

**EXCERPTS OF THE BOARD PLANNING HELD ON 17 DECEMBER 2021  
RE: VISION, MISSION AND STRATEGY OF SB CORPORATION**

**On the Review of the Strategy Map (Vision and Mission Statements), the following Board of Directors commented:**

**Dir. Doctora:** Look at the Mission, Vision, and Value Proposition and how we can integrate SBCorp's tagline "*Where MSMEs Go to Grow*" to said mandate. There is a huge gap between our strategy/tactics and the way we operationalize the same. A business model canvas for Management to see/reference to is also important.

**Dir. Magpayo:** Quantify the clients under the 7 target MSME segments (e.g., *where are our target MSMEs, how many are they, how do we respond to their needs, and how many do we intend to help or provide financing*)

**On the Overall Strategy for the following:**

Business Model

**Dir. Doctora:** To determine which will be targeted to increase efficiency out of these 7 markets if we want to use new technology. He added that to accept the fact that the resources cannot serve 1.2 million microenterprises. Therefore, explore serving say 300,000 of the 1.2 million microenterprises by using technology to make ourselves more efficient and at the same time making sure we will be able to collect loans.

**P/CEO Cacanando:** SBCorp was set-up to address the financing gaps and do not offer what is already available in the market. Private companies are profit-oriented so they want to increase market share and lower default rates. SBCorp is purposive. Yes, we need to collect but if that is our goal, then we would only be just the same as the current private sector players in the market. What is important is not just investing in loan collection but also product development that is responsive to our unfinanceable segments. We cannot behave like profit-oriented organizations when our objective is to help unfinanceable segments. It is more complex for SBCorp since we are using government money. There should be a big equation on measuring the performance of SBC (e.g., impact assessment) and this should be shared to be understood and appreciated by government stakeholders such as Congress.

**Chairperson Lantayona:** It is important for us to be grounded on what we do, as there is a social component on what we are doing. All points are valid, and these just need to be crystallized as to knowing what we are supposed to do with regard to our mandate. Further defining who and what we are from top to bottom would make us successful. We have to craft our programs in a way that the MSMEs we serve benefit from the data we are able to collect and to enable us to maximize whatever little resources we have. We must build on programs that are really needed, in order for us to request for more funds. The budget for MSMEs should keep on increasing and we should build a good case for the MSME sector, through SBCorp, to be granted more funds.

**Dir. Galdo:** What is the basis of Congress in giving us additional funding? We must prioritize identifying the market (e.g., which market, how many, etc.). Our mandate is to help and not so much in generating income.

**Dir. Go:** It is very important to get the data and see/understand all the information about the customer/s for us to identify gaps. We also need to do a mass information campaign and check how much is needed to improve our current system. We need to convince Congress that we

can be trusted with the amount we are requesting. We need to assure them that we have the (1) database, (2) secured system, (3) list of costs involved, and (4) details on how implementation will be done to bridge the gap.

#### Information Security:

**Chairperson Lantayona:** We must focus on (a) Improving/strengthening security of system to avoid hacking from external elements; and (b) Identifying customer's step by step journey and their pain points.

#### Customer Experience:

**Chairperson Lantayona:** Identify the pain points of the customer journey. Many clients are still not yet comfortable in using online systems, especially micro enterprises.

#### Credit Evaluation:

**Dir. Doctora:** Improve credit allocation and evaluation, and reduce the risk of default by investing on systems to do such (e.g., regression analysis and correlation using simple parameters to determine credit score). Find synergy between science and interaction with customers, and find a solution between these as our risk appetite is higher.

#### Innovation and Data Analytics:

**Chairperson Lantayona:** To determine how do we gear towards innovation, how do we start, who will be involved, and what are the guidelines in doing such. Come up with an architecture that would give us a roadmap on how to fully achieve what we want to achieve in terms of digitalization.

### **What will it take to get Congress to approve the PhP40.0 billion Additional Capitalization?**

P/CEO Cacanando: There are three points on our proposal:

1. If there is no pandemic, how much funding should SBCorp be given?
2. If there is a pandemic, this is how much we need on top of the initial funding.
3. What is the absorptive capacity of SBCorp?

We should maintain that we need funds on a regular basis and any factor that would affect such should only serve as an addition. The Board is in agreement in advocating for an increase in SBCorp capitalization to PhP100 billion which will be downloaded within six (6) years (spread out within 3 years – PhP20 billion per year) with continuing funds afterwards. This will guide the refinement/updating of the components reflected in the SBCorp Strategy Map. We need to conduct a study on this (develop a methodology, provide justification, and present a commitment plan) which will be submitted to Congress through a position paper. Create a Strategic Planning ad-hoc Committee to discuss this.

**Dir. Go:** Show the Congress the process and the plan on assisting MSMEs. Identify our needs (e.g., needs analysis for the whole PH on MSMEs, then find out our WHYs). Pitch starting in poverty line, we haven't tackled the inner grounds of this.

**Dir. Doctora:** Start with the WHY then advocate on SBCorp as the solution. Lay down the predicate well with a story, then lay out our plan (this is the problem, this is the solution, and this is why I am the best person to address the problem).

**ACTION POINTS:**

- Prepare SBCorp's current business model canvas (strategy vs. actual operations) and present/provide to the Board for their reference in revisiting the Corporation's Mission, Vision, and Value Proposition, and incorporating the tagline "Where MSMEs Go to Grow."
- Amend the SBCorp Strategy Map to reflect the proposed increase in capitalization to PhP100 billion, which will be downloaded within six (6) years (spread out within 3 years – PhP20 billion per year) with continuing funds afterwards.
- Create a Strategic Planning Ad-Hoc Committee for the conduct of a study on the proposed increase in SBCorp's capitalization (e.g., develop a methodology, provide justification, and present a commitment plan) which will be submitted a well thought-out/written position paper for Congress.