

# Overcoming challenges in initial stages of business

By Miguel Hanz L. Antivola

GROWING and sustaining a small business in the Philippines can be an intimidating process for some entrepreneurs, even with government intervention, according to a franchising expert.

Perseverance is key for any business to succeed, as the journey from coming up with a viable business idea to securing funding and attracting customers is full of challenges, Armando "Butz" O. Bartolome, founder and president of GMB Franchise Developers, said in an interview.

Nearly all of the businesses in the Philippines are categorized as micro, small, and medium enterprises (MSMEs), comprising 99.58% of the total, as reported by the Philippine Statistics Authority. These MSMEs created 5,461,731 jobs and generated P2.09 billion in sales in 2021 alone.

Managing issues that arise during the early stages of MSMEs is critical, according to Mr. Bartolome. Here are some suggestions to tackle these challenges.

## RAISING CAPITAL

Obtaining enough capital to launch a business is one of the strains any entrepreneur can face, Mr. Bartolome noted.

Potential sources of funding may include personal savings or loans from friends and family, he said. This phase can be particularly anxiety-inducing as entrepreneurs find themselves in debt before even launching their businesses.

"Try to find out what funds are available in your area. Are there people who are willing to lend you money at a soft interest? Are there people who will help you build a strong partnership and collaborate?" Mr. Bartolome said. Due to the difficulty in securing funding, whether through loans or other means, businesses tend to start very small, using whatever resources are available to them, he added. "If I have a *carinderia*, I will not probably buy a whole set of appliances or cookware, but I'll just start with some of the few items that are essential."

## FINDING THE RIGHT PEOPLE

Starting with limited resources can



AISLES of *tiangge* (flea market) in Taytay, Rizal are filled with customers looking for cheap clothes.

dia platform has evolved. It's no longer the posting — there are a lot of videos, new market players, and a lot of ways on how to attract people." Social media can also be used to get feedback from customers — engage and receive suggestions for improvement, but some entrepreneurs are not open to feedback, Mr. Bartolome said.

"Don't just put up [posts] on your social media. Try to find out all the comments, good or bad... Customers love to be part of it — the engagement... 'Yun bang nagsabi (those who said), 'I appreciate your service, however I got delayed.' How do you answer that? And then you have to answer it quickly. Not answer them after six months."

## INTERVENTION

Despite the availability of government programs, people are still fearful due to uncertainties surrounding funding and the long-term sustainability of their businesses, Mr. Bartolome said.

On one hand, the Bayanihan CARES (COVID-19 Assistance to Restart Enterprises) by the Small Business Corp., the financing arm of the Trade department, provides interest- and collateral-free loans to MSMEs adversely affected by the pandemic. Additionally, advocacy Go Negosyo by the nonprofit Philippine Center for Entrepreneurship encourages Filipinos to engage in entrepreneurship to address poverty with business coaching programs such as Kapatid Mentor Me, 3M On Wheels, and Kapatid Agri Mentor Me Program, among others. On the other hand, the proposal of an organization to closely monitor the growth of MSMEs is still suggested by experts. "If MSMEs will borrow money, there must be somebody or a group that will really take care of them until they have grown and started to establish their roots... Establish a way where they can report and monitor their growth," Mr. Bartolome said. The ADB also noted the need to monitor MSMEs' business conditions periodically with focus group assistance. "Now is the time to consider an optimal approach that offers targeted assistance yet ensures fiscal sustainability in a post-COVID-19 environment," it said.

also result in compromises when it comes to recruiting the right employees, Mr. Bartolome said.

Entrepreneurs must carefully consider various factors when hiring employees. Distance from the workplace, alignment with business goals, and adaptability are critical when searching for the right candidates, he noted.

## MARKET COMPETITION

Businesses often find themselves competing in a crowded market alongside other players with similar goals.

This can end in shortcuts and trade-offs in branding, which can hinder growth. Businesses must constantly strive to differentiate themselves in a competitive environment, Mr. Bartolome said.

"A lot of people like to do shortcuts — copy and paste. You sort of muddle up your brand, and that's the reason why those brands going global are the ones that really establish the right way of doing business," he said. "If you notice in the market right now, there are a lot of [businesses employing the] *gaya-gaya* (copycat) method. 'Why reinvent the wheel? Just copy from somebody.'" He also said that MSMEs need to study their market, identify clear objectives, and narrow their focus to find their niche. "'Sino market mo?' (Who is your target market?) Most of the time, when I ask this question, *sabi nila*, '*Kahit*

*sino ho*' (they say, 'Anyone.') But you only have a specific target market... And *ito ba* [this business] is the need of the target market?" However, there is also a need to zoom out the market and see the competition in the grand scheme of things. This builds an awareness of the trends, prices, and strategies needed for the business to keep up with the challenges of time.

"The MSMEs are faced with what we call the red ocean where they try to bite each other [for] a small piece of pie. *Nagkakaron tayo ng* (There is) price war — putting down each other," Mr. Bartolome said. "Start a business where you come from, where you're a member of the community. Know who you are, your contacts, your connections, *at saan mo ilalagay negosyo mo* (and where to put up your business)," he added. Entrepreneurs are also advised to broaden their network by embracing digitization and utilizing social media platforms as growth tools. While this may seem intimidating, especially for older entrepreneurs, the benefits of having a wide reach far outweigh relying solely on word of mouth. "But what happens is a lot of MSMEs are scared because [of] their privacy, they might be hacked, or they don't know how to do it," Mr. Bartolome noted.

## FACING FAILURE

Risks can be seen as opportuni-

ties for growth, Mr. Bartolome said. "Failure is really something people are afraid of. Experiencing a failure can be frightening for MSMEs."

He said that it would be beneficial for novice entrepreneurs to seek guidance from a knowledgeable mentor.

A mentor can provide valuable insights and perspectives gained through experience, which can help entrepreneurs navigate the challenges of starting and growing a business, he noted.

"If you have a good mentor who guides you and understands you with compassion, *iba 'yon* (it makes a difference)."

## SCALING UP

Mr. Bartolome's one piece of advice: "Once you start your business, start to scale up. In other words, don't stay where you are." The ultimate goal of business is growth, and remaining stagnant goes against that purpose, he noted, as a result, they must always be open to expansion. Failing to do so will eventually lead to losing market share and becoming prey to competitors, he added.

One way to expand a business is through franchising, which involves forming a system and a relationship with partners to distribute the brand to new areas that may not have been accessible otherwise.

## GCash says 'no hacking occurred' on customers' reported deductions

ELECTRONIC payment firm GCash said that it had found no evidence of hacking in relation to the wallet deductions customers experienced on Monday.

"As [said] in our official statement. No hacking occurred and our customers' funds are intact," GCash responded in a follow-up inquiry.

In an interview with Telereadyo, GCash Vice-President for Corporate Communications Gilda Patricia Maquilan confirmed that the company received complaints from its customers yesterday on wallet deductions.

"Naka-receive nga po kami ng mga complaints sa ating mga customers kahapon. At ang ginawa po namin, immediately tinignan namin. Nagconduct kami ng investigation. In fact, until now, we are still coordinating with our partner banks," Ms. Maquilan said.

(We received complaints about this yesterday. And what we did immediately, we conducted an investigation.)

"In fact, until now, we are still coordinating with our partner banks," she added.

GCash said in a statement on Tuesday that any deduction from a GCash account will be adjusted before 3 p.m.

"As of today, we have assisted all concerned customers and are able to adjust their accounts to reflect the correct balance," it said.

Ms. Maquilan said that GCash has coordinated with

partner banks East West Banking Corp. (EastWest Bank) and Asia United Bank Corp. (AUB) for the investigation.

The e-wallet company is yet to disclose the results of its investigation but ruled out a system hack. It reminded users to never share their one-time pins (OTP) and mobile banking personal identification numbers (MPIN).

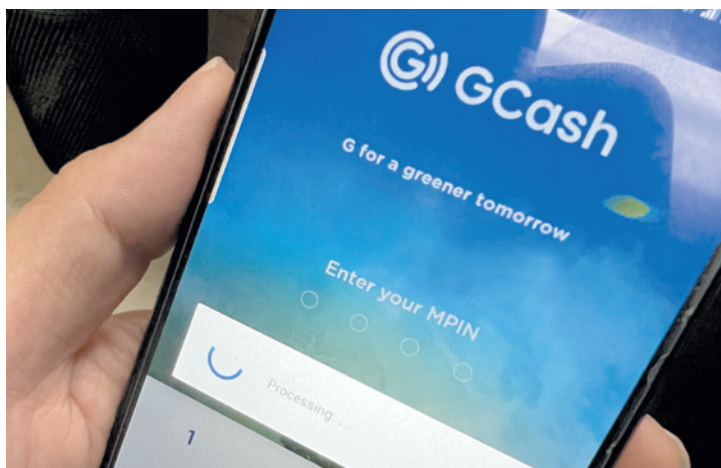
"Actually, we experience what we call 'account takeover.' This happens during times when we accidentally share our OTP and MPIN, which gives other people a chance to access our funds," said Ms. Maquilan.

Meanwhile, public policy think tank Infrawatch PH Convener Terry L. Ridon said that GCash users must hold the firm accountable for the adjustments in their funds.

"This incident should be a wake-up call to GCash to make their platform more secure, particularly because a vast majority of the public are now dependent on the platform for their day-to-day activities," said Mr. Ridon.

He said that the e-wallet company should ensure that similar incidents will not happen again, "as a broader system failure may prevent GCash from making a similar commitment in the future."

Mr. Ridon said that he is confident that GCash will be able to ensure this as it is the market leader in the electronic money issuer segment.



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"However, regulators such as the Bangko Sentral ng Pilipinas and the National Privacy Commission should work with GCash to avoid further incidents in the future," he added.

## BANKS COOPERATING

Meanwhile, AUB and EastWest Bank said that they are cooperating with the investigation being undertaken amid the downtime experienced by GCash users Tuesday.

AUB said in a statement that it put the suspected account on hold after the lender was alerted by GCash that the account was involved in a transfer of funds via Instapay from GCash.

"Be assured that we at AUB are extending our utmost cooperation with GCash on the matter and assisting GCash in so far as looking into the said AUB account," Legal Services Head and Data Privacy Officer Emma T. Cabochan said.

EastWest Bank likewise said in a statement that it is launching an internal investigation after being made aware of the fund transfers.

On top of this, the Gotianun-led bank said that it is also cooperating with the investigation being conducted by regulators.

"We are working towards the immediate resolution of this matter," EastWest Bank said.

Meanwhile, GCash said in a statement at 4:00 p.m. after GCash had been operational again that no funds had been lost and assured customers that the e-wallet can be safely used again.

"Our proactive cybersecurity policies are in place to protect our customers as the safety and security of your account is our top priority," GCash said.

It also reminded users that GCash will never send e-mails or messages with links or call and contact their customers through other messaging platforms.

EastWest Bank's shares went up by six centavos or 0.84% to close at P7.20 apiece on Tuesday.

Meanwhile, AUB shares closed at P43.50 apiece on Tuesday, up 50 centavos or 1.16% from the previous day's finish. — **Justine Irish D. Tabile with Aaron Michael C. Sy**

## AyalaLand Logistics to expand leasing area

AYALALAND Logistics Holding Corp. (ALLHC) is targeting to expand the total gross leasable area of its warehouse portfolio to 500,000 square meters (sq.m.) by 2025, its top official said.

"Our target is to increase our warehousing portfolio from 300,000 sq.m. to 500,000 sq.m. by 2025," ALLHC President and Chief Executive Officer Jose Emmanuel H. Jalandoni said on the first day of the Philippine Stock Exchange's Strengthening Access and Reach program on Tuesday.

To date, the company has 309,000 sq.m. of gross leasable area, which has multinational and local tenants that include DB Schenker, Entrego Express Corp., Shin-Etsu Chemical Co., Ltd., Badan Building Materials Corp., and Lemcon Philippines, Inc.

ALLHC's warehouses are located in Biñan at Laguna Technopark; Naic at Cavite Technopark; Porac, Pampanga at Alvierra Industrial Park; Santo Tomas, Batangas; and Calamba, Laguna.

Mr. Jalandoni said that e-commerce firms, third-party logistics warehouses and fast-moving consumer goods today need modern logistics supply suitable to their operations.

"The facilities that we are building are custom-built for the needs of the market

as against what you typically see in the Philippine market, which is older and more traditional warehousing," he said.

"There's a lot of improvement that needs to be done and we think we can be a strong player in this evolution," he added.

Meanwhile, Mr. Jalandoni said that ALLHC is also keen on expanding its cold storage portfolio by four times by 2025. He said the firm wants to not just double "but hopefully, quadruple our footprint in this market."

"Why are we interested in cold storage? Essentially because demand is quite high for institutional users, supermarkets, convenience store restaurants, and food manufacturers," he added.

The company currently has a total of 10,300 pallet positions in its three cold storage facilities all located in Laguna. Its clients include brands such as Carmen's Best, Nestlé, Ecolab, Bayer, and North Star Meat Merchants.

According to Mr. Jalandoni, the Philippines currently has a low refrigeration capacity per capita at 0.04 cubic meter versus its peers in Vietnam and South Korea, which has a capacity of 0.17 cubic meter and 0.28 cubic meter, respectively. — **Justine Irish D. Tabile**