores, and leisure activities can pose distractions and challenges to maintaining focus and productivity.
- **Social isolation:** Working from home may lead to feelings of social isolation due to reduced face-to-face interactions with colleagues and the lack of a professional community.
- **Difficulty separating work and personal life:** The absence of physical boundaries between work and personal life can make it challenging to disconnect, resulting in blurred boundaries and potential burnout.

When considering the virtual office, co-working space, and home office options, it's essential to evaluate your needs and preferences. Virtual offices offer flexibility and cost-effectiveness but without an actual physical office. Co-working spaces provide an easier option to have a physical office with networking opportunities but can be distracting and less flexible. Home offices offer comfort and convenience but may lack social connections and present challenges in maintaining work-life boundaries.

These three options all provide benefits and advantages depending on your business preferences, work requirements, and the optimal balance between social interactions, concentration, and costs.^{MS}

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The Ultimate Home Office: Designing the Perfect Workspace for Productivity and Comfort

By CARLOS GONZALES

Recently, the concept of the traditional office has undergone a remarkable transformation. With the rise of remote work and the growing emphasis on work-life balance, and the work-from-home trend, more people are investing in creating their own ultimate home office.

A well-designed home office not only boosts productivity but also enhances comfort and overall well-being. So how do you build the ultimate home office? Here are some recommendations on furniture, equipment, décor, and valuable tips to create a space that encourages efficiency and creativity.

Furniture: The Foundation of a Functional Workspace

The furniture you choose for your home office forms the backbone of your workspace. From ergonomic desks to comfortable chairs, the right furniture can significantly impact your productivity and overall comfort.

- **Ergonomic Desk:** The cornerstone of any home office is an ergonomic desk. Look for a desk with ample surface area, adjustable height, and built-in cable management to keep your workspace clutter-free.
- **Comfortable Chair:** A comfortable and supportive chair is crucial to prevent strain during long work hours. Opt for a chair with adjustable lumbar support and armrests to maintain good posture.
- **Storage Solutions:** Keep your space organized with efficient storage solutions. Shelves, cabinets, and drawers will help you keep your work materials and documents neatly arranged.
- **Credenza or Sideboard:** A credenza or sideboard can serve as both a storage unit and a surface for additional workspace. It's a versatile piece of furniture that adds style and functionality to your home office.
- **Convertible Standing Desk:** Consider a convertible standing desk to alternate between sitting and standing while working. This promotes better circulation and reduces the negative effects of prolonged sitting.

Equipment: Tools for Maximum Productivity

Equipping your home office with the right tools can make all the difference in your work efficiency. High-quality computers, dual monitors, and other essential equipment ensure you have the necessary resources at your fingertips.

- **High-Quality Computer:** Invest in a reliable, powerful computer that suits your work requirements. Whether it's a laptop or a desktop, ensure it has ample processing power and memory.
- **Dual Monitors:** Dual monitors can significantly increase your productivity by providing more screen real estate for multitasking and referencing multiple documents simultaneously.
- **High-Speed Internet Connection:** A stable and high-speed internet connection is essential for seamless communication, video conferences, and efficient online collaboration.
- **Noise-Canceling Headphones:** Block out distractions with noise-canceling headphones. They are particularly valuable if your home office is in a busy or noisy environment.
- **Webcam and Microphone:** For virtual meetings and video conferences, a good-quality webcam and microphone are essential to ensure clear communication.
- **Printer and Scanner:** While the world is moving towards digitalization, a printer and scanner can still come in handy for tasks that require hard copies or physical documents.

Lighting: Illuminating Your Productivity

Proper lighting is often underestimated in its impact on work quality. Natural light, combined with well-placed task lighting, can enhance your mood and focus, leading to improved productivity.

- **Natural Light:** Position your desk near a window to take advantage of natural light. Natural light not only boosts mood but also reduces eye strain.
- **Task Lighting:** Complement natural light with task lighting. A desk lamp with adjustable brightness and color temperature will help reduce glare and create a comfortable working environment.

Decor: Creating an Inspiring Ambiance

Your home office's decor goes beyond aesthetics; it can create an environment that fosters creativity and motivation. Color schemes, plants, and personal touches contribute to an inspiring ambiance.

- **Color Scheme:** Choose a color scheme that promotes focus and creativity. Soft blues, greens, and neutrals can create a calming atmosphere, while splashes of vibrant colors can add energy.
- **Plants:** Incorporate indoor plants to bring a touch of nature into your home office. Plants improve air quality and add a sense of tranquility.
- **Personal Touches:** Display artwork, motivational quotes, or personal mementos that inspire and motivate you. A personal touch can make the space feel uniquely yours.
- **Minimalism:** Embrace minimalism to avoid clutter. A clutter-free environment promotes mental clarity and focus.

Organization: Taming the Digital and Physical Chaos

Effective organization is key to maintaining a clutter-free and efficient workspace. Whether it's managing cables or digital files, staying organized enhances both functionality and peace of mind.

- **Cable Management:** Keep cables organized and out of sight using cable clips, sleeves, or cable management trays. A tidy workspace enhances both aesthetics and functionality.
- **Digital Organization:** Use digital tools such as project management software, cloud storage, and note-taking apps to keep your digital files and tasks organized.
- **Physical Organization:** Regularly declutter and organize your physical workspace. Use trays, baskets, and organizers to categorize and store items efficiently.

Tips for an Optimal Home Office Experience

Creating the ultimate home office goes beyond furniture and equipment. Establishing routines, practicing proper ergonomics, and prioritizing your well-being are essential aspects of curating an optimal work environment.

- **Designated Workspace:** Dedicate a specific area for your home office. This helps establish a clear boundary between work and leisure, enhancing focus and work-life balance.
- **Routine and Schedule:** Stick to a regular work routine and schedule. Set specific work hours and breaks to maintain a sense of structure.
- **Take Breaks:** Incorporate regular breaks into your workday. Short breaks boost productivity and prevent burnout.
- **Proper Ergonomics:** Set up your workspace ergonomically. Adjust your chair, monitor, and keyboard to minimize strain and discomfort.
- **Stay Active:** Integrate movement into your day. Stand up, stretch, and take short walks to prevent a sedentary lifestyle.
- **Personal Wellness:** Prioritize your well-being by incorporating wellness practices such as meditation, breathing exercises, or yoga into your routine.
- **Regular Maintenance:** Regularly update and maintain your equipment and furniture to ensure they remain in optimal condition.

Investing in Your Productivity and Comfort

Designing the ultimate home office is an investment in both your productivity and your well-being. By carefully selecting the right furniture, equipment, decor, and applying effective organization strategies, you can create a workspace that supports your professional goals while ensuring your comfort and happiness. Remember that your home office is a reflection of your unique style and needs, so tailor it to create an environment where you can thrive.^{MS}



Veterans Bank Holds 1st Victory Day Ride in Baguio to Honor WWII Veterans

The inclement weather in the City of Pines did not dampen the spirits of over 150 bike enthusiasts as they pedaled their way through the World War II historical sites of the city in the first ever Victory Day Ride held last September 3 as part of the celebration of Victory Day – the commemoration of the surrender of Gen. Tomoyuki Yamashita on September 3, 1945 that also signaled the end of World War II in the Philippines.

Philippine Veterans Bank and its partners – the Philippine Veterans Affairs Office (PVAO), the City Government of Baguio, the Wartime Heritage Guild Philippines (WHG), Without Limits, and Salgado PR – organized the 35.5-kilometer cycling event to honor our World War II veterans and to foster a deeper understanding and appreciation of the relevance of September 3 which is recognized as a National Holiday in the country. Proceeds of the event will go towards the restoration and maintenance of WWII markers and landmarks in Baguio City, ensuring that the stories of valor and courage of our veterans will never be lost.

At the opening ceremony held at the lobby of Baguio City Hall, Veterans Bank Head of Marketing & Communications, FVP Miguel Angelo Villa-Real welcomed and thanked the bikers for participating in the historic first Victory Day Ride. He added that the event was conceptualized to commemorate Victory Day and to encourage Filipinos to remember the day's significance.

The Wartime Heritage Guild also did a short skit of the flight of Gen. Yamashita and his troops before the start of the ride.

From Baguio City Hall, the starting point of the non-competitive ride, the bikers passed through Camp Allen and the US Army Forces in the Philippines – Northern Luzon (USAFIP-NL) Marker along Naguilian Road on the way to the third historical site – the Banangan View Deck in Sablan, Benguet. However, halfway to the destination at Baguio City's boundary in Irisan, zero visibility due to



heavy fog and the unrelenting rain forced the bikers to halt and retrace their route back to the city. Nevertheless, three bikers who were locals of Baguio, still managed to reach the Banangan View Deck as they outpaced the main body of the riders early in the ride. Upon hearing news of the halt, the trio gamely took on the mostly uphill path to join their fellow riders.

From Irisan, the bikers pedaled through the city on the way to the Philippine Military Academy (PMA) grounds where the closing program was held and where rest and refreshments awaited.

Baguio's very own mayor, Hon. Benjamin Magalong, joined the 150-strong biking contingent that braved the elements along with a contingent of PMA cadets. Biking groups from other areas including Manila, Bulacan, Nueva Ecija, and others also joined the Baguio biking event which is now being eyed to be held annually.

At the closing program, Veterans Bank President Renato Claravall delivered a special message to the riders and guests stating that the Victory Day Ride's aim was to raise awareness for all the sacrifices and heroism displayed by the veterans of World War II, Filipino and American soldiers alike. He added that all Filipinos should know the relevance of Baguio City in WWII history.

US Ambassador to the Philippines, MaryKay Carlson, was the event's guest of honor and commended the organizers and the participants for the unique and educational manner of commemorating Victory Day. She also lauded the riders, including Mayor Magalong, for braving the weather and finishing the ride.

Additionally, members of the Wartime Heritage Guild reenacted the surrender of Gen. Yamashita to US Allied Forces at the closing ceremony.^{MS}



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