

Empowering Farm Workers A Social Entrepreneur's Story

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"Social entrepreneurs are not content just to give a fish, or teach how to fish. They will not rest until they have revolutionized the fishing industry"

- Bill Drayton

Oftentimes, being an entrepreneur is analogous to starting a business, but this delimits a word that has a rich history and considerable meaning. The term "entrepreneur" originated in French economics towards the later part of the 17th century and refers to someone who undertakes a significant project or activity. Eventually the term advanced to identify venturesome individuals who stimulated economic progress by finding new and better ways of doing things. Entrepreneurs have a mindset that sees the possibilities rather than the problems created by change. They are innovative—breaking new grounds, developing new models, and pioneering new approaches. Entrepreneurs need not be inventors. They simply need to be creative in applying what others have invented, bear high tolerance for uncertainty, and know how to manage risks for themselves and others.

At the core of entrepreneurship is the pursuit of opportunity. Entrepreneurs do not allow their initial resources to limit their options. As in Elizabeth Barrett Browning's metaphor, their reach exceeds their grasp. Entrepreneurs gather together the resources of others to realize their entrepreneurial objectives.

A special breed of entrepreneurs evolved over time. They are entrepreneurs who act as change agents by creating and sustaining social value instead of being merely concerned with private interests. Making profit, creating wealth, or serving the desires of customers may be part of the paradigm but they have been reduced to mere means to a social end and not the

end itself. To them, neither profit nor customer satisfaction gauges value creation; social impact does. Social entrepreneurs look for a long-term social return on investment. They want more than just a smash hit or a craze; they aim to create lasting improvements. They seek to foster systemic changes and sustainable improvements.

Bill Drayton, founder of *Ashoka: Innovators for the Public*, promoted the widespread use of the terms social entrepreneur and social entrepreneurship in the 80s and 90s. While the terms are relatively new, they were actually used first in literature on social change in the 60s and 70s.¹ The historical evolution of social entrepreneurship can be traced through people whose efforts were undoubtedly classic social entrepreneurship. The list of significant social entrepreneurs include Florence Nightingale, founder of the first nursing school and developer of modern nursing practices; Robert Owen, founder of the cooperative movement; Vinoba Bhave, founder of India's Land Gift Movement; and most recently Muhammad Yunus, founder of Grameen Bank. Their contributions resonate the idea that benefits are immeasurable when business principles are combined with social ventures.²

Profile of a Filipino Social Entrepreneur

B2Bpricenow.com founder Edgardo B. Herbosa is single at thirty-seven (37). Tedjie is adventurous, ambitious, impulsive, enthusiastic, and full of energy. He likes to be a pioneer, both in thought and action. He is very open to new ideas and is a lover of freedom. He welcomes challenges and will not be diverted from his purpose except by his own impatience, which manifests when he does not get quick results. He knowingly or unknowingly impresses upon others that he is not likely to be a good follower because he would rather take charge. He sees no reason to obey or submit to directions to which he disagrees. He seems too concerned about himself—in both positive and negative sort of way. He is self-reliant to the point of being overly confident.

As a young manager, however, he has shown courage as a leader, as well as genuine concern to his subordinates. He candidly admits that he is not a hands-on boss and would rather assign tasks and bestow as much responsibility as possible to his team. However, he keeps a "3-strike rule" where one can only make the same mistake twice for a third means getting kicked out of his team. Tedjie exudes unrelenting energy with a tendency

to aggressiveness and restlessness. His argumentative nature induces one to believe that he is headstrong, easily offended, and quick-tempered.

As an entrepreneur in his prime, Tedjie strikes as someone whose goal is simply to "get something started and lead the way." He is able to assume leadership with great ease by consciously carrying out deliberate acts for some cause that moves him. Slowness or moderation from people he works with easily irritates him. Tedjie is just too aware of his pioneering spirit and by acknowledging this he not only enjoys life more but also avoids being pushed around. His being straightforward makes him even more interesting. He cuts an intellectual and objective image but in rare occasions can appear intolerant and extremist in religion and politics. He believes he can be an effective champion of lost causes.

On his negative side, if it may be considered such, Tedjie is quick-witted and over optimistic to the point of lacking thoroughness and the ability to evaluate difficulties in undertakings into which he often rushes impulsively, more so in causes he is determined to fight for. Even as intensity is at the core of his nature he has attained several of his goals more easily by gently giving in without resistance to the demands of a given circumstance. This is a talent akin to knowing the difference between what he can change, and what he cannot. Perhaps this is brought about by his tendency to hang back a bit in order to analyze a situation before jumping into it. He personifies an interesting mix of gregariousness balanced by introversion, intuitive reasoning and savvy business skills.

Tedjie is a hard worker when he sees a good reason to be such and this belies a rather retiring nature because he will be perfectly happy to spend the whole day curled up in bed sleeping or watching his favorite movies, thus, can be mislabeled as being lazy. But one must never be deceived by his relaxed nature for it is while relaxing that his business intuition is sharpest and most creative. Conversely, this young entrepreneur has incredible follow-through, once he gets going, he expects the same from others.

Asking for Mr. Herbosa over the phone, the curt reply was, "Which Mr. Herbosa?" Edgardo B. Herbosa, a trader by profession, is the third son among a brood of four of a corporate man. His mother was engaged in the family business of real estate. Enriques Herbosa, his father, retired as president of United Coconut Bank of the Philippines (UCPB). As a kid, it was rather unusual that Tedjie found his father's job not to his liking.

He was not inclined to the very structured banker's life nor the corporate ladder he saw his father climb. His eldest brother is part of the family real estate business. The youngest and only sister is an occupational therapist now residing in New Jersey.

On hindsight, Tedjie now considers his mother's training – giving him very little weekly allowance that led him to be entrepreneurial early on. He augmented his weekly allowance by collecting soft drinks bottles left around by schoolmates and returned them to the cafeteria to collect the bottles' deposit money. Also, he clearly remembers his mother's words, "Don't get into that business, you don't know anything about that business, you'll just go bankrupt." Perhaps, there was a part of him that wanted to disprove this, and true to his entrepreneurial spirit, not even a mother's advice could stop him. He was decided to blaze a trail different from his father before him and prove to his mother that he can do something particularly different.

A graduate of the Ateneo grade and high school, political science from the University of the Philippines, and master's degree in international management from the American Graduate School of International Management (Thunderbird) Arizona, USA. Tedjie specialized in international marketing and was a certified counter trader/offset specialist. He started his trading career with the Salim Group of Indonesia where he traded agricultural commodities, construction materials, and chemicals. He decided at 35, to be a social entrepreneur. His early education at the Ateneo must have laid the ground works for him to be "a man for others" and a political science education from the University of the Philippines must have exposed him to the social and political travails of his country and built in him a strong foundation of social consciousness and concern. Through education he did not only learn the tools of the industry but acquired networks of friends and business partners while the master's degree provided credibility.

Tedjie actively engaged in informal business undertakings even before he was twenty (20). Together with friends and classmates, he bought garment overruns from exporters and sold them to retail chains. It was not until after college that he realized that he was meant to run his own business. Thus, upon his return to Manila in 1994, he established Galleon One Holdings with the aim of representing foreign companies who wish to operate in the Philippines. To date, he is still managing director of Galleon One Holdings.

Financial gains motivated the young bachelor to start his own business, but later as he began to mature, he realized that what he really wanted was an enterprise that has a social perspective to it. One may consider Tedjie a lucky man because failure has not been part of his enterprising career. However, luck seems to have very little to do with the feat he has accomplished this far because the man believes that the most significant factor to his success as an entrepreneur is perseverance—perseverance that he practiced as though it was a rule written on slabs of stone.

Having very little money and believing that with too much money, one tends to waste it, Tedjie believes that only through innovative business ideas and strategy can he establish an enterprise of his own. Asked why he can lay claim as a social entrepreneur, his boyish grin expresses great pride in the company he founded as any young boy would show pride in a scale model of an airplane just built.

Electronic Marketplace for Farmers

The Internet boomed and reached its peak during the first quarter of 2000. Prices of stocks of Internet companies skyrocketed based solely on predictions that the Internet was going to drastically change the way the world functions. The Philippines saw the launching of various types of websites constructed to suit the local setting. Although the Internet wave has come down to more realistic levels and businesses solely dependent on the Internet as their medium of trading have been closing shop one after the other, one dotcom company in the Philippines is not only surviving, it is actually thriving. *B2Bpricenow.com* is the brainchild of Edgardo B. Herbosa and co-founder Fiona J.M. Puaa, a Filipino-Canadian. Fiona holds a bachelor's degree in economics from Dartmouth University and a master's degree in public administration from the Kennedy School of Government, Harvard University. The two future business partners met while Fiona was research head of Citibank.

B2Bpricenow.com is the Philippines' first ever business-to-business marketplace where cooperatives and small and medium enterprise can actually trade and pay online. It aims to capture the country's P620 billion annual agricultural trade. The site was created not for big corporations alone but for common farmers and fishermen. It is open and free to everyone, from cooperatives to traders, to manufacturers, to wholesalers, and to dealers, to post and canvass their buying and selling

prices. It envisions a marketplace that will level the playing field among large, medium, small and micro players of three sectors of the Philippine economy – agriculture and food, consumer and industrial manufacturers. Its vision is aptly embodied in *B2Bpricenow.com*'s 3Cs: Content (through websites), Connectivity (through business-to-business centers), and Contact Centers (through call centers). *B2Bpricenow.com* is not only a venue to check prices but to actually process online payment.

The next phase involves enabling farmers, cooperatives and small entrepreneurs to do online trading via their cell phones. "I wanted to provide an alternative way for farmers to access the Web site and do online trading because not all of them will be able to access the Internet everyday," said Herbosa.

The ownership structure of *B2Bpricenow.com* shows Tedjie Herbosa's substantial holding of 87.4%, Unisys Philippines, a technical partner that handles the security and integrity of the site holds five percent (5%) and the balance divided among four other incorporators. For corporate allies, *B2Bpricenow.com* has forged transactions with Land Bank of the Philippines, Union Bank, and 1st ebank as online banking partners and with Aboitiz One, Inc. and Intercommerce, are its logistic partners. This e-marketplace also allows buyers and sellers to access information and perform transactions via SMS (short messaging service) or WAP (wireless application protocol), through its partnerships with Globe Telecoms, Inc. and Smart Communications, Inc.

It has likewise maintained strategic partnerships with government and non-government organizations, which have accepted the responsibility to inform the cooperatives and SMEs on the merits of subscribing to *B2Bpricenow.com* and to educate the cooperatives on how to navigate through the computer or mobile phones by conducting training road shows/seminars in their field offices nationwide. Strategic partners include the Philippine Rural Reconstruction Movement (PRRM), National Confederation of Cooperatives (NATCCO), Technical Education and Skills Development Authority (TESDA), Philippine Chamber of Commerce and Industry (PCCI), Department of Agriculture (DA), Department of Trade and Industry (DTI), Department of Science and Technology (DOST) and the Polytechnic University of the Philippines (PUP) including the 108 state colleges and universities who are members

of the Philippine State Universities and Colleges Computer Education Systems Society (PSUCCESS).

The first step Tedjie took in putting up *B2Bpricenow.com* was to present his proposal to Unisys Philippines, which at that time was looking for projects to help the government alleviate poverty through information technology. He and his partners were able to convince Unisys to take care of the Web design, programming and hosting of the site in exchange for shares in *B2Bpricenow.com*.

Then, for content, negotiations were made with Gerry Geronimo, the producer of a popular agricultural TV and radio show called "Ating Alamin." With over 3,700 farmer cooperatives registered with the Land Bank of the Philippines and the bank's mandate to strengthen farmer cooperatives, *B2Bpricenow.com* established partnership with the bank thus intensifying access to farmers. With funding support from the bank and a training deal negotiated with state colleges and universities, educating farmers on how to use the Internet and take advantage of *B2Bpricenow.com* was made possible.

Business Strategy, Product Offering and Revenue Streams

Learning from failure due to unsustainably high fixed rates of most of the pioneering dotcoms, *B2Bpricenow.com* is engaged in a business strategy that sought to operate on a sustainable low burn rate. High burn rates for dotcom companies are largely attributable to expensive site, software, staffing, marketing and Internet infrastructure. *B2Bpricenow.com* has launched its website with minimal monthly burn rate by utilizing strategic partnerships.

The uniqueness of *B2Bpricenow.com* lies on the fact that it does not seek to attract business from the current inventory of Filipino Internet users, but instead targets the technologically marginalized sector – the farmers. Its significant developmental objective is to narrow the digital divide and spread the benefits and usage of the electronic market to the Philippine agricultural sector by targeting the small players of agriculture, consumer, and industrial manufacturing sectors. *B2Bpricenow.com* currently offers the following services to clients: subscription-free posting and viewing of produce for sale or purchase, online market prices of commodities, short

message service (SMS) access, online negotiations, e-contracts and e-documents, online bank-to-bank payment. More recently, it has engaged in telemarketing for bankcard clients and has employed PUP students, particularly the disabled, as telemarketers to provide financial support to economically-challenged students.

Having done away with development and training costs through strategic partnerships, membership and access to information on the website is free. *B2Bpricenow.com* gains revenues through advertisements posted at its site. With Land Bank of the Philippines' encouragement, congressmen utilize their countryside development fund (CDF) to support and maintain their district cooperatives' web page. It earns 20% of revenues generated by Globe and Smart through SMS access. Commissions from transactions paid on-line are rated at one-fourth percent of one percent of the transaction's value remitted to the bank. Cash has likewise been generated in the form of grants and subsidies.

B2Bpricenow.com has won the World Bank Development Marketplace Competition last January 2002 because of the enterprise's innovation, sustainability, and replicability. For this, the World Bank awarded a grant of US\$118,000. The endowment was utilized to buy computers and phones for 14 cooperatives under the PRRM. Also, the grant opened doors for *B2Bpricenow.com* to get more grants.

The Congressional Oversight Committee on Agriculture and Fisheries Modernization (COCAFAM) has endorsed *B2Bpricenow.com* as the official electronic marketplace of the Philippines for the agriculture and fisheries sectors. Institutionalized by both the Senate and the House of Representatives, it is thus eligible to avail of funding support from government through loans and grants.

As an enterprise whose principal medium is a website that enables business-to-business transactions and serves as the country's first and only e-marketplace for agriculture and food consumer manufacturers, and industrial manufacturers sectors, *b2bpricenow.com*'s success in the Philippines, has caught the attention of Thailand, Myanmar, and China where the e-marketplace will be replicated. Its founder, Tedjie, has similarly conducted exploratory talks with representatives from Nepal, Indonesia, India, Iran and Vietnam to do the same.

The company's next project is to set up B2B Business Centers in partnership

with farmer cooperatives in 1,500 municipalities nationwide. These business centers will act as Internet cafes and financial service providers which will allow cooperatives to make money by selling phones, prepaid cards, or charging for Internet access," he said.

The Activist As Entrepreneur

Clearly, Edgardo B. Herbosa is an entrepreneur. Believing that entrepreneurship is a spirit and that a spirit is born, Tedjie has exhibited a flair for enterprise from an early age when he got money for the soft drinks bottle he would pick up. His motivation first came from the challenge of creating something for financial gains and then from a perception that the corporate world is too structured for his freedom-loving nature. Although not encouraged by his father and actually discouraged by his mother, he traces the training and discipline he obtained from his parents as the source of his entrepreneurial spirit. The formal education he got in business management provided him with a solid foundation, as he opines, "A lot of dotcoms that failed were run by technical people who did not have management skills. Technology is just a tool, it does not drive the business."

Only 35 when he established *b2bpricenow.com*, Tedjie alludes that he was of the right age because he was mature enough for business and young enough to adapt to emerging technologies. He has likewise been entrepreneurial in the way he financed the enterprise, using a combination of different means of funding through strategic partnerships and grants, hence ensuring a low burn rate for the company. Unlike other dotcom founders who depended on their own people's technical skills and thrived on money infused by venture capitalists, he did not have to spend his own money or rely on venture capitalists. He acknowledges that grants and support from various public and private institutions keep him afloat and thriving as a dotcom. Highly focused almost to the point of obsession, he exhibits an extraordinary energy for his business. It is energy of a kind that is fuelled by a passion for success.

Tedjie, tracing his roots as a great grandson of national hero Dr. Jose P. Rizal, has electronically emancipated the agricultural sector by offering farmers an alternative way to bring their products to market. According to him, "When you look at the digital divide, the biggest gap is in agriculture where there is low literacy rate and where state-of-

the-art technologies such as the Internet and mobile phone are obscure tools.” Establishing *B2Bpricenow.com*, he practically created a channel that would link farmers and fisher folks to technology and reduce, if not eliminate, the digital divide for them. He introduced computers’ and the Internet’s relevance to bringing products to markets that can provide fair and competitive price to farmers through the Landbank-organized road shows for cooperatives throughout the Philippines. A well-known businessman has in fact offered to buy 51% shares of *B2Bpricenow.com* for P15 million but Tedjie declined preferring to retain management control to ensure that the company he founded stays true to its mission to empower farmers and fisher folks through technology.

Passionate about *B2Bpricenow.com*’s role in enabling farmers and small and medium enterprise and focusing most, if not all, of his energy to this, Tedjie finds immense fulfillment as he talks about how the farmers intently listen to him during road shows and now refers to the Internet as *B2Bpricenow.com*. He is not so much concerned with the monetary rewards he tends to gain, *B2Bpricenow.com* being presently valued at P300 million as he is for the legacy he intends to leave or for a shot at a place in history.

Asked if he is still having fun, he burst into laughter. Yes he is, because he is not attached to *B2Bpricenow.com*’s financial gains. He gets enormous pleasure from the citations and grants accorded to the enterprise and the heightened level of trust that this has afforded him. He relishes going around the countryside and the recognition bestowed on him not so much by international and national agencies but more by the farmers he talks to during these road shows. People who are too conservative about technology and scared of changes are perhaps the only ones that frustrate this guy. But Tedjie believes that his persistence, intensity, and love for his craft will bring success. He is living his vision to help, and maybe, make money.

Tedjie has converged focused, outcome-oriented discipline necessary to succeed in the business world with selfless passion and humanity that drive social activists. As a social entrepreneur that empowered agricultural workers through technology, Edgardo B. Herbosa was a 2005 Ten Outstanding Young Men (TOYM) awardee for countryside development.

Social Net for Agricultural Workers

Farmers encounter various risks bringing and selling their produce in the marketplace. Farm fields are remote and travel on unpaved dirt roads is tedious. These factors are often perilous to farm hands and damaging to products. Fortunately, technology can now help reduce the risks of agricultural trading.

However, it cannot be refuted that the Philippines and other agriculture-based economies have poor content and IT infrastructure that cater to farmers and fisher folks in the countryside. In the country's agricultural sector, only about 3-5% is digitally literate. Many of the 60,000 cooperatives are left out of telephone grids and do not have Internet access. The few ones that have access to the Net are multi-millionaire cooperatives which have about 3,000 to 5,000 members. The genuinely hard-up agricultural groups have to commute to state universities and other public Internet café centers to go online.

The prospects and benefits brought about by the new economy must then be experienced by these farmers and fisher folks. *B2Bpricenow.com's* E-commerce for Farmers Program addresses both the lack of content and IT connectivity that is badly needed by the agriculture sector. The program aims to develop the economic capability of farmers and fisher folks through their cooperatives. *B2Bpricenow.com* engages in training cooperatives on the establishment of b2bcenters, establishment of b2bcenters in premises of cooperatives, training the cooperative in utilizing the centers for trading, knowledge dissemination, and enterprise development.

To date, about 2,300 cooperatives, dealers and retailers, manufacturers, traders, wholesalers and other business types transact goods at this single website. In a year, sellers have posted P3.4-billion worth of agricultural goods and P105.8-million worth of consumer and industrial manufactures online. Buyers purchased products that have a total value of some P163.3 million in this site.

With the Internet becoming accessible to land laborers and its agriculture content, E-commerce has made its presence felt to buyers and farmers. Benefits abound. Doing it the old way—laborious, mechanical, expensive, time against them and by empowering farm workers with technology, time is now with them. This should make sense because in the new

economy, as Herbosa himself notes, “if you are NOT in the internet it is like you are living outside the mosquito net.”

Notes

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