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## **Cultivating Entrepreneurial Spirit in Asia**

### ***Entrepreneurship as a Vital Force for Development***

"It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way."

Charles Dickens was describing 1775, yet he could very well have been peering ahead, into our world today. Superlatives are certainly applicable. For we have reached great heights in technology and scientific progress, but we have also slipped to dark depths in poverty, in equality, and conflict. The United Nations estimates that 1.2 billion people live on less than one dollar a day - 800 million of them in Asia. We have extended man's lifespan in quantity of years; yet have we enriched the value and quality of life as well? As the leaders of the present and the future come together in this conference to chart Asia's course toward global advancement, let us strive for one thing amid the push and pull of superlatives: Balance. Balance between pursuing economic prosperity that could lift more people out of poverty, and nurturing a values-oriented culture that aspires beyond material wealth. Balance between harnessing technology for more productive and efficient use of resources, and being mindful of methods that may harm the environment which is the home that shelters and feeds us all.

Entrepreneurship has emerged as a vital force in managing these intertwined challenges of an "unbalanced" world. It encourages visionaries to create opportunities out of obstacles. It navigates through traditional paradigms and crafts innovations that respond to current global realities. The leaders among our youth, with their passion, idealism, and openness, play a pivotal role in further cultivating the entrepreneurial drive. I saw the power of entrepreneurship in my own journey. For most of my career, I was an entrepreneur and a business executive, struggling to build our companies, specifically Lapanday Foods and later on Del Monte in the Philippines and throughout most of the 'fruit world', into becoming both globally competitive and socially responsive. But in the last few years, I felt that what I was doing was not enough. So when I was invited by

President Arroyo to become the government's adviser for job-creation in agriculture and rural development initially, I saw an opportunity to help a greater number of our people which now number 80 million. And since then, the experiences have validated my great faith in Filipino entrepreneurs - their daring to venture beyond familiar borders, their creativity to explore new technologies, and their resilience to adapt to the pressures of change. This is true for the rest of Asia; it is important for each country to develop a strong group of entrepreneurs, and then to establish a network for mutual cooperation across the region.

### ***Towards a New Generation of Asian Entrepreneurs***

From our host country comes an excellent example of today's self-styled entrepreneur. Mr. Sim Wong Hoo, Chairman of Creative Technology, transformed the desktop computer with the Sound Blaster, now used by about 100 million consumers, then moved on to other groundbreaking, multimedia products, now carried by over 200 distributors in 80 countries. Creative Technology became the first Singapore company to be listed on the NASDAQ as far back as 1992. Mr. Sim continues to reinvent his company, thus gaining the resilience to survive risky and at times even losing investments. The twice-awarded "Businessman of the Year" told *Asiaweek* that business leadership entails balancing chaos with structure. Chaos spurs creation, while structure maintains order. He said, "If you are very structured, you can't move. If you are all chaos, you crash. The balance is important."

Arriving at such a balance requires vision, consistent effort, and a clear direction. I would like to share four guidelines, which I believe are critical to establishing the path for today's entrepreneurs:

First, identify and develop your distinct advantage and skill in your home country. Do not be daunted by the obstacles; instead, anticipate them and turn them into opportunities. I think my inclination toward entrepreneurship started quite early in my life, at 11, when I developed a knack for entrepreneurial pursuits. As a young boy with no spending money from my parents, I made fruit juice and sold it to golfers on a golf course near my home; I positioned my stall strategically, one hole ahead of the refreshments stop. I enjoyed these little ventures, which were but hints of the entrepreneurial drive that would take me later to bigger challenges. When I was working on Wall Street between my two years in graduate school, I made a profit not from the market but from putting what little savings I had then in the brownstone apartment conversions in Brooklyn Heights. And later when I

came back home, I had the foresight to buy developing country debt at steep discounts, to turn around and sell it when it was allowed for debt-for-privatized assets swap.

More formidable challenges came when I joined my father in managing our first group of banana farms in Southern Philippines, which was then caught in the grip of the communist insurgency in the early 80's. But we used livelihood to quell the forces of conflict. Eventually we were able to stabilize the situation in the farms, develop a core management team, and build business partnerships. We did not have much capital, but we worked hard, gained credibility, and developed our people's competencies.

Throughout the next couple of decades, we balanced our efforts toward increased productivity, efficiency, and profitability with an equal emphasis on taking care of our human resource. We organized labour-management councils, or LMCs, which served as a venue for cooperation. They also enabled us to minimise the costs associated with the historically volatile and adversarial labour-management culture common then in agriculture-based enterprises. Corporate social responsibility, which will be and talked about over the next few days, and LMCs were therefore part of our investments. In Asia, they were investments which earned for us lasting dividends in industrial and community peace.

While agriculture has been traditionally production-oriented, we endeavored to distinguish Lapanday for being a market-driven company with seed-to-shelf capabilities and an international network of buyers and distributors. In all these operations - from research and tissue culture, to irrigation, harvesting, and packing facilities, to cold storage and shipping, to marketing, all the way to where the product is put into the mouth of a consumer regardless of where the product is consumed in the world. In fact, today, in Singapore, 100 per cent of the bananas that are sold in the supermarket regardless of the trademark come from Lapanday farm. We benchmark against global best practices and compete on cost, consistent quality, supply reliability, customer service, and commercially viable product innovation.

I believe that management expertise can be drawn globally, especially today. Lapanday is led by an international management team - from The Philippines, The U.S., Israel, Singapore, The Netherlands, Colombia, China, Korea and Japan - all sharing the extensive experience they have gained over years in this specific discipline. We have a lean organization, communicating constantly and performing our responsibilities in a non-hierarchical manner. I believe that everyone, from managers, consultants, workers, small

farmers that are part of the team play an important role in the success of the company. And the common vision is very clear – to be the "Fresh Produce Company of Choice in Asia." It has blazed a trail for other Philippine companies that seek to bring world-class products to the regional markets.

The second guideline is to open your eyes to the realities and trends in the international environment.

Adapt, find your niche, and innovate. Constantly. The world of the entrepreneur is not limited to his country alone. We live in exciting times in this era of globalization. Borders are constantly being redefined, competition cuts across countries and markets, and volatility and change are more the norm than the exception. You will find - sometimes the hard way - that whatever happens in the world will have an impact on you. And in turn, if you want to have an impact on the world, you must know your markets.

Lapanday began as a grower and supplier of bananas to multinational farms and brands, which then exported the fruits to Europe and the Middle East. And yet I dreamt that the company would be recognized as a Philippine regional player in its own right, so I sought to understand the global fresh produce industry. Fresh out of business school, I had a voracious appetite for learning through observation and interaction, and I used the information to lead the organization towards gaining a foothold in China, Japan, and the Middle East - the markets that saw the first Philippine brands of fresh fruits, which Lapanday introduced such as "Mabuhay" and "Estrella". Today, "Mabuhay" enjoys a 36 per cent market share in China. In Japan, a highly sophisticated and discriminating market, "Estrella" is well-regarded for its premium quality and swift response to market innovations.

And we don't rest. The company does not stop, we don't rest on our laurels. We continue to innovate and test new ways to improve our products and services, such as through biotechnology, organic farming, hydroponics, and biodegradable products and materials like plastics. When we do something different, we always ask if it makes us more competitive, or if it improves quality, or if it differentiates our product so we can derive a better margin, maintain our marketshare or if it makes us more reliable as a supplier to our customers.

The third guideline is to establish good relationships with entrepreneurs in other countries, as well as with their key government officials. Respect and appreciate other people's cultures.

While honouring our contracts with our multinational buyers, the company also links up with entrepreneurs in other countries who serve as buyers and distributors of our in-house brands in the target markets. They share our passion for quality and strengthen our supply chain as we move closer to the consumers. The company sought partners who exemplify a similar pioneering spirit, with a culture grounded on strong values and work ethic. In the early years of the company's global quest, I travelled extensively to meet customers and understand cultures around the world. Building upon this common framework defines the ways we Asians do business.

Going beyond partners in the private sector, I also learned the importance of building ties with the governments of the host-countries. The private sector is more than a guest doing business on foreign soil. It can represent your own country whenever you plant your brand in another market, and we have to be cognizant, responsible and careful that our actions reflect favorably on our home country. Goodwill opens other opportunities, such as improved trade and investments.

Fourth, and probably for me the most important, is the need to help build your country's own cadre of entrepreneurs. The best kind of entrepreneurship finds fulfillment in empowering other people.

While delighted by the growth of Lapanday and Del Monte, I always felt that something was still missing. In fact, I saw these companies and other successful firms in the Philippines as "islands of prosperity in a sea of poverty." Ultimately, I realized that the sense of fulfillment was not complete until the benefits of progress were enjoyed not only by a handful but rather by the majority who were suffering under and around our comfortable islands.

My work with the public sector now brings me to some of the most remote provinces in our country and poor corners of our large cities, where I meet farmers, educators, businessmen, government employees, and many others who help generate productivity and employment especially in the marginalised sectors. Our teamwork has begun to bear fruit. Within the period of October 2001 to June 2002, we were able to generate a total of over 800,000 jobs in agriculture; but still a long way from the four and half million unemployed Filipinos of working age in the country today. And the bulk of these jobs came from the creation of projects in many basic commodities by raising the bars and creating the jobs in rice farms, fisheries, exotic seaweed, carageenan and high-value crops, from traditional commodities that we are trying to de-commoditize.

Parallel to the job-creation effort, our academe and business community have joined forces to develop entrepreneurship courses that build on the Filipino's innate entrepreneurial spirit. We emphasize hands-on training and exposure to actual, successful entrepreneurial ventures, while also challenging trainees to apply their innovativeness and ability to think outside of the box. We have challenged many schools to focus on entrepreneurship programs and we want relevant education that exposes our students early to the realities of the business world, the economic difficulties we need to hurdle, and the intense competitiveness of the global environment today.

Young entrepreneurs also need to develop diligence in doing their "homework" and the patience to start small and steadily build up the business. Too many of our young people are in a hurry to make their mark, but being a successful entrepreneur requires more than "bravura"; arriving at one's own formula of focus, patience, proper management, technology, and adherence to set standards and milestones takes time and consistent effort. On top of the balancing act, an entrepreneur must safeguard his integrity especially today, and reputation by respecting contracts and fulfilling commitments; his name and credibility are part of his assets.

These lessons, of course, apply not only to agricultural ventures but across industries and services. I can cite many examples. And those of you from the Philippines would know my good friend Ben Chan, who has been able to beat and outperform other entrepreneurs who are trying to sell clothing materials and finished products in the Philippines.

And then, there is also the Jollibee phenomenon, which has outdone Macdonald's and other U.S. fast food chains in the Philippines. And yet we can go on. And in each of our respective countries in Asia, we know that we have many examples of entrepreneurs that are trying to make a mark in their respective countries.

We have to nurture and launch more of these success stories. I am aware that there are several aspiring entrepreneurs among our young delegates here. I hope that with these guidelines, I have helped you start crystallizing your vision of the kind of entrepreneurship our world needs.

### ***The Highest Fulfillment***

The challenges of our modern world are beckoning to entrepreneurs who will be more of new business providers than job seekers. We need civic-minded and action-oriented

citizens who can actualize opportunities to create economic activity - thus sustaining themselves as well as employing others.

Building the environment in which these entrepreneurial ventures can thrive requires teamwork between private sector and government - through exposure programmes for student trainees; awards for junior achievers; and counterpart funding for start-up ventures. Transfer of technology from large, globally successful companies to the level of small, rural-based communities is equally important. Cisco, for example, is aggressively linking up with schools all over the Philippines to introduce e-learning into their curriculum. Oracle and Microsoft have other programs reaching thousands of people. Let us remember that people - more than technology - are our most valuable resource; it always pays to invest in their training and development, because then we unlock their potential to contribute to society. We build growth by building on people.

I encourage our delegates to this Hitachi Young Leaders Initiative to brainstorm about ways to strengthen regional ties and share lessons that can benefit the less privileged among us. And by benefits, we mean not only economic. Our efforts toward genuine peace and prosperity should be grounded on basic values, manifested in our work and family life. Our values weave through a common cloth, binding us Asians together and thus inspiring opportunities for cooperation. The highest fulfillment comes not from power, wealth, or any material measures of success - more than doing well, we need to do good and help other people along the way.

We also have to be more focused on solutions. It is regrettable that much of our attention these days dwells on the negative. News about the Philippines, for example, has long drowned out the global excellence we have established in many fronts. Indeed, we as a country have much more to offer than our country sometimes gets credit for.

Let me conclude with what Mahatma Gandhi said are the seven sins in the world:

- a) Wealth without work.
- b) Pleasure without conscience.
- c) Commerce without morality.
- d) Worship without sacrifice.
- e) Politics without principle.
- f) Knowledge without character

And finally, the need to focus and balance.

There is a saying that "The error of youth is to believe intelligence is a substitute for experience, while the error of age is to believe experience is a substitute for intelligence." I have no doubt that the Hitachi Young Leaders Initiative offers a generous share of intelligence as well as experience. My hope is that our participants seek the kind of balance that will shape them into a new wave of entrepreneurs - driven to succeed in spite of all the obstacles, and motivated to serve the common good above personal gain.

Thank you very much.