



# Making it Collaborative

## CASE # 12.1

### GETTING THE SYSTEM IN THE ROOM CREATING AN INCLUSIVE VALUE CHAIN IN THE PHILIPPINES

*[Relating to section 12.2.1 of the book – see footnote 2]*



#### THE CASE:

In 2007, Jollibee Group Foundation (JGF) – the social development branch of Jollibee Foods Corporation (JFC), the largest restaurant chain in the Philippines – applied the logic of ‘wicked problems’ and brought together their entire value chain system, literally, in one room. The idea was triggered by a query JFC and JGF Chairman Tony Tan Caktiong expressed during a strategic meeting of the board of the foundation: “As a food company, Jollibee Foods Corporation (JFC) requires raw materials that farmers produce and can make itself available as a direct market to the smallholder farmers. Can Jollibee Group Foundation make this work?”

JGF scouted for partners and found the Catholic Relief Services, an international NGO that was undertaking agricultural-enterprise clustering of farmers. Catholic Relief Services (CRS) also brought a government corporation in as a partner, which had a network of microfinance institutions. Next, all three invited other partners for a stakeholder meeting in a physical room in early 2008. Farmers, mayors, financial intermediaries (e.g., microfinance institutions, rural banks), and cooperatives were represented.

### **THE MEETING AND ITS RESULTS:**

The aim of this and subsequent sessions was to create a collective vision on how to make agriculture value chains inclusive *and* efficient at the same time. The stakeholders shared their assessment of why it is difficult for smallholders to sell their produce directly to companies such as JFC.

The stakeholders decided to join the partnership program. Their collective aim was to help create a bridge between smallholders and JFC's and other buyers' supply chains (e.g., supermarkets, other restaurants). This partnership is now widely known as the *Farmer Entrepreneurship Program (FEP)*. The expanded partnership put the FEP on the map through the implementation of its critical components (e.g., farmers' capacity building and clustering, agriculture financing, and access to buyers such as JFC).

Eventually, the farmers' groups were able to deliver their crops to JFC in the volume, quality, and timing that they had agreed with the corporation's purchasing department. The farmers' groups were also able to deliver to other buyers – and thus diversify – as an explicit supply chain strategy of the lead company – which validates the insights of international research that stressed the importance of inclusion and diversification as preconditions for resilient value chains (see Chapter 10).

### **A MOMENT OF CONTEMPLATION**

In 2015, the original program partners decided to dissolve the partnership due to differing priorities for expansion. The decision was cascaded down to local partners (farmers groups, local governments, microfinance institutions) and a transition process followed. From that point onward, JGF intensified its partnership in FEP with local institutions, which, by then, were already capable of addressing challenges and providing tailor-fit interventions in the value chain. Action research, together with the partners, facilitated by the *Escaping the Middle Income Trap – Chains for Change (EMIT C4C)* program of the University of the Philippines (UP), documented how the present value chains worked in practice and how particular collaborative interventions could further enhance ambitions to make the value chain more inclusive. The partners provided 'social investments', which inspired other organizations to 'take risks' together with the smallholders. Because of the partnership, the farmers were also more willing to invest in improving their capabilities (they attended trainings and mentored young farmers) and in their farms, which filled some of the institutional voids. Many of the farmers who were partners at the early stages of the FEP and many who joined in subsequent years continued to deliver their products to JFC commissaries or directly to numerous stores of the corporation.

On 21 and 22 September 2017, JGF – led by its President, Grace Tan Caktiong – again brought the entire system together in the room to further fine-tune the experiences of the previous phase and upgrade its inclusive value chain strategy. It was also a moment to share with FEP partners the preliminary findings of the action research on their agriculture value chains. The willing and needed partners were present in the room: farmers, local mayors, heads and managers of microfinance institutions and cooperatives, key officials of national government agencies, and members of the private and the religious sector. Together with EMIT C4C and the Partnerships Resource Center (PrC) of the Rotterdam School of Management, the discussions revolved around the need to be adaptive learners and to continue partnering with academic institutions for action research. Another key takeaway was the importance of expanding partnerships to create an ecosystem for inclusive and efficient agriculture value chains.



*Left photo: workshop discussion with JGF partners; right photo: professors and researchers from the University of the Philippines and the Partnerships Resource Centre of RSM, executives of JFC and JGF, heads of other companies, civil society organizations, and religious groups who participated in the meeting. Both photos were taken on 22 September 2017 and are courtesy of JGF.*

## **WHAT HAPPENED AFTER THE CASE?**

With a thorough evaluation of the first loop of the FEP completed, a second loop of joint learning and evaluation commenced in 2019. This loop focuses in particular on partner intermediaries (e.g., local governments, cooperatives, microfinance institutions), which were found to be essential to progress in the further upscaling of the sustainable supply chain ambitions of Jollibee. Some problems are ostensibly more wicked than others; including, for instance, the farmers' and intermediaries' limited access to agriculture financing and crop insurance for high-value crops. The Philippines sees an average of 13 tropical cyclones per year, but crops like onions and vegetables are not sufficiently insured, increasing banks' and other financial institutions' risk exposure. Agricultural innovation, including exploring possibilities for crop insurance, is one of the issues JGF and its partners are trying to address. They are also expanding the partnership to include, among others, more agricultural universities and technology providers from the private sector.



## CASE QUESTIONS:

- **Power [1]:** What is the value chain position of Jollibee? To what extent has the company made use of its status as a ‘conglomerate’ in the food industry to enhance its impact?
  - **Power [2]:** To what extent does the ownership structure of the company help its inclusive value chain strategy?
  - **Business model:** apply the CANVAS+ model to the company’s value proposition.
  - **Functional areas:** How can the purchasing strategy of Jollibee be linked to other parts of the organization (for instance, marketing)?
  - **Leadership:** Who are the leaders in this case? How would you describe their leadership?
  - **Scaling:** Is the company using its experience in this particular value chain to upgrade and upscale other commodity chains? How does this relate to the international side of the company?
  - **Partnering:** what lessons can be learned from this experience about fostering cross-sector collaboration? How instrumental are relationships and partnerships in FEP’s value chains?
  - **SDGs:** what is the portfolio of SDGs that the company can adopt to make ‘inclusive development’ part of its core business?
- **Tip:** Use the poster technique (see the illustrative posters on the website) to create an ‘infographic’ that can help the company drive the organization to the next level of corporate responsibility.

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## FURTHER READING

- Capacio, J., De Dios, E. & Van Tulder, R. (2021). “Bridging the Agriculture Credit Gap: A Case Study of the Farmer Entrepreneurship Program of Jollibee Group Foundation”, *Philippine Journal of Public Policy: Interdisciplinary Development Perspectives*. [https://cids.up.edu.ph/wp-content/uploads/2021/11/EMIT\\_Article-2021-3.pdf](https://cids.up.edu.ph/wp-content/uploads/2021/11/EMIT_Article-2021-3.pdf)
- Capacio, J. (2021). “Going Against the Grain: A Case Study of the Farmer Entrepreneurship Program of Jollibee Group Foundation”, *UP CIDS Public Policy Monograph Series 2021-02*. <https://drive.google.com/file/d/1vYvbcJy2x7N9yfUZtcwiy0W01As85xuY/view>
- Sopov, M. (2015). “The Story of Jollibee Foods Corporation: Sourcing Strategy for Quick Service Restaurant (Philippines).” Wageningen: Centre for Development Innovation, Wageningen University and Research.
- Schwab Foundation for Social Entrepreneurship and World Economic Forum (2016). *Social Innovation: A Guide to Achieving Corporate and Societal Value: Insight Report*. Geneva: World Economic Forum (WEF).