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BEST Productivity Improvement Practices of the

2008 Productivity Olympics Winners



National Wages and Productivity Commission
Regional Tripartite Wages and Productivity Boards
Department of Labor and Employment

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Each worker also received an average of ₱875 commission for the sales of chicken dung. The company also provides twenty bags of rice a month, viands, grocery items, and toiletries. At the end of every bountiful harvest, the employees are treated to a beach party.

The company also took care of its community by providing water supply to 20 households, feeding program for malnourished children in one baranggay, electric supply for 5 households, and road maintenance to two baranggays.

Awards and citations. Due to its outstanding performance, the company bagged a number of awards on business excellence.

In 2005 and 2007, Velomer was awarded as one of the Most Outstanding Contract Breeders by the San Miguel Foods, Inc. and Best Breeder Performance by Hybro PG Flock in Asia in 2006. The Department of Environment and Natural Resources also awarded the company with the Certificate of Environmental Compliance in 2007.

Believing that improvement is a never-ending process, the couple continues to find ways to upgrade the quality of their poultry products through advanced technology and innovative techniques.

Compendium of Success Stories 2008 Productivity Olympics Winners

I. KOLBI: A Tribute to Bicolano farmers

Recipient of the Best in People Development Award for Small Enterprise

A proud Bikolano, Engr. Salvador Albia decided to name his inventions **KOLBI Machines**, reverse word for Bikol, to honor his *kababayan's* ingenuity and quest for world-class image. It is thus appropriate, as his machines reflect innovativeness and creativity in addressing varying needs of the local farmers.

Salvador started with his very own version of rice milling machine to improve the post-harvesting in the region. The stunning success of his first invention spurred the creation of more masterpieces, such as corn milling machine, mechanical dryer, biomass suspension burner, feed milling machine, root crops processing machine, and other food processing machines. All his inventions were major hits in the local and international markets.

In 1975, Salvador founded the Tropics Agro-Industries, Inc. to help him with the design, production, and distribution of KOLBI Machines. The company started with 100 sq. meters working area, three skilled workers, three basic shop tools, and three Bicol provinces as markets. After more than three decades, his company has grown and now employs 36 workers with supervisors and executives.

Creating a culture of productivity. One thing that bothered Salvador is the uncompetitive culture among his workforce. He observed that when supervisors are not in sight, staffs roam around to gossip thus slowing the company's production. Wastage was also high due to underutilization of raw materials and failure of workers to religiously practice good housekeeping.

To address this concern, he enrolled his company in the Productivity Improvement Program (PIP) offered by RTWPB-V.

In crafting their PIP, the team bared more significant issues needing immediate attention. Aside from the dismal attitude of the workers, the team found out that most employees needed skills upgrading. Workers have to contend with inadequate units of machines and tools which were situated far from the working areas, causing delays in production.

The team worked on to transform the working attitude of the workers through the implementation of the NWPC's banner program, the ISTIV Productivity Awareness Training program. Through ISTIV, the workers came to recognize their role in the company's performance and success.

With the recommendation of the PIP team, Salvador purchased additional equipment such as spot welding, tig welding, and cutting machines and required in-house subcontractors to have their own tools to eliminate borrowing from his regular workers. The trainings on Introduction/Orientation of New Welding and Cutting Technologies familiarized the employees on the machine's parts and functions as well as on some tips and techniques on its proper use and maintenance.

Salvador capitalized on the competence of his workers to realize his goals. He has sent his workers to a number of trainings such as TESDA's

At one time, the mortality of chicks soared resulting to low income and profit, low workforce productivity, and untidy surroundings.

With the PIP team, the couple worked on to patch up the farm's performance by developing a number of programs. The first of which was to improve the brooding and handling of pullets.

The keepers underwent intensive training on feeding techniques and good housekeeping to provide the necessary treatment for the pullets. Sufficient light was sustained to maintain the proper temperature and lighting inside the pen.

The keepers also underwent intensive training on proper handling of eggs, care, and sanitation to increase production.

To keep diseases and viruses at bay, the workers were trained on Bio-Security and Disease Control. The training gave light on the importance of proper cleaning, disinfection, and sanitation inside the farm. The veterinarian doctors and workers regularly check the health of the flock.

The workers have also been more aware on maintaining good personal hygiene which prevents the risk of contamination and spread of diseases.

Impacts of intervention. Embarking on PIP proved to be a worthy undertaking as the company registered the following improvements: 98% improvement in brooding management, 98% increased in hatchability, 95% increased in livability, 97% reduction in mortality rate, and 98% improvement in the health of the flock.

With the RTWPB's help, Velo's was able to design and implement an incentive pay scheme for the workers. In 2007, the company was able to grant a package of incentives amounting to ₱652,000.00.

VI. Victory for the Velomer Poultry Breeder Farm

Recipient of the Best in Business Excellence Award for Small Enterprise

Velomer's story is an authentic testimony that perseverance coupled with passion leads to sure success.

Severina and Benjamin Velos, owners of the Velomer Poultry Breeder Farm were both provincial government employees before they decided to become full-time businessmen. The need to support the growing need of their children pushed the couple to look for sidelines, selling goods to colleagues and later joining the Insular Life as part time insurance agents.

Their dedication and commitment to their work as part-time insurance agents were recognized as both were promoted as Area and Branch Managers and were given opportunity to represent the company to neighboring Asian countries. Their outstanding performance earned them the titles Best Area and Branch Managers of the country.

In 2003, the couple gave up their work in the government and established the Velomer Poultry Breeder Farm. The farm started with four poultry houses and later joined the roster of poultry breeders and growers of San Miguel Food, Inc. (SMFI).

After two years, the farm was chosen as the "2005 Best Hydro PG (Poultry Grower) + Breeder Performance" in Asia by Dutch Broiler Breeding Company Hydro BV.

Coming across Productivity Improvement Program. Although Velomer reaped a number of achievements in just a short span of time, it was not inoculated from pitfalls.

Skills Trainings on Welding, Automotive, Benchmarking, Scrap Technique, and Metric Orientation.

The team also observed that the production methods required improvement and modernization. The welding process uses general arc welding that needs to be followed by grinding process and the steels are cut manually by hack saw blades and manual sheet cutters. The grinding process was later eliminated to speed-up the process, resulting to lesser production cost.

Meanwhile, employees conducted a thorough two-day clean up and rearranged their working areas. The raw materials were segregated from the stacking and scrap materials, making it more organized.

Empowered employees, improved business performance. Salvador is happy with the results of the RTWPB-V intervention in his company. After a year, there was a remarkable improvement in the attitude of workers. Workers were more motivated resulting to improve in attendance.

Tropics Agro also noted a significant 52% increase in the number of units manufactured resulting to 52% growth in sales and 20% increase in the net income.

As a way of showing his appreciation to his workers, Salvador provided extra cash incentives and raised the salary of the workers to 167% within a year.

The PIP has empowered employees resulting to improved business performance, zero wastage, and enhanced employees' morale and motivation.

II. SLERS INDUSTRIES INC: Wife turns hobby to a successful business venture

Recipient of the Best in Business Excellence Award for Medium Enterprise

A mere hobby to a business venture. Everything started as a mere hobby for Fely Pelaez, or Aling Fely to many, owner of SLERS Industries Inc, a meat processing company based in Cagayan de Oro City. Every Christmas, Aling Fely would cook smoked ham *ala* country style for her family who had grown accustomed to its distinctive home-made taste. Aling Fely's *jamon* is prepared in the old-fashioned way requiring a long process of salt curing and smoking.

Upon her family's prodding, Aling Fely decided in 1969 to try selling her ham to friends and relatives in the old town of Del Monte, Bukidnon, thinking it wouldn't hurt to have additional income for their growing family. To her surprise, orders for her ham were brisk and many customers complimented her for its distinct good taste.

Elated by the turn of events, Aling Fely decided to convert her hobby into a business venture with a meager capital of only ten pesos (P10.00). As word spread about Aling Fely's special *jamon*, the orders soared requiring additional workers to cope with the increasing demand. Her

on how to further improve the hospital services through the patient satisfactory survey and through the Customer Service Department.

Productivity @ work. The Productivity Improvement Program has worked wonders, reducing the medical processing time from four (4) to two (2) hours. The new system has also enhanced the employee-employer relationship and reduced the incidence of tardiness and absences.

Sharing the fruits of success. CVHS management showed its appreciation to the efforts of its employees by sending twenty-four (24) employees to Hong Kong and awarding Masters Degree scholarships to its nine (9) employees. Monetary awards such as 2% salary increase, loyalty award, and Christmas bonus were also given to employees.

The PIP is also instrumental in securing the hospital certification for ISO 9001:2000. To celebrate this eventful success, employees were treated to excursion to Pagudpod Island.

To top it all, the professional fee of doctors and staff has also increased by 10% within six months. A welcome gesture to share the fruits of success.

Facing the challenges. The frequent complaints of outpatients on long waiting hours during check-ups and laboratory tests urged CVHS to seek the assistance of RTWPB in Isabela. After training the department heads, a total productivity improvement program which they named HOPE (Hospital of Out Patients' Expectations) was conceptualized.

When the HOPE committee conducted an audit, among the problems that sufficed were: absenteeism, tardiness, inadequate number of doctors and medical staff, inaccessible location of clinics, slow processing of laboratory results, and absence of signage, flowcharts of procedures, and price list of each diagnostic examination.

Taking on the challenge. To ensure that the employees were on board of this collective endeavor, the HOPE committee decided to get the staff's support on how to advance the hospital services by conducting a quarterly survey on employees' opinions and suggestions.

The clinics were also renovated and made more accessible, radiology services were improved by adding services such as Spiral CT scan and 3D Ultrasound, and laboratory facility was equipped with modern equipment such as Hermatology analyzer and Plasma freezer package. Signages, process charts and pricelists were installed in strategic locations. Furthermore, additional air vents and evaporative air conditioning units were installed to improve ventilation.

To further boost its customer services, the hospital hired additional doctors and staff and developed an alternating schedule to serve patients at all times. Patients were also given the chance to air their suggestions

two (2) workers, soon went up to 29 workers and later, to a hundred workers. In a short span of time, her small backyard business turned into a highly profitable business, giving rise to SLERS enterprise, which stands for her children's initials: Shirley, Litlit, Earl, Ray, and Sharon. The company's product line expanded with the production of other meat processed products like tocino, longanisa, bacon and hotdogs.

Taking the high road of productivity. Despite SLERS's initial success, the company's management realized that there is still much to be attained in terms of improving employees' productivity, production capacity, market base and customer satisfaction. Likewise, the company was starting to feel problems associated with increasing competition.

In 2001, SLERS decided to avail of the "ISTIV- Productivity Awareness Program", a values-driven human resource technology aimed at enhancing the global competitiveness of small and medium enterprises. ISTIV is rooted on the five ideal attributes of a productive individual i.e. **I** stands for industrious, **S** for systematic, **T** for time-conscious, **I** for innovative, and **V** for strong-value for work.

A thorough business diagnostics of the company revealed that it was beset with a number of problems -- company policies and procedures were not cleared, employees skills were wanting, small market share and heavily dependent on supermarkets within the area, and products were limited to processed meats.

At the outset, the company dubbed its productivity improvement program "Advance with People, Advance with Attitude". The program focused on product quality, people training, and process improvement. Its objective was to establish a corporate wide program improving the quality and accessibility of its products and services.

Introducing the ISTIV Program to the company has paved for a number of reforms. These include holding of regular monthly meetings between management and workers, and capacitating the workers with the right set to skills, knowledge and attitude. In particular, the workers undergo training on ISTIV and 5S, including lectures on food handling and safety, corporate profile, product knowledge, company policies, teambuilding, among others.

Alongside, the company embarked on utilizing appropriate technology by getting rid of its chest-type freezers and investing in walk-in cold storage facilities to accommodate larger capacity and ensure ideal storage temperature to maintain the best quality of its meat products. It also benchmarked its packaging design and materials against foreign-made processed meat products.

Sterling results. As a result of imbibing the ISTIV Program, the company's productivity increased from 200 to 300 kilograms per man-day. It was also instrumental in helping the company: improved sales volume by 21.05%, improved production volume by 8.08%, reduced processing time by one (1) hour, reduced wastages and losses especially on raw materials, improved processes and production system, and improved lay-out (e.g. spacious cold-storage area).

Likewise, there was a noticeable improvement in the level of awareness and realization by workers on their stake in the company as they volunteered suggestions on how to further enhance production and services.

Continuous process improvements. Encouraged by the positive results of the Program, the company continued its process improvements. In 2006, it ventured into the production of chicharon which immediately

Excellence Award for Micro Enterprise during the 2008 Productivity Olympics Awarding Ceremonies.

V. Cagayan Valley Sanitarium and Hospital

Recipient of the Best in People Development Award for Medium Enterprise

Sprouting from the genuine concern to improve the health condition of its community, Cagayan Valley Sanitarium and Hospital (CVSH) morphed into a well-respected and highly-proclaimed healthcare institution in Isabela.

It was in 1958 when Dr. Celedonio Fernando, a young fellow from the Philippine Internal College of Surgeons came up with the idea of establishing a private non-stock non-profit hospital to take care of the impoverished residents of Isabela.

Celedonio started by paying a visit to his colleagues, soliciting support for his mission. He converted the old mission headquarters in Dubinan, Santiago into a 12-bed capacity hospital manned by a few able and devoted medical fellows.

Within a few months, the hospital gained medical reputation. Considering the limited bed-capacity, patients occupy the lobby, reception room, and the nearby Mission's Church. The growing number of patients admitted for treatment and needing medical attention urged Celedonio to construct a 50-bed capacity hospital complete with modern equipment and facilities. This tertiary hospital extended its services to locals of Quirino, Ifugao, and nearby provinces.

Felisa quipped that the trainings with RTWPB CAR has significantly improved the restaurant's daily operation.

Reaping the rewards. Felisa's courage to confront the problems besetting her restaurant has paid off. Since then, the company's improved operations has resulted into savings, soaring sales and profit, heartwarming feedback from customers, and improved employees' morale.

After these interventions, the restaurant's inventories were organized, clear, proper costing and pricing were developed, operating cost and cash-in and cash-out are monitored, and stocks are immediately purchased when needed.

Customer service has significantly improved. Workers has realized the importance of their role in sustaining the business and as such, strived to become innovative, industrious, time-conscious, and systematic.

Kuya Orly's continues to maintain the excellent customer service and homey ambiance of the restaurant, making it a cozy place to dine in.

Felisa acknowledged the employee's significant contribution to the success of Kuya Orly's through the development of an incentive system. The system calculates the rightful incentive that each employee must receive which depends on the business performance. On top of it, Felisa gave out cash gifts and raised the 13th month pay.

Bagging awards/recognition. Kuya Orly's was recognized as a micro enterprise firm practicing productivity improvement programs during the 2007 Regional Productivity Convention in Baguio City. After one year, it bested other nominees and took home the trophy for the Best in Business

became the town's favorite pasalubong. By August of the same year, it opened SLERS Express Meals – a Quick Service Restaurant that simultaneously acts as a one stop shop for SLERS products. It also introduced SLERS PiCA-PiCA, a one-stop shop that sells packed favorites such as chicharon, banana chips, peanuts, sukang tubo and sardines.

Following the trails of its original PIP, SLERS saw the need to revisit the performance of the company to enhance its operation. The exercise proved to be a worthwhile endeavor given positive developments: company's manual for meat processing were revised and standardized; a partnership with coconut farmers supplying the "sukang tuba" for their chicharon products was forged; new structures such as accounting and HR departments were created; and strategic planning and weekly team leader meeting became a regular activity.

Impact on people. These modifications positively affected workers' performance. In particular, the total output or volume of production of SLERS grew from P208,841 in 2006 to P284,859 in 2007, or an increase of 37%. Likewise, production per person/hour rose from P1.7 million in 2006 to P1.96 million in 2007, or an increase of 16%.

In the area of people development, team leaders improved their performance and saw themselves as process owners. As a result, employee morale considerably improved while employee turnover was low.

On market and business development, the company's corporate image and relations with suppliers experienced a positive turn-around.. Likewise, market based and share expanded, Having a strong brand recognition, SLERS is now a household name which it maintains by

upholding high quality products. At present, expanding its market niche thru franchising is currently underway.

Sharing the gains. In return, the company developed a net profit sharing scheme to its officers and employees by instituting a package of incentives, rewards and welfare services. For instance, employees who have achieved perfect attendance were given P500.00 per month. Welfare programs for its employees and their families such as provisions for sick leave and vacation leave, birthday leave, meal allowance, uniform allowance, medical and dental benefits, and group life insurance were also introduced.

In 2008, SLERS participated in the inaugural Productivity Olympics organized by the National Wages and Productivity Commission of the Department of Labor and Employment. The Olympics is a national competition of best productivity practices for micro, small and medium enterprises. Its principal objectives are: a) to intensify national awareness and commitment to quality and productivity; and b) to showcase best productivity improvement practices.

Owing to the impressive outcomes of its productivity efforts, SLERS was declared a national winner for the business excellence category award for medium enterprises.

The restaurant has no procurement plan, inventory, and customer feedback mechanism. Moreover, meals on the menu and other items being sold are not properly priced.

Customer service suffers due to the staffs' lack of initiative and discipline to maintain cleanliness and orderliness at all time, proper grooming, and friendly approach to customers.

As a first step to address these problems, Felisa sent her employees to a series of productivity trainings – ISTIV Appreciation Course, ISTIV Bayanihan Productivity Enhancement Pilot Training for Entrepreneurs, and ISTIV Bayanihan Productivity Enhancement Pilot Training for Workers.

After attending a series of trainings, the staff started to drill on good customer service. Each was given lead responsibility including planning and implementation of the PIP. Felisa also makes sure that the line of good communication among employees and the management is maintained.

With the help of her employees, Felisa developed a strategic program dubbed as “Go, Grow, and Glow”. The program uses the principles of ISTIV Bayanihan and 5S of Good Housekeeping.

The Go, Grow and Glow program served as the template of the restaurant's business plan which covers sales forecast, procurement, proper costing and pricing, inventory, checking balance, and getting feedback from customers.

“We targeted our weak spots to make our business competitive. So far, our customers are more satisfied with our services compared before.”

IV. Kuya Orly's: a restaurant like nothing else

Recipient of the Best in Business Excellence Award for Micro Enterprise

If you are planning to visit the Summer Capital of the Philippines, you might as well hop in at one of its most famous restos, Kuya Orly's Fastfood Café and Restaurant. Its homey ambience coupled with mouth watery dishes such as sisig rice, buttered chicken, lechon, *halabos na hipon*, *kalderetang kambing*, and pasta to name a few will surely make each vacation exceptional.

Kuya Orly's, as it is commonly referred to, is located at #01 Yandoc Street in Baguio City. It is owned and operated by Mrs. Felisa Galang, a *Kapampangan* by blood who loves preparing delectable cuisines. The place is open from 7:00am until 11:30pm, serving food, brewed barako coffee, and liquor.

Facing the challenges. Before seeking the assistance of the RTWPB, Felisa was bothered by operational problems and customer complaints.

"We want our place to be always homely, clean, and comfortable. We want to ensure that our customers are happy and satisfied when they leave," Felisa said. This prompted her to seek the assistance of the RTWPB Cordillera Administrative Region.

Her decision proved to be wise. When the team from the RTWPB-CAR visited the restaurant to conduct a business diagnosis, they discovered that the restaurant was beset with problems.

III. Narciso Mosuela

Super Inventor, Super Kalan

Recipient of the Best in People Development Award for Small Enterprise

At the first crack of dawn, Narciso Mosuela, better known as "Tata Ciso" in Barangay Ubbog, La Union, Ilocos Sur, would routinely prepare for another busy day at his farm. His daily chores consist of year round plowing, planting, harvesting and threshing. After many years of tilling the soil, the drudgery of Tata Ciso's daily farm chores made him realized that planting rice is indeed never fun. He thus vowed to help his fellow farmers.

With borrowed money and a little ingenuity, he developed a rice thresher (5 hp) capable of threshing a hectare's harvest in a day with only 1.5 gallons of gasoline. At first, the invention became a success. It was popular among farmers wanting an efficient and quick threshing of their harvest. But as gas prices went up, the cost of running the thresher became impractical. Inevitably, they stopped making the thresher.

Creativity, determination @ work. With this experience, it did not take long for Tata Ciso to decide what to build next for his new business venture: a stove that doesn't run on gas. With a starting capital of ₱70,000.00, he invented a stove that runs purely on newspaper, charcoal, sawdust, corn cobs, carabao dung and wooden sticks. Dubbed as "superkalan", the stove was made of iron and sold for ₱80.00 – was a bit expensive at the time considering clay pots could be bought at the market for only ₱50.00. Understandably so, he found it difficult to sell his new

invention. To make matters worse, his “superkalan” turned into “super kalawang”, as folks chidingly called it, as its metal casting body became rusty after some time.

Stung but not discouraged by this setback, Tata Ciso was dead set to improve his invention. He scoured junk shops for new materials with borrowed money from loan sharks. Armed with determination and innovativeness still intact, he redesigned his “superkalan” with a cylindrical body made of aluminum alloy to withstand extreme heat. New features were also added: a heat regulator that regulates air flow and desired heat; a chimney that absorbs air and smoke; and a funnel-like bottom where ashes are collected and disposed off neatly. It can save cooking fuel expenses by 70% and could last up to 20 years. Given these innovations, the demand for “supekalan” escalated, prompting Tata Ciso to produce an average of 70 units a week.

Today, the “superkalan” is being sold at ₱2,700 a unit (dealers’ price is even beyond ₱3,000). From a small backyard outfit, Tata Ciso’s business grew with the establishment of NATOMO Manufacturing that also produces farm equipments customized for Northern Luzon farming conditions, a porta fast palay thresher, a soft broom thresher, and grain cleaner/winnower.

Not resting on his success, Tata Ciso partnered with the NWPC-RTWPB of Ilocos in improving further the firm’s productivity under its ISTIV program.

Plus Productivity, winning combination. Through ISTIV, employees’ productivity increased and plant wastages reduced, thereby increasing the company’s savings.

When the NWPC launched last year its Productivity Olympics to give recognition to MSMEs best practices on productivity improvement, Quiel Guzman, the RTWPB-I’s Board Secretary wasted no time in convincing the NATOMO patriarch to join the contest. In 2008, Tata Ciso’s firm was declared the national winner of the Best in People category during the awarding ceremony of the first Productivity Olympics Award.

To him, this award is his most cherished among the accolades he has already received as an inventor.

Yet, at 75 years old, Tata Ciso is again pondering on what to invent next to help his *kababayans*.