Bancom Institute of Development Technology

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ABSTRACT

This case study deals with a project launched by a group of companies headed by a private investment bank in the Philippines in its attempt to evolve a significant private sector formula for integrated rural area development.

The Bancom Development Corporation, part of the Bancom Group of Companies, established a wholly owned, not-for-profit subsidiary called the Bancom Institute for Development Technology (Bidtech) in 1975 to explore human settlement management as a private enterprise activity. As personnel was recruited and as ideas and objectives crystallized, the focus of Bidtech became documenting the technology in Bancom and its various subsidiary companies, and then communicating and adapting this technology to the rural countryside.

The case study traces the activities of Bidtech's three divisions--documentation, communication, and application. Special attention is given to the application division, a subproject at a field site experimental setting in Licab, a town of 14,000, in a remote area about three hours north of Manila.

The Bidtech team sent to Licab found the usual severe problems that beset a small rice-based Philippine village: heavy debts from overextended crop loans, low levels of health and education, a fatalistic attitude fostered by regular typhoons, droughts, infestations of field rats and plant disease, low community cooperation and morale. When it entered this situation, however, Bidtech was operating neither as a government agency with an appropriated budget nor as a Church-related or philanthropic group with a grant; it came rather from the private, profit-oriented (and therefore cost-efficiency conscious) tradition of its parent group of companies. Its goal was therefore to come up with new formulas that would guarantee not profit per se (since Bidtech was a nonprofit institute) but self-viability for the project and its overhead as soon as possible.
Under the supervision of the Bidtech application function, training of local leadership started in earnest. With the help of a comprehensive framework, Bidtech soon involved itself in a wide range of community concerns, including hog breeding, bamboo craft and other cottage industries, town square beautification, a community preschool, street theater, a town newspaper, and so on.

With failures reported as well as successes, and seeing no significant transformation in the town at large after several months, Bidtech management conducted a townwide meeting to assess the community's articulated needs and plans. Based partly on this four-day meeting, partly on outside expertise, and partly on the analysis of its own experience, Bancom and Bidtech management finally concluded that the only way to change the community significantly would be to touch its very lifeline, rice production. As a result, the field team concentrated its efforts on an outlying 60-family village of the town. With the introduction of technology, management, and motivation, it was able to triple rice production records and start to erase significant debts. The formula was gradually applied in other areas, and added income was used not only to cover all overhead but to support other community projects.

The case study traces the progress and difficulties of a private enterprise experiment in human settlement management, its organizational framework, information-reporting mechanisms, funding complexities, and attempts to apply sophisticated business management techniques to a rural environment. Various aspects of this experience illustrate sometimes correct and sometimes incorrect ways of handling key managerial issues in the integrated project cycle.
Dr. Victor M. Ordoñez is currently a Senior Fellow at the Resource Systems Institute of the East-West Center, on leave from Bancom Development Corporation, where he is Vice-President, and from De La Salle University (DLSU), where he is Director of the Educational Management Center. Dr. Ordoñez has also served as Dean of the Graduate School at DLSU, Chairman of the Board and interim President of Maryknoll College in Manila, and Secretary General of the Association of Christian Universities and Colleges in Asia. For his expertise in institutional planning and for his work as founder and Director of the Educational Management Center, providing academic programs and consultantships in the Philippines and other Asian countries, he was awarded The Outstanding Young Men (TOYM) award in 1977 by President Ferdinand E. Marcos. Though his academic background was originally in Oriental philosophy, in which he earned a doctorate in 1968, his administrative inclinations and experience led him to pursue education, business, and project management as major fields of interest, for which he undertook further studies at the University of Wisconsin, the Asian Institute of Management, and the Harvard Business School.
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The need for more effective project planning and management is emerging as a critical function in both public and private sectors in all countries. Vast administrative and capital resources are channeled into development projects, but lack of viable policies coupled with poor management results in a waste of these resources in all countries from highly industrialized to rural societies. Indeed, experience indicates that attempts to accelerate economic and social growth have often floundered due to serious problems with policy implementation, project planning, and the management of projects. Despite more than a quarter century of intensive investment in all sectors of the economy and society, there has been negligible increase in the quality of life of the poor, resulting in misunderstanding and poor relations, both within and among countries. A review of educational and training programs of a number of universities in the United States and Asia as well as of international funding agencies demonstrates the fragmented nature of existing project management educational programs. There is pressing need to develop a new type of training for managers which considers the entire project cycle as an integrated process.

Given this challenge, the Technology and Development Institute (TDI), with its unique East-West partnership relationships, has formulated plans for cooperative research to develop an innovative and comprehensive approach to project management education and training. This program focuses on more effective and efficient approaches to project management in environments characterized by diverse or multi-national administrative and public capital endowments. The program's first task is the development of a prototype curriculum for the education and training of managers in the context of an integrated project cycle. The integrated project cycle, a new concept of project management, advocates managing development projects not as a series of unrelated tasks but as a cohesive integrated cycle. Basic to the curriculum is a series of case studies covering the entire spectrum of development projects from
identification through completion, with evaluation as a basis for feedback to policy. The prototype curriculum will be used in fiscal year 1977-78 in seven cooperating institutions: University of Arizona (United States), Massey University (New Zealand), National Taiwan University (Taiwan, Republic of China), University of the Philippines and De La Salle University (Philippines), National Institute of Public Administration, INTAN (Malaysia), Institute of National Development Planning, PPN (Indonesia), and Pahlavi University (Iran).

The program's second task is a continuing systematic study of methodologies of project management and related policy implications for international assistance agencies, national policymakers and planners, and managers of development projects.

A prototype curriculum package has been cooperatively planned, designed, and developed by the TDI program team along with senior scholars and practitioners from each of the cooperating institutions in the network. The curriculum has been designed to provide a balanced combination of lectures, group discussions seminars, case study analyses, and management game exercises, with sufficient flexibility to be adjusted to the needs of educational and training institutions in different national and regional settings in Asia, the Pacific, and the United States.

The case studies represent an excellent cross-section of projects from agricultural, industrial, public works, and social sectors. The compilation of these case studies was begun in early calendar year 1976. Participants from Korea, New Zealand, Philippines, Thailand, Taiwan, Malaysia, Indonesia, Iran, and the United States conducted the necessary field research as a basis for writing case study analyses of development projects in the context of an integrated project cycle. Each of the participants then came to the Institute to spend approximately one month to finalize the draft of his particular report. Seven case studies have been prepared as an integral component of the initial prototype curriculum, six of which have been published in this series as of this writing:
1. Laguna Rural Social Development Project,
2. Korean National Family Planning Program,
3. Bangkok Metropolitan Immediate Water Improvement Program,
4. Way Abung Transmigration Project,
5. The Philippines Rice Self-Sufficiency Program, and
6. Pacific Island Livestock Development.

The case studies will be used extensively as a learning tool to provide relevance, practicability, and reality to both classroom discussions and the follow-up field practicum.

Case study research has been in widespread use throughout the world for many years in medical and law schools. This method of instruction has become increasingly popular in recent years in schools of business and public administration, followed more recently by schools of engineering. The Institute's case study approach, however, is innovative in that it represents the first attempt to write a series of case studies based on a shared conceptualization of the project cycle as an integrated process. Carefully documented and readable case studies spanning the entire project cycle will prove to be extremely useful learning devices in both training and formal education programs. Each case study in this series has been developed in accordance with guidelines prepared by Dr. Dennis A. Rondinelli (Director, Urban and Regional Planning Program, Maxwell School, Syracuse University) during his tenure as Senior Fellow at the East-West Center in 1975-76. The tasks identified in the project cycle are:

1. Project identification and definition,
2. Project formulation, preparation, and feasibility analysis,
3. Project design,
4. Project appraisal,
5. Project selection, negotiation, and approval,
6. Project activation and organization,
7. Project implementation and operation,
8. Project supervision, monitoring, and control,
9. Project completion or termination,
10. Output diffusion and transition to normal administration,
11. Project evaluation, and
12. Follow-up analysis and action.*

It is necessary to note that all projects do not necessarily evolve through an identical sequence of stages in the project cycle. Rondinelli stressed this important point, and each author has been allowed flexibility in his overview of a project's history within the scope of the idealized project cycle.

The case study series is an appropriate example of the Technology and Development Institute's attempt to achieve the East-West Center's goals of better relations and understanding on economic and social development problems of mutual concern to all countries, East and West, through cooperative research, study, and training activities. In this context, special thanks are conveyed to the authors of the case studies, and to their respective institutions for the splendid cooperation received. Particular acknowledgment is due to former Senior Fellow Dennis A. Rondinelli for his contribution in formulating the guidelines for the case writers, and to Senior Fellow Leonard Mason for his untiring efforts in final editing of the first five case studies to be published. Then, Vicki Nelson is warmly acknowledged for her work in the final editing of Case Studies 5 and 6 in this first series, which will be published early in calendar year 1978.

Louis J. Goodman
Acting Director, TDI
September, 1977

CHAPTER I

PROJECT BACKGROUND

The Bancom Institute of Development Technology (Bidtech) is a nonstock, nonprofit institute incorporated under Philippine law in October 1975, for the purpose of analyzing and documenting management resources and other technology in the country's Bancom Group of Companies and then applying this to the management of human settlements in the rural countryside.

This case study discusses the birth and first year of Bidtech, and describes the relationship it developed with its mother organization, Bancom, and the subproject it spawned in its field experimental site in a village north of Manila called Licab.

Bancom History

In August of 1974, the Bancom Group of Companies (see Figure 1) was celebrating its 10th anniversary. Bancom Development Corporation had started out in 1964 as the country's first investment house, and over the years grew in manpower, assets, turnover volumes, and service capabilities.

The early 1970's saw the mushrooming of other investment banks in Manila, but Bancom continued to enjoy industry leadership. Because of the crowding of the market, however, and because of an increasing number of government regulatory measures pertinent to money market trading, Bancom launched in 1973 a program of diversification. Bancom's experience as a financial resource mobilizer in a developing country had pointed to the fact that one could not always assume full development of the industries and corporations that were the sources and users of excess funds. Its President, Sixto Roxas, described the problem in this way:

Investment banking must be only a staging area for the more substantive development activities. The bottlenecks in development arise precisely from the difficulty of rationalizing certain
FIGURE 1. Partial Bancom Organization Chart in 1974
essential areas that seem to fall outside the ambit of private enterprise--such as housing and community development, agribusiness management, health delivery service, development of marketing networks, art and recreation, etc. In these sectors there is need precisely for innovative approaches that can reduce the preponderant tasks into activities capable of being serviced by viable business organizations. The innovations must precede the inflow of conventional sources of financing.

Having identified these critical areas and industries most strategic to economic and indeed national development, Bancom started modest subsidiary corporations to provide a manpower expertise base in these industries and simultaneously, with the benefit of the discipline of profit and the test for viability and efficiency, to "earn while you learn." By 1974, eight such subsidiary companies were in existence, one each for:

- realty development and low-cost housing (Bancom Realty)
- commodities trading, domestic and international (Bancom Commodities)
- health care systems design and consulting (Bancom Health Care)
- insurance underwriting (Bancom Insurance)
- corporate agriculture and farm area development (Bancom Farm Services)
- consumer leasing and financing (Bancom Finance)
- media, entertainment, and the arts (Bancom Audiovision Corporation)
- systems consulting for manufacturing, production, and so on (Bancom Systems Control)

Also by 1974, Bancom had initiated offshore operations, opening an investment house in Hong Kong, and then later in the Middle East. A similar operation was scheduled to commence in Taiwan in 1976. Operations on a scale somewhat broader were likewise started in Indonesia and in Malaysia, and here Bancom expertise
was called upon for systems management for such activities as taking over financially distressed companies and turning them back into profit-making organizations.

Bancom Leadership

The person most largely responsible for the performance of Bancom was its founder and President, Sixto K. Roxas. The equity structure of Bancom was such that executive management, rather than a monolithic stockholding bloc, dictated the board directions. For the equity of Bancom was rather widely distributed among prominent major stockholders of the country's leading industries, Bancom's executive management itself, and American Express Company and Far East Bank, successors to the original Banker's Trust-Commercial Bank partnership.

Roxas, an economist by discipline, had given Bancom and its professionals a philosophy:

Unlike other private enterprises, Bancom does not exist primarily to produce income for its management and staff and profits for its stockholders. Its primary business is to translate into viable, efficient, working systems and organizations those activities that are most strategic at each stage for the development of the Philippines and of the Southeast Asia region. It is part of the condition of viability and efficiency, that in performing these functions, Bancom must generate satisfaction, income and professional growth for its manpower and reasonable profits for its shareholders.

Roxas had been assisted in his task by a competent management staff. At the time of the 10th anniversary of Bancom, his two principal allies were Luis Villafuerte, Executive Vice-President and Treasurer, who had assumed direct responsibility over both diversification and international activities, and Rolando Gapud, Executive Vice-President, who assumed direct
responsibility over the traditional investment house activities of the mother entity, the Bancom Development Corporation.

The rest of Bancom management, and indeed the rest of the professional staff, was in general characterized as young, aggressive and competent. In 1974, the average age of the Bancom professional was 28; but almost half had master's degrees or graduate credits.
CHAPTER II

PROJECT IDENTIFICATION AND DEFINITION

Initial Thinking on Bidtech

The 10th anniversary provided the occasion for Roxas to introduce and further articulate an idea for a Bancom technology mobilizer that he had been considering for some time. He had felt a twofold need to inventory systematically the expertise developed by Bancom and to respond as development strategist not only to the urban corporate community but also to the much larger and more fundamental rural community. The idea of institutionalizing a mechanism to capture and then apply Bancom technology seemed to respond to both needs.

In a series of weekend planning sessions with his key vice-presidents and heads of operating subsidiaries, Roxas further crystallized the integral role that could be assumed by what was later to be known as Bidtech. In his own words:

The perception on which Bancom's operations over the last ten years have been based may be summed up in the following propositions; . . . To become an effective instrument for the achievement of any set of goals, Bancom must command three resources: First, a corps of imaginative dedicated trained and experienced managerial and professional manpower. Second, substantial financial resources. Third, a suitable and tested technology . . .

The Bancom Group will have two principal arms: a resource mobilizer in the investment bank (BDC) and a technology mobilizer in the Bancom Institute of Development Technology. It will then have two groups of companies for carrying out the objectives [manpower mobilizers]: the domestic subsidiaries and foreign subsidiaries and joint ventures.
The primary focus for the application of Bidtech's stored technology was clear to Roxas from the start: the human settlements outside the primary urban center, which had to be the direction of growth and development in the country's future. He projected the future in this way:

Over the next twenty five years, Southeast Asia will have to provide for about as many new people as there are right now. Livelihood for them can no longer be expanded in merely the same pattern as in the last twenty five years.

We no longer have the frontier of rich alluvial plains that we had then. We must simply increase the densities of the existing area. This means greater intensity of land use. This means expanding irrigation systems, improved facilities for grain handling, drying, transport.

Non-agricultural sources of employment must be multiplied. Which means the development --not of the few large sites which are already unmanageable--but of the small market towns and small urban centers that are more symbiotic with the agricultural villages.

In order to reverse the pathological extremes to which the past patterns of settlement have brought human communities, we need approaches to development, new organizational concepts and modules, new systems of social accounts, and a new class of managers, all oriented towards the human community as the principal beneficiary of progress.

By early 1976, and as a direct result of these executive strategy planning sessions, a group of three people were asked to put together an initial concept paper and articulate the first guidelines for Bidtech.
Concurrent Influences

While ideas were thus crystallizing within Bancom management, other factors and incidents served to hasten the articulation of the Bidtech concept.

First, there was Bancom's own internal experience as its subsidiaries sallied forth into the rural areas.

The first Bancom subsidiary to get involved was Bancom Farm Services Corporation (Banfarms). The entry point of Banfarms was the development and management of agricultural lands for Bancom's client corporations to help them comply with a government regulation requiring large corporations to produce and provide rice for their employees. To this end, Banfarms leased a nontenanted tract of land adjacent to the municipal settlement of Licab, Nueva Ecija--three hours by land north of Manila--and began corporate agriculture operations. Banfarms soon recognized development needs of the Licab community, but because of their corporate structure and operations, they did not make an impact besides that of being a large-scale employer of the town's labor.

Two months later, another subsidiary, Bancom Audiovision Corporation, the subsidiary in media and motivational programs, among other things, attempted to respond to Licab's needs by conducting a series of motivation seminars aimed at changing the prevailing fatalism with which the townsfolk viewed their lives. These seminars succeeded in motivating the people to try new things--in earning a livelihood and in organizing themselves to work towards their own advancement. A motivation/action gap developed, however, because after the five-weekend series of seminars, there was no logistical support extended to initiate actual projects. Bancom had in effect raised expectations and then had withdrawn.

Roxas had actually brought subsidiary heads and other Bancom executives with him on a visit to Licab to assess possible entry points of service and mutual benefit for the various Bancom lines. Part of the difficulty, however, was that the Bancom subsidiaries,
being relatively new and under severe bottom-line pressures to prove self-sufficiency and to meet initial overhead costs, could see no opportunities on a scale that would make entry viable.

In other parts of the country where the scope was adequate to ensure viability, Bancom subsidiaries were involved. For example, Bancom Realty was busily and productively at work filling low-cost housing needs in the Cebu and Davao areas. In the province of Leyte, Banfarms itself had entered into major contracts with the Department of Agriculture and the provincial government to serve as the major consultant and resource persons of the Development Authority set up by presidential decree for a basin area of about 6,000 hectares. Slowly, then, the idea of seriously institutionalizing an integrated approach to the technology for improving rural settlements crystallized.

Meanwhile, other factors outside the Bancom experience were pointing in the same general direction. National policy, prodded by the well-received and authoritative Ranis Report of 1975, articulated economic growth outside the primary cities and decentralized regionalization as priority areas. As the national government under the new Marcos dispensation exercised more regulation and direction of the activities of the private sector, the social responsibility of business was stressed.
CHAPTER III

PROJECT FORMULATION, PREPARATION,
FEASIBILITY ANALYSIS, AND DESIGN

Initial Elements of the Design

The team of three constituted by the management planning session of Bancom in early 1976 drew up a five-page concept paper. The main thrust of the paper was the value of applying business management efficiency and the discipline of the profit tradition to the rural development arena:

Most development programs have failed to improve economic and socio-cultural standards of rural communities. This has been largely due to the lack of entrepreneurial and technomanagerial talents in the countryside. There has been no real professional catalyst outside of government with adequate resources and skills to steer rural folk towards progress.

On the other hand, business firms have experienced unprecedented growth brought about by the innovative spirit of entrepreneurs. They have built a system of resources (human, technical and financial) and have made use of these to fully maximize business potentials. Their goal is basic. Their reward is profit.

A new approach to community development can be initiated with economic motivation as the primary force facilitating change. Community development should therefore mean leading people in a social system to think in terms of profit-for-progress. The ideal thrust would be for the community as a whole to work towards prosperity, stressing (1) concerned effort and (2) directed professional skills covering a wide range of sciences rather than an individualistic approach which
negates centralized planning and allows freedom of business exercise without considering effectual impact on the environment.

... Government may not be easily able to work under such profit assumptions. With its available resources, Bancom through Bidtech can assume the leadership in this undertaking ...

In spelling out the various activities and objectives of Bidtech, the paper included activities prior to implementation in the rural countryside, such as those involving:

1. The monitoring, documentation, storage and analysis of the Bancom companies' individual experiences, and their improvement and application through a systems approach.

2. ... and formal link-ups with leading business schools for Bidtech to man selected highly specialized courses.

3. Conducting developmental work on and economic assessment of inventions to create investment opportunities in such fields as agriculture, biological and physical sciences, industry, atomic energy, engineering, health, food and nutrition, social sciences, and the humanities.

Finally, the concept paper touched upon the sources and uses of Bidtech funds. Envisioning Bidtech as a nonstock, not-for-profit entity, it anticipated grants and donations to be its initial principal source of funds.

These grants, though also to be sought from external agencies and foundations, would primarily be from member companies of the Bancom group, and an initial plan was to have each of the companies donate P20,000 (US$2,677) plus 1 percent of net earnings annually; this would have resulted in a cumulative total of between P300,000 and P400,000 (US$40,000-$53,000) annually. Other sources of revenue would
be fees collected from its seminars, and from its consulting and other offered services.

Uses of these funds would go principally to support the salary, occupancy, and operating overhead costs of Bidtech. Funds were not anticipated to cover project investment costs.

The concept paper was used, among other functions, in the preparation of the Bancom Tenth Annual Report, and, in a modified version, appears prominently there.

The Search for the Project Manager

Partly because they felt they did not have sufficient background or sufficient time to put the concept paper idea into operation, and partly because they felt that the person best suited to activate the ideas and firm up the design for Bidtech would be the person who would actually run it initially, the concept paper team recommended to Sixto Roxas that the next step should be an active search for the first Bidtech operating head.

On June 1, 1975, a man was found in the person of Crisanto Mayuga to further conceptualize, then put into operation and head the Bancom Institute of Development Technology. Mayuga had little direct experience with either the countryside or with business firms, but had obvious interest in the project, some breadth of vision, and some management experience running one of the country's larger business schools. In the first few weeks of June, Mayuga had his office temporarily set up beside that of the President. The President granted him officer status and issued a blanket authority memorandum to the Bancom Comptroller, authorizing release of funds for starting Bidtech as Mayuga saw fit; no specific budget or maximums were drawn up.

By the end of June, Bidtech had a small suite on another floor of the Bancom building, secretarial help had been hired, and the field project director and his assistant had been identified for hiring on July 1, 1976.
Bidtech's Rationale and Operational Design

In the process of refining the operational design for Bidtech, Mayuga reviewed existing materials related to Bidtech, such as the concept paper and Roxas' previous speeches. He had long conversations with Roxas and Villafuerte, learned more about the Bancom group, paid a visit to the Licab site of Banfarms, and called upon previous contacts that he thought would be helpful, such as Philippine Business for Social Progress and various other foundations and institutions.

Then, together with the new assistant to the President, Joaquin Henson, he proceeded to draw up the statement of Bidtech rationale, describing its evolution, its concept, its objectives, its principal functions, and its financial viability. The statement of rationale broke down the original concept into three operational functions:

Bidtech attempts to combine rural and urban development schemes in a trimodual package designed to mobilize Bancom's full stream of resources. Bidtech sees itself involved: 1) in the storing of development technology via its documentation function, 2) in communicating this technology via its education function, and 3) in transferring this technology via its application function.

Over and above this three-pronged plan, Bidtech also intends to evolve a Special Development Studies network geared towards research and actualization of innovative technological concepts.

Thus was born what would be the three divisions of Bidtech: the documentation function, "to individually monitor Bancom operational lines, documenting and storing experiences using a systems approach"; the education function, with training modules for in-house management development and linkages with schools; and the application function, focusing on "the vitalization of resourceful activity at Licab,
using the novel profit-for-progress approach." The Special Development Studies function remained dormant.

Initial Activities

An activity grid was drawn up further specifying the kinds of activities and projects for each functional division (see Figure 2). While the conceptual design was being created, there was some expectation that initial operations actually be started. This was partly due to the performance and action-oriented tradition of the Bancom ethic, and partly due to the growing need to respond as soon as possible to the social responsibility demands for the countryside, and from Licab in particular.

And so, simultaneously with the conceptualization process, recruitment of Bidtech staff, specifically a field director to start up operations at the Licab site, was undertaken.

The first two Bidtech education modules for Bancom professionals were designed and launched, and these were linked with four leading graduate schools of business, for possible graduate credit.

By the time Bidtech was incorporated on October 7, 1975, with articles of incorporation and by-laws drawn from the statement of rationale, Bidtech had launched the two modules and had hired eight people, including two secretarial assistants, one documentation research coordinator, and five people assigned to live and work in Licab.
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<td>Storing of documented</td>
<td>Education modules</td>
<td>- Liaison with government and foundations</td>
</tr>
<tr>
<td>Bancom technology</td>
<td>Course sequence</td>
<td>- Management approach to community development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Master strategy formulation together with motivated community</td>
</tr>
<tr>
<td>Manualization of procedures</td>
<td>Liaison with schools of</td>
<td>- Local development corporation establishment</td>
</tr>
<tr>
<td>for all departments of BDC</td>
<td>business</td>
<td>- Livestock projects</td>
</tr>
<tr>
<td>and BGI</td>
<td></td>
<td>- Rice and agricultural projects</td>
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<td></td>
<td>Management development</td>
<td>- Irrigation and flood assistance projects</td>
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<td></td>
<td>training program with</td>
<td>- Small scale and cottage industry projects</td>
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<td></td>
<td>Personnel Department</td>
<td>- Inland fisheries projects</td>
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<td>- Financing projects</td>
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<td>- Trading projects and marketing and commodities</td>
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<tr>
<td>Production and filing of</td>
<td>Coordination of student</td>
<td>- Health, population, and nutrition</td>
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<td>research</td>
<td>- Infrastructure</td>
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<tr>
<td>various presentations</td>
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<td>- Housing and town planning</td>
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<td>- Ecology and public safety</td>
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<td>Internal publications</td>
<td>- Organizations and cooperatives</td>
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<td>Bidtech management</td>
<td>- Municipality management</td>
</tr>
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<td>trainee rural program</td>
<td>- Law and peace and order</td>
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<td>--rural and urban</td>
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<td>- Education: preschool, books, high school work programs</td>
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<td>Project-based local</td>
<td>- Model home settlements</td>
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<td>- Physical development</td>
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<td>- Media</td>
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<td>- Cultural heritage and values</td>
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</table>

FIGURE 2. Initial Bidtech Activity Grid
IIIA. Subproject Licab: Project Identification, Preparation and Design

The Choice of the Field Project Site

The choice of the town of Licab in Central Luzon was one that had actually been predetermined before June, based on both theoretical and practical considerations. There were, of course, possible advantages and disadvantages in selecting this particular community.

The municipality of Licab was the smallest of 29 municipalities of Nueva Ecija, the province in the midst of the Central Luzon rice basin. The trip over land from Manila required a two-hour drive north to the province's capital, Cabanatuan, and then an hour west to the end of a poor feeder road, the last town before the Nueva Ecija-Tarlac provincial boundary. It had a total area of about 7,000 flat hectares, mainly planted to rice, located in one of the lowest yet most poorly irrigated areas of Luzon. Consequently, floods during the rainy season and droughts during the dry season were recurring misfortunes. The town itself had a population of 14,000 with a large proportion of young people, distributed over one central market town and nine outlying villages. Rice farming was the main source of livelihood, with hardly any crop diversification or any industry.

The practical reasons for choosing Licab and the urgency of starting there soon became apparent. Townsfolk were uneasy with yet another Bancom presence, having been disappointed by Bancom Audiovision and being somewhat suspicious of Banfarms. When Bidtech was presented in informal gatherings, the question skeptically raised was "Is it for real this time?" Bancom did have a prior social responsibility to this town. The imperative for immediate credibility and performance visibility for Bidtech became obvious.

The major theoretical justification of the choice of Licab likewise became obvious. It was, indeed, at a relatively early stage of development,
and typical of a vast number of similar rice-based towns. The lessons of the Licab experience, if successful, could thus be transferred to similar communities, and with a few modifications to communities further along in the development process. It was also near enough to Manila to make logistical aspects such as transportation and communication manageable, and yet far enough from Manila to be relatively uncontaminated by the urban syndrome.

The calamity-prone geographical situation of a typhoon/flood area presented real challenges, as did the seasonal self-employment and debt-ridden plight of farmers typical in a small rice farm economy. Also, Nueva Ecija, though not Licab in particular, had been the field site of many other rural development groups in the past, such as the Philippine Rural Reconstruction Movement, and these had met an interesting politico-ideological history; its relative isolation and inaccessibility, coupled with its strategic position close to three provincial boundaries, made it an ideal site for subversive unrest in the turbulent anti-government days; and farmers here had at one time been thoroughly politicalized by Marxist elements.

The Choice of the Field Team

Because of the pressure for immediate visibility and performance, the search for a field director for Licab started immediately. He was in fact the first man hired, by July of 1976, and he got to work immediately. His name was Patrick Pineda, an agricultural graduate by training. Pineda had spent some time with the government's Development Academy of the Philippines, and with the Department of Agriculture, out of which office he had recently launched a successful government employees' livestock program based on a kitchen-leftovers feeding scheme. He brought with him two junior professionals he had worked with, both of whom likewise had agricultural training and experience. Two other members for the Licab team were hired--one a woman with background in community organization,
social psychology and communications; and the other a young man with an M.B.A. who worked briefly with Philippine Business for Social Progress, but who was basically a business graduate with experience in the finance office of a textile corporation.

Initial Entry into Licab

Within the first two weeks that Patrick Pineda and his assistants moved into Licab in July, the first Bidtech project was launched. Aware of the pressures for immediate performance credibility resulting from the town's prior expectations of Bancom, and learning that the idea of a hog-raising project had come up at the earlier Bancom Audiovision motivational seminars, Pineda immediately used his past experience with a similar program for the government to launch a hog dispersal program, eventually giving out 206 pigs to 152 recipient borrowers.

The salary deduction scheme applicable to school-teachers and government and other employees, familiar to Pineda, was used for 151 pigs in the first two rounds; the remaining 55 pigs were given out on 25 percent or no down payment, with balance on maturity, for the benefit of the nonemployed farmers, mothers, and youth leaders. Veterinary and feed-program consulting was provided free by Bidtech.

Encouraged by the initial response of the community, yet not wanting Bidtech to be identified with merely one economic project, Pineda then set about to firm up frameworks for comprehensive community development, including economic, sociopolitical, and cultural fields, both to assure an organic and holistic approach to human settlements, and to locate specific projects within a total framework, encompassing the entire range of community and human concerns. Such a framework was drawn up, adapted from an international community development and training group called the Institute for Cultural Affairs (see Figure 3).
Framework For Comprehensive Community Development For LICAB

* Adopted from the Institute of Cultural Affairs

FIGURE 3
Projects in Licab as a consequence began to diversify and multiply. Without benefit of extensive feasibility studies or approval mechanisms, and largely resulting from the individual Bidtech staffers' predilections, training, and interaction with the community, specific projects were identified and immediately launched. In the other arenas, Bidtech organized a preschool by sending a volunteer teacher to Manila for a five-week intensive training in new preschool approaches encouraging creativity and expression. The parents of 22-participant children contributed to the support of the teacher.

Seminars were held in the town on bamboo craft skill training and on duck-ham food processing, with Bidtech bringing in the necessary expertise. Pineda drew upon his previous contact with the Department of Agriculture's Bureau of Animal Industry to secure, for free, experts in corned beef and duck-ham processing; Villanueva drew upon his previous contact with a thriving bamboo craft project of Philippine Business for Social Progress in the neighboring town to have that group transfer basic skills and job-out orders requiring semiskilled labor to Licab. Housewives and youth who attended then translated these skills and generated a secondary source of income.

The livestock program expanded to benefit more farmers, and thirty head of cattle and nine carabao (water buffalos) were eventually distributed. Towards December of 1975, Bidtech involved itself in municipal affairs and preparations for Christmas and designed and helped construct the Christmas display of the town in the central plaza.

Joint projects were likewise started with other agencies. Thanks to prior contacts of Bancom Health Care, Bidtech received a grant from the Population Center Foundation for an initial two-month period to design a comprehensive and innovative health care delivery system. Under this and the subsequent grant promised, Bidtech hired a new field staff member, a young physician. Again thanks to prior contacts of Bancom and Banfarms with the Department of Agriculture, an agreement was signed to have the latter's Special
Development Studies department conduct a comprehensive baseline data survey of the town. The schools of the town were encouraged to apply directly to the Asia Foundation for a book assistance program which, through the mediation of Bidtech, likewise came through.

Thus, while a comprehensive framework existed, specific projects started without sequence or design, over a broad range. The hope was that these "impact projects," as they came to be known, would give Bidtech the initial credibility and visibility, and simultaneously provide an opportunity for its staff to become intimately familiar with the town's socio-political, behavioral, and economic dynamics.

In the meantime, the Bidtech staff took up lodgings and held offices in the large warehouse converted into dormitories and workrooms within the Banfarms compound at the edge of town. It proved an advantage of convenience, but a disadvantage of confusion about the initial identity and difference between the nonprofit Bidtech and the profit Banfarms. Also, the Banfarms staff experienced some initial uneasiness about Bidtech, which suddenly, by nature of its work, become the more favored Bancom entity in town.

Moreover, Banfarms had come to be identified in the local mind with one side of the political rivalry that split the town. Banfarms management was seen as on more obviously friendly terms with the faction represented by the mayor, the parish priest, and some barangay (village) captains. The other faction, represented by the vice-mayor, the manager-owner of the rural bank, and several of the town councilors, did not seem to be as friendly with Banfarms. Bidtech thus tried to walk the neutral tightrope between these factions and maintain a friendly but distinct posture from Banfarms.

In the meantime, the need for support staff, such as accountant, secretary, project assistant, and driver, was felt by Bidtech, and by policy these were hired from among Licab residents. Also, in consonance with the original concept paper, a system
of developing local leadership was installed in all projects, and eventually an understudy for the Bidtech staffer on all projects was identified.

Besides this involvement of the townspeople and the impact of the initial projects, there was something else that helped establish the legitimacy of the Bidtech presence in Licab. The Bancom Audiovision seminar had hoped to generate an entirely local community service project called Lakasbuhay (or "strong life"). To support this project, Sixto Roxas, representing Bancorp, had entered into a Memorandum of Agreement on general cooperation and blanket authorization for town development activities with Secretary Jose Rono, representing the government's Department of Local Governments and Community Development. Bidtech, having inherited the community development responsibility, also inherited the Lakasbuhay authorization. Initial thought was given to amending the memorandum to replace the term "Lakasbuhay" with "Bidtech," but there was insufficient impetus to carry this through.
Beginning Operations

While the initial activities were starting in Licab, even prior to full Board approval, so also at the Manila head office operational activities and administrative concerns were ongoing.

The blanket authorization for use of funds contained in a Roxas memorandum continued to be effective, and expenses, identified for future liquidation purposes as Bidtech's, were all covered by prompt releases as advances to the Office of the President. Bidtech's regular and noncash expenditures, such as payroll, rent, supplies, and so on, were accounted for as a Bancom division, and Bidtech's irregular cash needs and Licab and project costs were covered by periodic check requisitions sent in to replenish an earlier established Bidtech bank account. By the end of 1975, the amount of P324,537 ($43,278) had been disbursed for both operating, capital, and project investment costs.

The documentation function of Bidtech, attended to by Robert Gutierrez, formerly a project analyst of a consulting firm, developed. Through a series of interviews and document file reviews, Gutierrez put together documentation summaries, including operations summaries and manpower structures, of each Bancom subsidiary and each division of the mother investment bank.

The communication function had completed two successful Bidtech educational modules, "Executive Leadership Style" (with a battery of lecturers headed by Roxas, Villafuerte, and Gapud themselves), and "Managing Financial Markets," with graduate credit credentialing. A full-time internal seminars coordinator had just been hired, and the curriculum design and course offerings for 1976 were being worked out.
The idea circulated of the communication function taking over the external seminars program offered by Bancom Systems Control to the general public.

The application function had a Manila operation in the form of the documentation research coordination handled by Guillermo Guevara. Guevara was responsible for keeping records and documentations of all Licab projects and activities, ferreting out from literature and contacts in the field the latest rural development technology, and serving as liaison between Manila foundations, agencies, and sister companies, and Licab field staff and operations. Guevara had been spending time with Roxas and Bidtech management in an attempt to put on paper the distinctive character of the Bidtech approach to human settlements management.

Preparation for Approval by the Board of the Bancom Group, Inc.

The levels of activity and concept refinement that Bidtech achieved by the beginning of 1976 made it ready for presentation to the Board of the Bancom Group for formal ratification and for the approval of its 1976 budget.

And so the entire Bidtech staff got to work preparing for a major presentation to the Board and its first meeting of the year, scheduled for the last week of January, and then postpone to February 6, 1976.

As this major presentation started to take shape, four principal sections emerged:

1. Bidtech rationale
2. Brief review of 1975 operations
3. Pattern of operations, plans and outputs for 1976
4. Manpower, budget and physical facilities requirements

An appendix was to contain the original major paper prepared in June 1975, a capsule economic profile of
Licab, the announcements on the initial Bidtech educational modules as well as a curriculum design proposal for 1976, and the contracts between Bidtech and the Population Center Foundation (for the health care system design), the Department of Agriculture (for the comprehensive survey of Licab), and the Department of Local Governments and Community Development (for the Lakasbuhay authorization).

Operating people in each of the three functional divisions, e.g., documentation, communication, and application, were asked to prepare their own sections on rationale, 1975 performance, and 1976 plans, targets, and timetables.

In the section on Bidtech rationale, the presentation of the vision for each function in graphic chart form proved most helpful (see Figures 4A, 4B, 4C, and 4D).

In the section on a brief review of 1975 operations, a summary list of activity outputs thus far were presented, including a list of seven activities under administrative matters (Articles of Incorporation completed, etc.), six under documentation, six under communication, and 25 under application, divided into the economic, sociopolitical, and cultural areas.

The section on patterns of operations and planned activities for 1976 likewise followed the same listing procedure, prepared by the operating units themselves, accompanied by Gant chart lines for each activity. Following are the summaries:

**Documentation function**

1. Developing system of priorities
2. Collecting existing materials
3. Flow charting and preparing nonexisting Bancom manuals
4. Monitoring Bancom operations and storing and updating material
5. Initial audiovisual production of priority operations materials
FIGURE 4A. Bidtech Operating Concept
The Technology of Bancor

Already Documented

Undocumented

Initial Documenting

Standardizing Formats

Standardization

Standardized and Documented Process Technology

Past

Present

Future

Historical Evolution

Long-Range Plans

Perspective Review

Situational Assessment

Ultimate Design

Environmental Analysis and Prognosis

Integrating Strategy Formulation

Stage One

Stage Two

FIGURE 4B. Vision for Biotech Documentation Function
FIGURE 4C. Vision for Bidtech Communication Function
FIGURE 4D. Vision for Bidtech Application Strategy
6. Furnishing initial findings on investment opportunities to Bancom companies concerned
7. Providing an array of inputs for analyzing and defining future growth and business development areas

Communication function
1. Technical education modules
2. Nontechnical education modules
3. Master curriculum design
4. Identifying training needs
5. Monitoring external training programs
6. Designing senior recruitment mechanisms
7. Coordinating on-the-job rotation scheme
8. Offering external seminars
9. Marketing comprehensive manpower development consulting

The application function also presented its own list of economic, sociopolitical, and cultural activities for the Licab subproject.

The final section, on manpower, budget, and physical facilities requirements, was derived from these submitted and integrated work plans.

In spelling out the manpower requirements, there emerged a key need, the recruitment of a senior person as assistant managing director, with professional competence that Mayuga himself did not have, to assist and hopefully later to take over in the general operational responsibility for all of Bidtech. Another anticipated change in manpower was the proposed takeover by Bidtech of a division of five people offering public external management seminars in a sister company, Bancom Systems Control. A few other people to fill out further needs in late 1976 in each of the three functions was also scheduled.

Budgets were drawn up in accord with manpower complements and levels of predicted operation, and with heavy reliance on the forms, charge estimates,
and formulae used by the heads of the Bancom subsidiaries. Also used as guidelines were the expenditures levels of the previous six months. Besides the expanded manpower picture, major increments were caused by the anticipation of moving into much larger offices—eight times the size of the original suite in which Bidtech started—and the building of a new office-residence-demo farm complex in Licab, independent of the Banfarms site. Total budget for manpower, occupancy, field, and operating costs came to P784,825 ($104,643). An additional P120,000 ($16,000) was sought for capital costs such as office furniture, equipment for training, and the new site at Licab.

Presentation to and Approval by the Board

The preparation of the major document, which was taking place simultaneously with attending to escalating scales of operation, was in fact done rather hurriedly; up to the day before the Board meeting, there were late night overtime hours spent reediting, typing, collating.

As major sections of the drafts emerged, consulting and clearance were sought with Executive Vice-President Villafuerte, who had become actively enthusiastic about Bidtech. His enthusiasm, however, would typically run ahead of the discussion point at hand and go beyond to future years indicating long-range possible outreaches for Bidtech. Most of his comments on the report were about its underlying philosophy, and those were largely supportive. He had no suggestions or modifications on manpower or budget requirements. Familiar with the workings of the Board and executive management, he suggested, however, a deletion of the involved formulae suggested for taxing the Bancom companies for Bidtech support, substituting instead a general statement on the prorating principle, which would use net income from each unit as a major criterion.

Villafuerte also saw the need for funds to use for investments in specific projects such as livestock and other new capital-requiring ventures. So, at his
suggestion, the following was also presented to the Board:

It is further proposed that a project investment budget be made available to Bidtech as a non-interest bearing loan from Bancom Development Corporation [the investment bank] of ₱1,000,000 ($133,333), with a grace period of two years, and payable over the next five years after that.

The day before the Board meeting, therefore, the document was finalized and distributed, together with two other massive volumes of reports from the investment bank and the combined subsidiaries. The Bidtech volume was hurriedly done but relatively comprehensive. Incorporated into the presentation were the initial ideas of Roxas, the modifications of Villafuerte, and enough descriptions of past performance to justify the request for legitimization in the form of a very concrete budget proposal.

The agenda of the Board meeting of February 6, besides policy decisions on the corporation going public and stock swaps, included five major reports, one a brief overview on the country's economic and financial position, one on the investment bank, one on all subsidiaries, one on international operations, and one on Bidtech.

Since most of the Board members had either not read the Bidtech volume or had merely scanned it briefly, a 15-minute presentation was made, using transparency charts on the vision for each of the functions and a listing of projected 1976 output objectives. Sixto Roxas said a few words preparatory to the presentation, and after the presentation, Villafuerte spent some time speaking of the potential of Bidtech, dwelling in particular on the strategy-integrating assistance that could be provided by the documentation function. This was particularly relevant for Villafuerte, since effective January 1976 he and Roxas had agreed that he would be relieved of operating responsibility for subsidiary and international operations to become Executive Vice-President for Strategy Planning and Tactics, with
governmental affairs, public and media relations, strategy formulation, and Bidtech as his remaining areas of direct responsibility.

A short discussion of about 10 minutes followed, at which Roxas and Villafuerte were careful to articulate the balance within Bidtech of its nonprofit character and its pressures and expectations of performance, and to stress direct service to the Bancom group via its documentation and communication-manpower development functions, as well as the possibilities from its application function for market development in its purest form, evolving technologies for bringing nonmarket communities up to a level where they could indeed be eventual markets. The Bancom Board in its last meetings had already been hearing about Bidtech, identified by some members as "the President's latest pet project," and there was a general receptivity to the presentation. A cursory approval took place before moving to the next point on their agenda.

Further Post-Approval Negotiations

The period immediately after Board approval proved to be a peak period for Bidtech, in terms of activity, morale, and focused direction. The major document prepared became the staff's "Bible," and a number of pending fund releases, for capital equipment in particular, were quickly made available.

One point, however, glossed over by the Board, soon demanded more specific attention. The fund-release mechanism was not sufficiently spelled out in terms of exact contributions from each subsidiary company.

Until Board approval, and even for a while after that, Bidtech was operating on advances through the Office of the President from the Comptroller of the Bancom Development Corporation. As it turned out, the entire amount spent for 1975 had come from the same source, and the Bancom companies, in the absence of an explicit memorandum, had failed to separate out the P20,000 plus 1 percent of net income before closing their 1975 books and posting their final profit figures.
With Bidtech authorization, it now remained both to liquidate the 1975 advances and to operationalize the mechanisms for contributions from each subsidiary. A round of discussions then took place, at first with Joaquin Henson, the assistant to the President, and then with Rudyardo Bunda, the investment bank's comptroller. It was decided that the 1975 expenses of ₱324,587 ($43,278) would be treated as preoperating expenses, to be repaid to Bancom Development Corporation in five equal annual installments, and that these repayments would in turn be sourced by prorating this to the subsidiary companies in the same way as operating budget costs. Moreover, it was decided to accept Villa-fuerte's suggestion to prorate all costs as follows: 50 percent to be assumed by BDC, the investment bank, 25 percent to be assumed by Bancom International Ltd., and 25 percent to be assumed by the domestic subsidiaries and prorated among them according to their own formulae. The same basic formula was also to be used to solicit the contribution for capital costs of ₱120,000 ($16,000).

The next negotiations thus had to be with Rolando Gapud, representing BDC. Besides asking for 50 percent of Bidtech's operating costs, capital costs, and part of preoperating costs, there was also the matter of the ₱1,000,000 ($133,333) noninterest-bearing loan. Gapud had a few sessions with Bidtech on specific performance to date and on specific benefits of Bidtech to the investment bank in particular.

He felt that the arrangement of a soft loan rather than a noninterest-bearing one was more in the spirit of the investment bank and of its Board, and so changed the agreement so that the amount would be drawn down as needed for projects, with a two-year grace period without repayments, and capitalized interest rates at 10 percent.

At the next meeting of the Executive Committee of the Board of Directors of Bancom Development Corporation (the investment bank), at which sat almost half of the Bancom Group Board members, on April 15, 1976, Gapud presented a memorandum seeking specific approval for the loan releases and the contributions of BDC to Bidtech, along with the schedule of drawdowns requested
by Bidtech. In justifying this request, Gapud wrote:

Bancom Development Corporation as such or the investment banking activity is a staging area for more substantive development activities. It is ideally a resource mobilizer. It lends substance to the primary mission of Bancom, which is to evolve working systems or modules of growth and development for the nation and Asia.

This being the case, BDC as a resource mobilizer is committed to support the objectives of Bidtech as technology mobilizer. It is for this reason that BDC seeks authorization from the Executive Committee to support Bidtech as explained.

Moreover, Bidtech in turn is committed to serve Bancom Development Corporation in these specific terms:

1. Documentation of BDC Technology . . .
2. Publication of a Development Technology primer . . .
3. Development of education modules for BDC staff . . .
4. Development of integrated manpower planning systems . . .
5. Development of possible financing leads . . .

The proposal was approved, and soon after, following suit, Bancom International, through the signature of Eduardo Yotoko, its Senior Vice-President, likewise gave its approval and authorized the BDC comptroller to supply its contributions as advances on behalf of Bancom International.

The remaining 25 percent from domestic subsidiaries required a separate round of discussions with its two senior vice-presidents, who had taken over operational responsibility from Villafuerte starting in January 1976. These two, Victor Kalaw and Jose Pardo, had a series of meetings with Bidtech management, listened to Bidtech justification summarized and specific benefits to the local subsidiaries specified, and approved in principle
the contribution, instructing their controller to send out an implementing memorandum to subsidiary heads spelling out the formulae for proration of operating, capital, and preoperating amounts.

Resulting from the discussions, however, was the decision to move in the Human Resources Management division of Bancom Systems Control, the group handling external seminars, to Bidtech by April 1 retroactively, and to have Bidtech absorb its operating loss in the first quarter of 1976 and assume responsibility for making it viable and at least break even before the end of the year.

Also, due to the cash positions of the smaller subsidiaries, the comptroller's implementing mechanisms called for monthly checks instead of quarterly advances, with each subsidiary paying Bidtech directly instead of the group's comptroller issuing one check in their behalf. This subsequently led to collection responsibilities for Bidtech, and occasional delays from some units.

IVA. Subproject Licab: Project Appraisal and Approval

Board Ratification

Although the Licab team had been in place and operative with activities since the last half of 1975, it was not until Board approval during the February 6, 1976 meeting discussed earlier that it had full legitimacy as a Bancom undertaking.

In addition to Board approval, the meeting had given the Licab subproject team more specific direction toward their end goal. In the Bidtech volume which was eventually approved by the Board, the section on rationale included the formal crystallization of the framework for evolving the management science for human settlements, representing Guevara's synthesis of ideas from Roxas and others. This presentation described a three-step process which the Licab subproject was to explore:
The first step involves the design of a conceptual model for the management of a community whose goal is to transform and develop the rural settlement into efficient communities and possibly self-sufficient economic systems. To achieve this goal, it must first identify a suitable unit of management, define a set of objectives and targets for the operation of this unit of management, and determine the most effective management handles. The conceptual model for the operations of this community could be patterned after the prototype of a business firm and in that sense would rest on the premise that viable and manageable units of development activity may be mobilized effectively and successfully in the same manner that they are mobilized for business projects by a large business enterprise.

There must be a scientific model of the settlement that provides the analytical basis for the technology of its operation; just as the economic theory of the firm provides the scientific basis for the technology of the enterprise. The second step involves the design of an economic framework which will provide the manager of a human settlement with the quantitative economic and statistical information needed to assess strengths, identify critical areas, evaluate alternative approaches and make significant decisions.

Once the design for the conceptual model and the economic accounting units have been identified and are provided with the structures, designs and accounting frameworks, strategic activities can be pinpointed and organized to optimize patterns for greater benefit. The third step involves the design of this organizational and operating strategy based on these frameworks.
Approved 1976 Work Plans

The same document describing the Bidtech rationale also spelled out the 1976 work plans. For the Licab subproject, the following work plans were presented to the Board and approved by them:

Economic
1. Compact farming project
2. Banoko ng palay or palay (rice) marketing
3. Livestock project (ducks, frog, rabbits, hogs, cattle, carabao)
4. Small-scale and cottage industries: shawl, bamboo craft, furniture, meat processing
5. Inland fishery
6. Coordinating infrastructure (BPH projects, roads, electricity, irrigation, flood control)
7. Agricultural commodities trading: fertilizer distribution, ice plant, grains dealership, sari-sari (retail) store chain, volume buying and selling

Sociopolitical
1. Baseline data survey
2. Konsulta ng Licab (a four-day meeting at which the townspeople of Licab could voice their needs and priorities)
3. Town physical planning
4. Health care system: nutrition program, family planning program, anti-TB program
5. Demonstration home farm
6. Education program: adult education, preschool
7. Municipal management program and organization
8. Management and college trainee rural program
Cultural

1. Municipal park and plaza beautification program and Christmas design
2. Reorientation of cultural and historical values
3. Church interior design
4. Radio and print media
5. Distribution of pamphlets and books
6. Cultural presentation
7. Entertainment and recreation
8. Physical fitness and sports development program
9. Environment program: garbage recycling
CHAPTER V

PROJECT ACTIVATION AND ORGANIZATION

Internal Organization

The Bidtech ratification by the Board on February 6 legitimized the existing trifunctional table of organization of Bidtech, as well as lay the direction for future hiring and expansion.

By March, Bidtech moved into larger offices in the second Bancom building, adjacent to the head office. As agreed earlier, the five people constituting the Human Resources Management division of Bancom Systems Control moved in and formally transferred under Bidtech control in April 1976.

Significantly, the search started in February for an able second man resulted in the hiring, in April 1976, of Victor Gamboa, a Ph.D. in Organizational Development from the University of Michigan, who had worked with management seminars at the university and briefly with Ford Motors in Detroit. He was completing his second year as training and recruitment manager for Proctor and Gamble (Philippines) when he moved to Bidtech. Bancom had in fact at an earlier time tried to persuade him to join Bancom to strengthen its manpower development operations. It was felt that his expertise and experience in manpower development, as well as his obvious commitment to rural communities, made him an excellent choice.

Modifications Introduced by Deputy Head

Because of the level at which Gamboa and Bidtech agreed that he would come in, Gamboa started out as deputy managing director. In practice, however, even before assuming responsibilities as second-in-command for the entire Bidtech, Gamboa acted as head of the communication function, where he had the background expertise and experience, and he significantly expanded its scope of activities.
He turned his attention to the newly transferred unit, offering external seminars in an already competitive market where universities and other specialized agencies were saturating the market with similar seminars. He thus proceeded to increase the communication function's "product lines" by building up its expertise and adding his own to offer the entire range of manpower development skills, including job evaluation and team building, performance audits, organizational restructuring, and a computerized integrated manpower resource assessment system. The first few contracts with corporate clients came in, and together with a revitalized seminars program, the division had turned around and was registering more income than expenses within two months. Further, it started to service, at cost, various organizational needs of other Bancom companies.

Another project moved into the communication division by Gamboa was a project jointly sponsored with the Rotary Club Foundation of Manila, to develop a recruitment mechanism for new graduates from the country's top 25 colleges and make this service available to interested subscriber companies.

The documentation function also expanded. Aside from recording and manualizing operations, Gamboa suggested that the more fundamental technologies rested in the minds of executive management, and that books authored by them would be of great value. As beginning steps, then, an anthology of Roxas' speeches was assembled and, with his permission and extensive reediting, a publisher was contracted to arrange for publication. Also, the transcribed lectures of the Bidtech education modules were edited by the invited speakers themselves and prepared for publication.

Externally authored work on Bancom also fell to Bidtech. The Asian Institute of Management was developing a series of case studies on Bancom and its units, including Bidtech, and Bidtech served as the liaison and coordinator of this effort. Bidtech also resurrected an earlier abandoned project to have a professional archivist, Dr. de Jesus, undertake and complete a substantial volume on the history of Bancom; again Bidtech served as coordinator, arranging the interviews and assembling and providing files and data.
In the months of April and May, however, shortly after Gamboa joined Bidtech, he had in fact the experience of temporarily overseeing the entire Bidtech operation when Mayuga went on a four-week leave.

Organizational Adjustments

Meanwhile, it had become Bidtech's turn to be visited by the internal auditors of the Bancom group. A team spent several days each in Licab and in the Manila head office, and submitted a rather comprehensive report with suggestions for improvement, specifically in the area of posting and record formats for financial transactions. Up to that point, a secretary doubling as administrative assistant in Manila and Pineda himself in Licab had acted as accountant-bookkeeper. Resulting from this suggestion, a senior accountant was eventually hired as Bidtech's finance manager.

A second area of recommendations had to do with defining job descriptions, which at the time were only partially completed. Some time was therefore spent completing these, and firming up a table of organization which until then had been merely informal (see Figure 5). Expanding this area, Bidtech also put together a technical bulletin, including an information manual, a personnel manual (adopted from the Bidtech-authored Bancom Group personnel manual), and a policies and procedures manual, regularly updated, spelling out operating policies and procedural steps on a range of matters from Licab transportation procedures to Bidtech fund sourcing. Following a short training session, a management by objectives (MBO) system of monthly goal-setting and evaluation by each staff member with his immediate supervisor was regularized.

By this time, too, the series of weekly meetings within Bidtech had been operative for some time. There was the weekly meeting of the executive management among Villafuerte, Mayuga, and Gamboa, in the first hour every Monday, though this was often cancelled due to Villafuerte's other commitments. This was followed by the Monday meeting of senior staff of Bidtech, numbering about seven people, every Monday, to review operations
FIGURE 5. Bidesch Organization Chart as of August 4, 1976
of past week, to report planned activities of the week to come, and to act on policy decisions or approvals required from either the Licab site or the Manila office.

VA. Subproject Licab: Project Activation and Organization

Project Site Organization

The visit of the internal auditors to the Licab field site also resulted in a number of organizational adjustments there. Job descriptions and manuals of operation, specifically for bookkeeping and cashiering, were drafted. The organizational structure itself was relatively well defined; Pineda was clearly the team manager, with rather strong power and authority. The physician, Dr. Menez, handled the social (and therefore also the health) activities; Ellen Nunez handled the cultural activities; and Villanueva and Pineda's two agricultural project assistants handled the economic. Three young women were hired from the local community to provide clerical and messenger services. The team worked fluidly, since they lived in common housing (except for the local girls), and one was constantly helping in the activities of the other.

Pineda was a member of the Monday Bidtech staff meetings in Manila, and it was decided that a similar meeting would take place in Licab every Wednesday evening, to review and anticipate activities over a weekly horizon, to go over the minutes of the Manila meetings, and to screen suggested new projects. Due to Pineda's irregular attendance at both meetings, however, Guevara, the research documentation coordinator, hired a recent college graduate in Manila to be his assistant, and this person had as one of his responsibilities the attendance at both the Manila and Licab meetings, and the recording and transmitting of the proceedings of one to the other, especially as related to approval and monitoring of project activities.
Regularization of First Projects in Licab

The first few projects started in Licab, intended to create the initial impact and credibility for Bidtech, had by early 1976 either leveled off or actually ceased operations, except for the major project, personally supervised by Pineda, the compact farm project, where some 40 farmers had banded together collectively to purchase inputs and collectively market outputs for an aggregate 70 hectares of contiguous but individually owned small parcels of riceland.

Project screening, approval, control, and evaluation mechanisms had only recently been formalized, and in many cases actual project activities had preceded the approvals. A complete documentation of each project since the start, whether still ongoing or terminated, was requested, to derive the lessons from the various successes and failures of the first phase of Bidtech project involvement.

The project status reports traced the elements involved in each project and attempted to identify specific causes for eventual success or failure.

The livestock project was moderately successful. Hog mortality was well below average, and the majority indeed succeeded in fattening their hogs and selling them at some profit. Some felt, however, that a commercial-scale feeding program, instead of depending on kitchen leftovers and whatever feed the owners could purchase on the side, would have brought the pigs to far greater weights. The payback schemes, however, did not all work out as planned; salaried employees would receive government salaries two or three months late, thereby also delaying payment for the pigs; other salaried employees migrated out of town with no trace. In all, as of mid-1976, only about 70 percent of original costs have been paid back. Because payback schedules for cattle and carabao were over longer time frames, it was too soon to judge the collection records of these programs.

The duck-ham processing operation peaked during the 1975 Christmas season. Both before and after that period, the housewives who took the government seminar
on this process, held in Licab at Bidtech's invitation, used it for purely home and private festivity consumption purposes. For the Christmas season, however, a total of 185 ducks were processed for ready markets, but intermittent electrical services and poor quality control in the town resulted in spoilage of 69 ducks. Only 116 were sold, resulting in a net loss of $456 ($60), borne by Bidtech, which had financed the project. Beyond the unpredictability of the needed electricity for refrigeration, however, this experience proved that there were not enough readily available ducks in the town to justify a continuing large-scale operation of this sort.

The bamboo craft project suffered the same difficulty of lack of raw materials. The projects had started out, after training by an experienced group in a nearby large town, as an opportunity for students and housewives to supplement their incomes by receiving "job-out" orders from this group, which would supply the raw materials, pay them for their labor, and retrieve the finished products. The original plan was to use the expertise and experience provided by the expert group, and then to manufacture and market their goods independently. Lack of availability of bamboo, however, and lack of organized full-time effort to seek it out, caused the project to stop. Villanueva, the Bidtech staffer who had initiated the project, had in the meantime been busy exploring other possible projects, such as a garment sewing possibility, again initially on a "job-out" basis.

The preschool, operating on a self-sustaining basis by contributions from the mothers of the tots, came to a logical stop at the end of the school year in March, and there was not enough enthusiasm to start another group for the summer, in spite of Bidtech's efforts to help mothers by offering them a pig-fattening opportunity.

The two-month health care delivery design project, sponsored by the Population Center Foundation, came to an end in January, and the promised output, an extensive project proposal for design refinement and pilot testing in Licab itself, was brought to the Foundation
in the hope of funding for the health efforts for another year. Because of internal budget constraints caused by unforeseen internal contingencies, the Population Center Foundation asked for a six-month delay, during which interim Bidtech had to "motor idle" the project by advancing at least the minimum for salaries before scaling up the project again.

Other nonrevenue projects, with definite one-time outputs, proved more successful. The town lauded Bidtech's contribution to the Christmas decoration of the town's plaza, where a nativity scene had been designed and largely constructed by Bidtech, using local materials and motifs.

Upon the initiation of Ellen Nunez, Bidtech senior staffer in communications and sociology, a street theater group conducted drama workshops, and the newly formed Licab thespian group presented during Holy Week a localized adaptation of Yeats' Calvary along the streets of the town. For future town festivities, the local drama group would be called upon regularly to present their locally written and produced plays, reflecting in many instances the aspirations and problems of the townspeople themselves.

A few lessons emerged from analysis of common themes in the project status reports. The nonrevenue projects had relatively more success, indicating that much was still needed to build up the town's economic skills and attitudes, and that an unhealthy attitude towards Bidtech as a "godfather" on whom one could become dependent was developing and had to be stopped.

Also, a trend of beginning cooperation from sister Bancom companies was beginning to emerge. Though cooperation was in general reluctant, the links forged to a large extent by Bidtech documentation and communication functions created enough personal interaction to serve specific at-need assistance. Bancom Finance suggested and refined the credit and collection mechanisms for the cattle and carabao dispersal schemes. Bancom Insurance provided inputs on self-insurance mechanisms to guard against mortality of livestock. Bancom Commodities was instrumental in deals regarding fertilizers.
and other agricultural products. Consultation on agricultural experience in Licab from neighboring Banfarms was there for the asking. Bancom Realty had been asked to help design a prototype low-cost residence for Bidtech staff, though the construction had to be delayed until a suitable parcel of land could be located and purchased. Bancom Development Corporation lent its experience to the proposal to design a Bangko ng Palay network, according to which a number of warehouses would issue negotiable instruments in exchange for cavans of rice and generate secondary trading, eliminate hoarding, and stabilize rice prices using formulae similar to the investment bank. This latter project has not yet been implemented, though, pending the stabilization of rice price fluctuations and the danger of short selling.

At any rate, these project status reports presented a fairly objective picture of phase 1 of Bidtech operations in Licab. These, together with a recently completed comprehensive base line data survey conducted by a special unit of the Department of Agriculture based on a list of indicators compiled by both Bidtech and themselves, would form the two key inputs that would set the stage for launching the second phase of Bidtech's involvement in Licab.
Bidtech's June Planning Session

A live-in session for the entire Bidtech staff was held in the first week of June. For three days of the first week of June, the entire Bidtech staff, including the Licab field people, met at a hotel conference room and took stock of past performance and mapped out future directions. It was the hope that the planning sessions would also provide the materials for the first meeting of the Bidtech Board of Directors, scheduled the following month.

The meetings started with a plenary session at which both Villafuerte and Mayuga restated the operating vision for Bidtech and undertook a critical review of operations to date. Most of the time, however, was spent in three groups, the documentation and general administration group, the human resources management group, and the Licab group, corresponding roughly to the three divisions. Mayuga, Gamboa, and Villafuerte shuttled back and forth separately among groups, with each group at different times getting to articulate strengths, weaknesses, problems, and viable targets for the remainder of 1976.

The documentation and administration group, besides integrating the documentation function activities, also spent time working out an outline and the beginnings of the Bidtech policies and procedures manual, as well as the specific procedural steps and forms to be accomplished in the course of a Licab project cycle. The human resources division articulated its goals of becoming a revenue-generating unit within Bidtech, and of eventually becoming the country's center for human resources management consultancy and services.

The application group, the Licab subproject team, likewise met to clarify its goals and adjust its work programs, especially in the light of a milestone.
activity that had just taken place in Licab, a townwide "Konsulta" or four-day meeting, during which the townspeople themselves articulated their needs, desires, and priority projects.

Organizational Tensions

The Bidtech planning sessions also brought to the fore a number of areas in which some organizational tension was present. Within the Licab field staff, the project director, Pineda, pleased with the scope and the activity of his compact farming projects, was feeling restless about the progress and activity of the other project staffers, who had less visible project activity but more community organization preparatory work, such as the health projects and the cultural and communications projects. The numerous arrangements that Pineda had to take care of in Manila also made his frequent absence from Licab a matter for concern.

The image that Bidtech had among other Bancom professionals as a recipient agency for their contributions was a source of anxiety. The image was improving because of the services of the documentation and communication functions of Bidtech, but still the Licab people were hoping to achieve a state of relative autonomy. To this end, Pineda undertook negotiations with large corporations in Manila and offered to provide at a management fee their rice needs for their employees, similar to the Banfarms approach, and capitalize on the Bidtech compact farming project.

Support from executive management was likewise of some concern. While Villafuerte continued his enthusiastic support when he was present, that presence was made more and more infrequent as a result of his own other responsibilities and entrepreneurial interests. Roxas himself was concerned with a range of other responsibilities, and had recently hired two professors from the University of the Philippines as consultants to draw up the theoretical and environmental parameters for human settlements assessments, as if to provide a theoretical and academic counterpoint and check against which to view the Bidtech field experiment.
VIA. Subproject Licab: Project Operation, Supervision, and Control

A few weeks before the Bidtech general planning session in June, and providing most of the material for the discussions at the planning session for the Licab field team, a significant meeting of the townspeople known as the Konsulta took place in Licab.

Konsulta: Key to the Licab Strategy

The signal event that launched the second phase of Bidtech's work in Licab was the Konsulta ng Licab, or Licab Town Consult, which was a structured four-day experience from May 6-9, 1976, "to enable the townspeople, with the assistance of selected experts from Manila, to articulate an operating vision for the future and an approach to attaining this via specific projects and implementing tactics"—in the words of the Konsulta report.

With the completed data survey and impact project status reports, and in consonance with the principle of self-viability, Bidtech felt the time had come for Licab's people to decide for themselves the directions of development it wanted to take. The role of Bidtech and carefully invited external experts was merely supportive, to provide the enabling process mechanisms and the requested technical information and contacts that would be useful.

The methodology used for the Konsulta was one adapted from a successfully used process of the Institute of Cultural Affairs, an international organization concerned with human and community development on a global scale. Other inputs to the design were provided by the government's National Social Action Council, through one of its staffers, Charles Leonor, who joined the Bidtech coordinating staff of the Konsulta.

Basically, the methodology involved the use of a cross-section of about 50 townspeople, assisted by 20 outside national experts from different disciplines,
to interview townspeople, express and brainstorm ideas on the town's aspirations, problems, and plans, and then gestalt or cluster these in meaningful categories for further discussion or action—all to be done both in small groups and in plenary sessions.

On May 6, after a briefing in Manila stressing the objective of the Konsulta and the need to respect community initiative by not accepting group chairmanships and by contributing expertise in a supportive manner, a group of 23 experts in different fields set out for Licab. Included in the group were a few Bancom executives headed by Roxas and Villafuerte, a psychiatrist, an environmental planner, a leading movie director and indigenous theater exponent, a bishop of the region, a rice production and marketing entrepreneur, an irrigation expert from the National Irrigation Administration, experts in small-scale industry, and representatives from key development groups and agencies such as Philippine Business for Social Progress, the National Economic Development Authority, and the Office of the Provincial Governor. They met with a cross-section of the townspeople, including the town mayor, the town judge, the rural bank manager, several schoolteachers, housewives, farmers, students, and even a few out-of-school youths.

The first day was spent breaking up into small mixed teams and then going out to the town and outlying barrios to interview people on their own feelings about the town's hopes, historical events, existing structures and existing problems, in order to "cross-fertilize observable objective data and projected mass intuition . . . of the people on their existing life situation."

The data was assembled, then clustered into what emerged as six principal areas: local government, finance, agriculture, secondary sources of income, health and recreation, and education. Using similar brainstorming and clustering methodologies, first individually, then in small groups, then in plenary session, charts, using the six categories soon went up on the walls: one on the town's vision, then one on the town's contradictions blocking the reaching of that vision,
then one on practical proposals that could be pursued to act on these contradictions. The sessions went all day, long into the evenings, interspersed only with occasional reports, such as those of the data survey of the town and of the impact projects status reports.

The specific project proposals emerged from identifying the most manageable areas of concern within larger project areas, and then selecting and combining from a much longer list the best few. Subsequent to project identification, the groups identified the persons and organizational structures, whether existing or yet to be created, which would be responsible for these projects and a tentative time frame for each project. Commitments were sought from those identified as responsible for projects, many of whom were actually present at the Konsulta. Left to backroom post-Konsulta sessions were the drawing up of budget requirements per project, and the supportive role Bidtech would assume in the total development effort.

The charts that emerged provide a flavor of the nature and the scope of the discussions and directions of the Konsulta (see Figures 6A, 6B, and 6C).

June Planning Session of the Field Staff

The entire field staff, including the locally hired clerical workers, came to Manila for the Bidtech planning session and participated in the plenary sessions on general Bidtech matters. For the group discussions, the subproject team dwelt largely on the outputs of the Konsulta and on their actual experiences and experiments in the town.

The group rearticulated its position relative to the Licab development thrust that emerged from the Konsulta, identified those projects it would get more involved in, and restressed the importance of the project dealing with the primary source of the town's income, rice farming. They also reaffirmed their intention to move into a small modest office-residence-demonstration farm, right among the villagers involved in the rice farming project. Though they had moved out of Banfarms in early 1976, they were still boarding
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<th>LOCAL GOVERNMENT</th>
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<th>AGRICULTURE</th>
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<th>HEALTH AND RECREATION</th>
<th>EDUCATION</th>
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<tbody>
<tr>
<td>Unity and credit in solving community problems</td>
<td>Improved credit facilities or opportunity and case of loan payment</td>
<td>Better irrigation</td>
<td>To seek different occupation or additional sources of income to satisfy needs</td>
<td>Better sanitation facilities to send their children to school to seek education</td>
<td>Increased capability of their children to send their children to school to seek education</td>
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<tr>
<td>2. Better barangay leadership</td>
<td>3. Increased opportunity to own basic assets (e.g., land, carabao, house)</td>
<td>2. Labor-intensive employment opportunity on a mass-scale (e.g., factory)</td>
<td>3. Improved nutrition</td>
<td>2. Opportunity to have a reading center</td>
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<td>Better electrical facilities</td>
<td>Better roads and bridges</td>
<td>More extension services</td>
<td>Job or occupational opportunities for housewives</td>
<td>Beautification of community surroundings</td>
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<td>Better transportations and vehicle routing</td>
<td>Better peace and order</td>
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**FIGURE 6A. Licab Konsulta: Summary of the Town’s Vision**
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<td>LOCAL GOVERNMENT</td>
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<td>SECONDARY SOURCES OF INCOME</td>
<td>HEALTH AND RECREATION</td>
<td>EDUCATION</td>
</tr>
<tr>
<td>1</td>
<td>Slow implementation of presidential decrees</td>
<td>High percentage of interest charges</td>
<td>Lack of irrigation</td>
<td>Lack of secondary source of income</td>
<td>Lack of adequate facilities</td>
<td>High percentage of illiteracy</td>
</tr>
<tr>
<td>2</td>
<td>Lack of price control of basic commodities</td>
<td>Usury</td>
<td>Construction of dikes</td>
<td>Lack of visitation of the rural doctor</td>
<td>Low price of self-discipline</td>
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<td>3</td>
<td>No active leaders</td>
<td>Lack of coordination between loan financier and farmer</td>
<td>High price of feeds for pigs and other livestock</td>
<td>Lack of coordination and investment presence of misunderstanding among municipal and barrio officials</td>
<td>Inadequately supplied rural health unit</td>
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<td>4</td>
<td>Lack of unity</td>
<td>Lack of working capital</td>
<td>Rat infestation and pests</td>
<td>Lack of technical and advanced know-how</td>
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<td>5</td>
<td>No freedom of expression</td>
<td>Misuse of credit</td>
<td>Lack of sustained external change initiators</td>
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<td>6</td>
<td>Lack of government support</td>
<td>High rate of indebtedness among farmers</td>
<td></td>
<td></td>
<td>Overpopulation</td>
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<tr>
<td>7</td>
<td>Lack of coordination and presence of misunderstanding among municipal and barrio officials</td>
<td>No capital for investment purpose</td>
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<tr>
<td>8</td>
<td>Unrepaired roads and bridges</td>
<td>High percentage of poverty</td>
<td></td>
<td></td>
<td>Inadequately supplied rural health unit</td>
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<tr>
<td>9</td>
<td>High rates of electrical fees</td>
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<td></td>
<td></td>
<td>Small amount of harvested outputs</td>
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FIGURE 6B. Licab Konsulta: Summary of Contradictions
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<tr>
<th>LOCAL GOVERNMENT</th>
<th>FINANCE</th>
<th>AGRICULTURE</th>
<th>SECONDARY SOURCES OF INCOME</th>
<th>HEALTH AND RECREATION</th>
<th>EDUCATION</th>
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<tbody>
<tr>
<td>1. Develop local leadership</td>
<td>1. Restructure large loans</td>
<td>1. Construct a dam and main canal for the development of 1,500 acres</td>
<td>1. Organize a bamboo-crafts small-scale industry</td>
<td>1. Set up an Operation Timbang weighing community projects for nutrition evaluation purposes</td>
<td>1. Establish a Manpower Training in Productive School project</td>
</tr>
<tr>
<td>2. Provide funds for the construction and repair of roads (e.g., road between Licab and Victoria, Tarlac)</td>
<td>2. Improve loan payment or collection scheme</td>
<td>2. Construct a flood control system through the setting up of an irrigation brigade to improve drainage</td>
<td>2. Establish cattle contract projects with Republic Flour Mill</td>
<td>2. Set up and expand a scholarship or &quot;Study Now Pay Later&quot; fund</td>
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<tr>
<td>3. Review technical planning regarding irrigation and flood control systems and provide authoritative information concerning the dikes</td>
<td>3. Build up rural bank capital through increased stock and savings deposits</td>
<td>3. Original extension services to provide better form technological instruction</td>
<td>3. Set-up a hog contract growing project with Vitarich or Republic Flour Mill</td>
<td>3. Establish a research group to integrate educational program in the community</td>
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<tr>
<td>5. Establish a community park</td>
<td>5. Organize a marketing cooperative</td>
<td>5. Organize and set up a pastillas-making small-scale industry</td>
<td>5. Organize health education groups</td>
<td>5. Conduct seminars for the community on academic or technical interest</td>
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**FIGURE 6C. Licab Konsulta: Practical Proposals Chart**
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<th>LOCAL GOVERNMENT</th>
<th>FINANCE</th>
<th>AGRICULTURE</th>
<th>SECONDARY SOURCES OF INCOME</th>
<th>HEALTH AND RECREATION</th>
<th>EDUCATION</th>
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<tbody>
<tr>
<td>6. Zoning of the town for physical planning and beautification</td>
<td>6. Set up an agricultural management scheme</td>
<td>6. Establish a mushroom culture project or other backyard gardening project</td>
<td>6. Construct blind drainage</td>
<td>6. Establish poster projects for messages designed for community enlightenment</td>
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<td></td>
<td>7. Set up a water lily crafts project</td>
<td>7. Construct toilet facilities in the homes</td>
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<td></td>
<td>8. Establish a household or form implements small-scale manufacturing projects</td>
<td>8. Establish a garbage disposal and recycling system</td>
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<td></td>
<td>9. Set up a Tikiw crafts project</td>
<td>9. Construct fences for home lots</td>
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<td></td>
<td>10. Organize an instructional program on budgeting family income</td>
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<td></td>
<td>11. Establish a sports development program</td>
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with one of the families in town; the original decision to find a plot of land in the main town was changed to that of finding a plot of land in the smaller satellite barrio where the compact farming project was located.

Perhaps the key conceptual accomplishment of the June planning session was the sharpening of the identity of Bidtech. Based on the planning session, a four-page memorandum delineating this identity was drafted. This paper started out with a description of two prototypes of community development, and the Bidtech attempt to merge the better qualities of each:

The first is the community organization prototype . . . premised upon the assumption, valid in itself, that a community cannot be developed unless its people and its structures are slowly prepared, educated and organized to sustain this development. The approach tends to achieve substantial results only after a long period of time. Moreover, attempting to draw from the people the leadership, the expertise, and even the financial resources for the development has often limited the possibilities to activities and projects of a very small scope. Thirdly, the catalysts, often supported by an outside agency, tend to dedicate themselves satisfactorily, but only for relatively short periods and do not develop long-range commitments and the creative activities which such commitments engender.

At the other extreme is the example of communities that have been developed by the entrepreneurial investor, or the benign imperialist . . . outside resources are poured in, long-term commitments are made and the transformation is fast. However, very often there is no attempt to provide the community a total development pattern. Secondly, indigenous human potential is not developed and the native population is looked upon as either physical labor or a consumer population. Thirdly, the revenues
and benefits resultant from growth do not remain in the community but are siphoned off to the external stockholders of the principal enterprise.

The Bidtech approach in Licab was thus seen as bridging the gap in available models, to develop a core of human settlements managers with the technology of fostering joint ventures. Because Bidtech was a technology mobilizer in research and development work more than a line operating unit directly managing enterprises or owning them, it became clear that its role was not to own and manage, but to identify, develop, and create viable opportunities and help translate these into efficient and profitable enterprises, within a comprehensive total development framework.

Because total development involves nonrevenue activities, these would continue to be part of Bidtech's concern. They would not be ad hoc welfare donations, however, but would rather be integrated and presented semiannually in a total package. Moreover, these projects would not be funded by Bidtech, but would come either from outside agencies or from a percentage of profits from revenue projects.

As for revenue projects, and only those with promise for profit would be encouraged, these would be housed in a corporate entity other than Bidtech itself, in joint ventureship fashion. To realize this, Bidtech would establish its $1 million fund as a separately managed investment fund, and would set up a corporation put together by the Bidtech employees themselves, from their own personal investments as equity. Thus Bidtech would identify a productive area and develop it to a point where a joint corporation could be set up, with no Bidtech equity but with equity from the local townspeople, from the Bidtech Investment Fund, and from the employees' corporation, with the idea of divesting outside equity over the years in favor of great local participation.

The paper also laid out the outlines for a second major avenue of strategy for Bidtech in Licab. Expanding on its compact farming project, Bidtech felt that it could experiment with the technologies of total but
entirely self-sustained community development, not at the town level, but at the sitio (50-100 families) level. For this purpose, Bidtech was looking to developing a commune-type settlement sufficiently organized to act as a collective whole:

The Bidtech effort in this smaller community will be to bring about such a collective unit so that the human, agricultural, financial, and other resources of the community can be pooled together and marshalled by collective consensus to produce added resources as maximally productively as possible, and to use these added resources to satisfy both individual needs and the commonly articulated desires for services and facilities of the community's vision.

Bantua na Munti

After the planning session, the compact farming project at the sitio of Bantug na Munti expanded in earnest into a community transformation project. By then, the first harvest of the compact farming project was coming in, and indications seemed generally positive.

At the beginning of that cropping season, Bidtech had involved about 25 land-owning farmers of Bantug-owning contiguous properties in a compact farming project, according to which Bidtech would secure financing and would help set up a local management committee which would collectively administer and operate the 60 or so hectares involved. The farmers welcomed this new source of technology and financing, since many of them had already overstrained credit lines at the rural bank. In the course of that planting cycle, two typhoons hit the area, causing great concern, but fortunately causing severe damage to only about 15 percent of the compact farming area. (The rest of the town was not so lucky; by comparison, Banfarms nearly suffered 95 percent loss.) In spite of the floods, then, some farmers in the project were harvesting as much as 110 cavans per hectare, a figure more than double previous
universal harvests. For this first round, failing time to negotiate with banks on behalf of the farmers, Bidtech got clearance to use about P80,000 ($10,666) of the Bidtech investment fund to finance the agricultural inputs (seeds, fertilizers, fuel for the water pumps, insecticides, farm labor, lease of equipment, even family living allowances). Expense points were tabulated for each farmer's piece of property, and the arrangements called for the farmers to pay back the entire amount of the loan, plus nominal interest (4 percent), plus a cavan of rice per hectare to the local management committee for its time and expenses. Collection records indicate a net loss due to flood-damaged areas (though these "loss" amounts are still receivables), but otherwise a 85 percent payback record, well above national and local averages.

The second planting season for compact farming was to encompass over 100 contiguous hectares, and that in spite of a large number of applicants turned down by the management committee on grounds of spans of control and limitations of financing (being negotiated, with Bidtech help, with the Development Bank of the Philippines). Part of its popularity was due to reports of its success in productivity, but part was due to the farmers in the area seeing a brand new source of financing opening up when their records and credit had gone bad with the rural bank. Pineda had visited the rural bank manager twice before the compact farming project started, but had failed to see him and had then gone on with the financing, causing the manager some distress. The manager feared that existing loans outstanding from the farmers of Bantug would never be paid, since they now had a new source.

Expanding the project to encompass total community transformation, the game plan articulated by the June planning session was followed. This involved, among other things, a more complete data base on the 67 families living there. It also meant conducting a three-day Konsulta ng Bantug, convening all 67 families over three afternoon and evening sessions to build up the group's collective unity. Unlike the large Konsulta, however, no Manila experts were invited, except two group process
specialists to conduct key team building sessions; unlike the large Konsulta, the intended outputs were not a network of project proposals but a heightened sense of unity and self-confidence in the group's capacity for change. In fact, the village had divided into clusters of about six neighboring families each, and had assumed by groups the responsibilities for different logistical aspects of running the Konsulta. These 10 groups within Bantug continued to interact as groups even beyond the Konsulta. The Konsulta resulted in two key areas of common interest, a communally-owned inland fishery project in the middle of town, and a street beautification project, which would be matters of discussion as the village decided to have the leaders of the 10 groups meet regularly every two weeks from then on.

The leaders of these 10 groups formed a de facto town council, and eventually the compact farming management committee came under its supervision to coordinate all economic projects, with a mandate to use a percent of incremental revenues for commonly identified welfare projects, such as a toilet facility for the one-room schoolhouse.
CHAPTER VII
PROJECT OUTPUT DIFFUSION, TRANSFER EVALUATION, AND FOLLOW-UP

Prospects for Bidtech

By October 1976, Bidtech completed the first year of its legal corporate existence. And, as institutions go, it seemed to have set for itself a relatively long-term existence, with legal status, corporate interlinkages, a table of organization, financial accounts, and an operative Board of Trustees.

The Board of Trustees for which the June planning session prepared finally had its first meeting on August 4, 1976, upon the arrival of Sixto Roxas from an extended trip abroad. Composing the Board were Bancom's executive managers, who were thus responsible for the contributions from the Bancom companies. Besides Roxas were Villafuerte, Gapud, and Yotoko of international operations, and Pardo of central administration of domestic subsidiaries and Mayuga. Gamboa served as recording secretary.

The agenda included an activity and organization report, a financial report, a presentation of five policies for Board approval, and a discussion of long-range directions for Bidtech.

The activity report involved a brief presentation of the following matters:

General administration
- June planning session
- policies and procedures manual
- installation of management-by-objectives mechanisms
- financial management systems
- reporting mechanisms
Documentation
- documentation summary
- history of Bancom — the publication in book form
- "Managing Asian Financial Development — an anthology of Roxas' speeches
- Asian Institute of Management case studies

Communication
- technical seminars: "Realty Development," "Offshore Operations," and others
- nontechnical seminars: "Impressions of China," "Transactional Analysis," and others
- packaging seminars for branches
- consulting and in-house programs for external clients
- servicing Bancom group organizational requirements
- integrated manpower development program
- Latin-American Teaching Fellowships

Application
- Konsulta documentation
- compact farming
- fertilizer dealership
- community newspaper
- baseline data survey of Licab
- Bantug na Munti community transformation

The financial report showed a relative fidelity to original budget estimates; and the organizational report relied on job descriptions and management-by-objectives performance plans.

The five policies for Board approval had to do with (1) the establishment of the human resources management division as a revenue-generating center, (2) the responsibility of Bidtech to coordinate and
monitor all training activities within the Bancom group, whether initiated by Bidtech or merely referred to them, (3) the constituting of Roxas, Villafuerte, Mayuga, and Gamboa as a body on the utilization of the P1 million Bidtech Investment Fund, and (4) the ratification of the employees’ corporation, Habitat Developers, Inc.

The last two items were extensively discussed, and the employees’ corporation was approved on the strength of the proposed rationale:

1. It provides an investment corporation ready to assume equity in Bidtech initiated projects.

2. It provides a check and balance function and assures Bancom that the enterprises have generated enough confidence in their proponents to warrant their personal investments as well.

3. It guarantees a greater commitment of the Bidtech field staff, to the town in which they work, and to the projects which they run.

4. It responds in large measure to a call for an employee incentive scheme based to a large extent on their performance.

In summary, the Board meeting as a whole, and the discussions on long-range directions in particular, seemed to indicate that Bidtech was sufficiently institutionalized to be around permanently. Its documentation and communication functions were performing a real and continuing service to the Bancom group in the form of data assembly and manpower training and recruitment. Moreover, its publication activities and its public seminars and external consulting activities were sources of independent revenue which more than paid for themselves. Its application function, though it would doubtless evolve and transmute through the months and years, would continue to be prominent, given the centrality of an integrated area development strategy in the mind of Roxas.

Bidtech was in fact to survive a severe test, that of a change in leadership. Effective September 1, Villafuerte ceased to be an operating officer of the Bancom Group of Companies, and Gapud assumed the role
of the Bancom group's executive vice-president and managing director of Bidtech. In addition, operational responsibilities were turned over more and more to Gamboa.

Key Issues

As the leadership faced the coming year and reviewed the past one, the key issues in the project became clear:

1. The project identification phase was set against the valid backdrop of Roxas' situational analysis. The basic goals and directions were noble and perceptive but were nevertheless very ambitious and necessarily vague by virtue of the scope of the project. It was in fact not yet proven that a private sector entity could provide the breakthrough in countryside development.

2. The organizational setting of the project was within the context of a cluster of Bancom companies whose semiautonomous operations and bottom-line pressures sometimes made full cooperation and support from them difficult.

3. The project design also called for support, specifically funding support, from the Office of the President. This was good because it cut through red tape and made things move faster, but also bad because it gave Bidtech a "spoiled child" image among the subsidiaries, and, eventually, because money was easy to get, the organizational tension of having to prove performance within a nonprofit context.

4. The project approval presented no major difficulties, but precisely because it was so easy, being a project of the President, the project was not rigorously reviewed at the Bancom board level. Board interest was cursory rather than sustained, and only a future tightening of resources would prove whether Board support was real or not.
5. Project organization was staffed entirely by people recruited from outside the Bancom organization. This may have brought in fresh perspectives and expertise not available from within, but it also presented the image of an "outsider" group, with no intimate familiarity, slowly developed commitment, or sense of belonging to Bancom.

6. The operation of the project organization was frequently disrupted by the several changes in leadership and by the constant redefinition of operating priorities. Manuals and procedures were often forgotten in the next flexible re-adjustment; only the Monday meetings proved regular throughout the year.

7. In project implementation, the documentation division was turning out manuals, summaries, and dossiers, but was not sure of the purpose for the outputs; experience had shown that these outputs were rarely used by the rest of the organization.

8. Project implementation in the communication division was in general quite satisfactory. Seminars of different sorts continued to be offered, new technology in human resource development was being acquired by the staff, and the profit operation of external seminars and consultancies had been turned around to produce a modest return. What did become apparent in this division, however, was the increasing dichotomy between their orientation of service to Bancom and of profit when serving other clients; this presented a problem of deciding where more effort and manpower should be deployed.

9. Project implementation in funding support and funding management was a problem area. Subsidiaries were slow to turn over their share of the contribution, and the turnover of accountants in Bidtech as well as its relative autonomy made it difficult to compare Bidtech's performance with the other subsidiary companies.
10. Project monitoring and control was thus difficult, and was in fact only occasional above the operating level, since managing directors had changed more than once, and since Bidtech and Bancom boards, straddled with heavier commitments, hardly provided direction on a regular basis.

VIIA. Subproject Licab: Project Output and Evaluation

Prospects for Licab

The prospects for Licab were much less clear. For while Bidtech was an organization, the Licab experiment was a project, with a definite start-up and an assumed termination, or at least scaling-down. The day-to-day operations in the field site had sometimes blurred the vision for the Licab experiment as a testing ground for appropriate managerial technologies, and there was some concern that a resharpening of focus be undertaken. It was still far from a replicable model for integrated area development in the manner that Roxas had conceptualized, "a development program that seeks the total development of a region and its people and differs radically from the projects that merely seek to extract single commodities for a market outside the region":

A logging company that comes into an area for the sole purpose of cutting the commercial timber to service a foreign market will have an operating strategy that is quite different from that of a development company whose objective is to develop viable human settlements. Both institutions may use the commercial timber stands that can be logged without permanently damaging the environment. The logging company's job is finished when the logs have been concerted into revenues. For the development company, the revenues from the logs are merely the means for providing
capital to develop the infrastructure facilities and the other sources of livelihood for the population of the region.

It is conceivable even that both entities may be organized for profit. But one company earns its profits by producing a permanently viable community and developing the total resources of the region.

At any rate, the emerging technology derived from the Licab experience was being keenly watched. The vision of Roxas had been heard and well received at a number of national and international conferences, and the operational models embodying this vision were felt to be needed not only by local groups, but by other large and multinational corporations with area development responsibilities in different parts of Asia resulting from the exploitation of a single major product, whether it be agricultural, timber, or mining.

Thus, the original plan of Bidtech, to terminate project Licab after a few years and then to start in another town and then another, gave way to a modified plan for the future.

In the first place, it was seen as unrealistic to anticipate leaving Licab entirely, given the equity investment patterns that had taken place. There would be a scaling down of manpower inputs upon hitting certain self-viability indicator levels, but Licab would be looked upon as an operating laboratory site for the evolving Bidtech research and development technology.

In the second place, the idea of replicating operations in other towns would call for an expansion and an excessive involvement in line operations, which was not consistent with Bidtech's character. Thus, instead of singlehandedly moving into a town and taking over development activities as it had done in Licab, Bidtech would in the future make available its Licab-acquired expertise and technology and offer this consulting service to operating groups already faced with integrated area development responsibilities, whether these were multinational corporations around Asia or provincial or local governments.
In a manner similar to Bidtech's communication function, then, which developed its capabilities in human resource development by servicing the internal constituency and then marketed this capability to the public, so the application function would develop its expertise in Licab and then market this expertise to those who would need the service.

Key Issues for the Licab Subproject

In any event, the key issues facing Licab were similar to those facing the mother project:

1. It too was both blessed and cursed with an articulation of project goals that was broad, comprehensive, and therefore vague and difficult to attain in its totality. The very diversity of its activities resulting from their comprehensive project design made span of control difficult and consistent follow-through of all projects impossible.

2. The identification of project site was not exhaustively done; in fact, it was not done at all by the participants being predetermined by the prior presence there of Banfarms. It had, as earlier mentioned, the advantage of being far enough from Manila to be truly rural, and yet near enough to be accessible. It also had the advantage of being a laboratory setting of a very early stage of development. This, of course, was simultaneously a disadvantage that made chances for success more difficult, compounded by local politics, the presence of a radically different Bancom entity, and the suspicions of a highly radicalized peasantry.

3. The choice of staff in the project organization led to a team recruited also entirely from outside Bancom; this situation presented the same advantages and disadvantages that faced the rest of the Bidtech staff.
4. The project organization in Licab, like that in Manila, was in a constant state of flexibility and adjustment, making manuals and procedures difficult to enforce. Not even the Wednesday meetings lasted very long; the team, which lived and worked very closely together, felt this to be unnecessary after a while. The very closeness of the team, in fact, proved problematic, causing occasional personality clashes.

5. Project implementation was characterized by several false starts and one-time activities. The duck-ham project, the bamboo craft project, and the preschool project did not last beyond their original cycle of activities. The livestock project recovered most of its loans but never broke even. Project staff found that they could not effectively handle too many projects at one time.

6. The project that did endure and eventually was scaled up was the successful implementation of compact farming headed by Pineda himself. At Bantug na Munti, farmers' harvests on the average tripled, and results had attracted government attention. The success of the project was due to three factors: agricultural technology (straight-line planting, timing of fertilizers and pesticides, and so on), management (schedules, accountability, reporting relationships, and so on), and motivation (participatory decision making, weekly sessions on problems and plans among the villagers themselves). In fact, the second and especially the third factor played the more important roles.

7. Project control was provided by the field director's highly personalized and centralized leadership style. The team had a leader with charisma and a deep commitment to the project but with a definite set of personal preferences and opinions.
Anticipated Problems

Bidtech faces as many anticipated problems as it does anticipated promises. Within the ethos of an aggressive, private, profit-making group of companies, the first pressure on Bidtech is for self-viability, for collapsing the developmental time frame and making immediate productive use of the technologies absorbed in Licab. Driven in part by this ethos, Pineda was looking to marketing his compact farming expertise to corporations who needed to meet their rice quotas, and to neighboring rural banks to improve their collection records by improving productivity of their debtors.

The compact farming project, itself, however, is not without problems. Multiplying productivity does no more than guarantee money back, plus a modest interest, regardless of great success; and the small number of bad harvests means net losses. Given the pressures to pay back the loan from the Bidtech investment fund for the first round, the project will look like a failure from the purely financial point of view.

There is, of course, the issue of the ultimate success or failure of the Bidtech Investment Fund/Habitat Developers, Inc./local townspeople formula. Only recently have investments been made (in such projects as the community newspaper), so it is too soon to tell if it will succeed or fail. In any case, repayment schemes for the Bancom Development Corporation loan of P1 million have not yet been worked out.

Finally, there is the crisis of scale. Significant breakthroughs beyond those already experienced will require major scaling up of human and financial inputs, if the experiment is to come any closer to an operating model of the type described by Roxas in his presentations. At this point, Bancom does not have the internal resources for this scaling up. Conversations have just started with the government's newly created Human Settlements Commission, with multinational corporations, and with top Bancom management itself on the resources needed for this escalation. Whether enough institutions are willing to take the
same long-range perspective and the same very real risks has yet to be determined.

**Evaluation Measures**

The pressure for performance has permitted the dimension of evaluation to go relatively unnoticed. The specific subprojects in Licab were finally regularized with a process methodology that includes regular status reports and terminal evaluation reports. But the larger picture, in view of the broader and more ambitious objectives, is harder to evaluate. Initial negotiations with the International Development Research Center of Canada have just started, on the possibility of their participating in the effort to undertake this evaluation.

More pragmatically, the evaluation mechanism built into the corporate group is the budget review and budget approval for the coming year by the Bancom Group's Board of Directors. If an equally large, or a significantly larger, slice of what would otherwise be net profits is to be earmarked for Bidtech in 1977, a very convincing analytical evaluation of 1976 and a definite pattern for 1977 will have to be presented.
CHAPTER VIII

EPILOGUE: BIDTECH TWO YEARS AFTER

A brief look at the history of Bidtech two years after the completion of the case study provides an interesting contrast against which the various aspects of the project cycle and their key issues can be reviewed.

Throughout 1977, not only Bidtech but also the whole of the Bancom Group of Companies was in the preparation stage for what was to become a fundamental reorganization. The key to the Bancom reorganization was the grim seriousness with which Roxas sought to test his theory of private enterprise affecting integrated countryside development, not only in one experimental subsidiary such as Bidtech, but throughout Bancom. A key event in 1977 before launching this theory on a larger scale was the acquisition of majority stock of the country's largest distributor of tractors and agricultural machineries.

As 1977 progressed, the three divisions of Bidtech once again reassessed priorities, this time acquiring much sharper and more specific focus.

The documentation division, which grew to four in number, found itself at the forefront of the data and information support for all the planning sessions for reorganization. Aside from manuals on company operations, it generated area information (trade flows, industry opportunities, and so on) on specific regions throughout the country. It also developed an inventory of approaches toward integrated area development, culled from both local and international, private and government experiences; several possible Bancom entry strategy frameworks were evolved in interaction with the rest of Bancom.

The communication divisions armed with newly acquired technologies in management training, opted to drop its external profit-generating seminars and consultancies to devote full time to servicing Bancom.
needs. This meant greater interaction with the various personnel departments of operating companies, who were generally not as technically prepared for human resource management and development as the Bidtech staff. A few problems of integration and overlap arose as a result of this interaction.

The application function, the Licab subproject, eventually dropped all other activities except the compact farming project, and those subactivities in cultural and social areas that could be supported by the compact farming project. The concentration led to successful harvests, sudden prosperity for the farmers, and the introduction of schemes for basic housing, insurance, and investment in secondary sources of income. Government attention translated itself into making production loan money available eventually, not only for Licab but also for starting up a similar project in the neighboring town. The rural bank of the next town, impressed not only with the harvests but more so with the excellent no-default collection records, contracted Bidtech to manage a similar project according to Bidtech's compact farming formula. By year's end 1977, hectarage covered by Pineda's group had expanded eight-fold.

In the beginning of 1978, Bancom reorganization took effect. Subsidiary companies, including Bidtech, were dismantled and absorbed into a new matrix organization which divided the total company into five product-line families along one dimension (financial services, professional services, trading, manufacturing, and civil engineering) and five geographical areas along the other dimension (North Luzon, South Luzon, Metro Manila, Visayas, and Mindanao), and seven-head office division (see Figure 7).

The documentation division of Bidtech was eventually absorbed by the research and corporate planning head office division as their strategic studies group. The communication division was merged with the various personnel departments to become the centralized head office manpower division, with Mayuga himself as its head. The application division, the Licab subproject,
FIGURE 7. Partial Bancom Reorganisation Chart in 1978
was absorbed as a key unit in the professional services division.

The application division was looked upon as a key unit in the initial entry strategy for the countryside, more interesting for the increased productivity and therefore increased income generated in new areas it produced than for the modest profit it brought to Bancom of itself. Early in 1978, Pineda started operations on a much larger scale in South Luzon and in upper North Luzon.

Thus it was that Bidtech was assimilated by its parent organization, Bancom. In the last analysis, the ultimate success of the Bidtech experiment can be seen only in the light of the success of the newer but much larger and more fundamental experiment of Bancom, as it tries to find a new way in which private enterprise can contribute and indeed forge integrated area development.
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