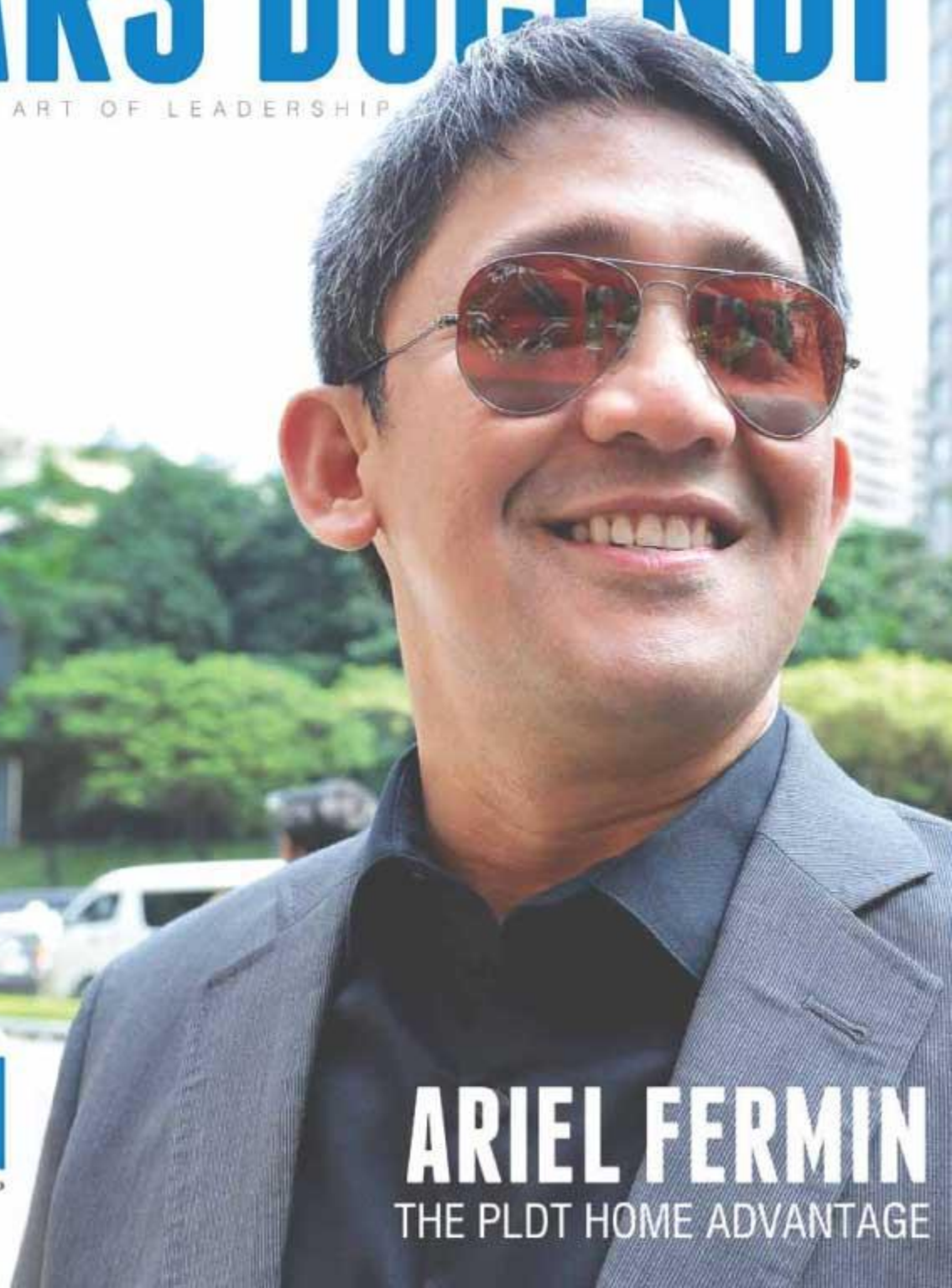


ARS DUCENDI

THE ART OF LEADERSHIP



FIRST
PACIFIC
LEADERSHIP
ACADEMY

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ARIEL FERMIN
THE PLDT HOME ADVANTAGE

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ARIEL FERMIN

THE PLDT HOME ADVANTAGE

BY RAEF ARGUILLO

He walks into his office, fresh from a mid-morning meeting, and finds the Ars Ducendi team waiting for him. He is just about ready to go check on his guys in the field, but he is willing to spare a few minutes of his busy schedule to sit down with us. Within those few minutes, we learn what it takes to lead a classic Filipino institution right into the future from Mr. Ariel Fermin, Executive Vice President and Head for HOME Business, PLDT & SMART.

Ars Ducendi: Tell us about how you started out.

Ariel Fermin: Who I am today, what you see right now, is pretty much a reflection of my roots.

I come from a simple family. Below mainstream, you could say. With that kind of childhood, you have the opportunity to learn a lot of things the hard way. I grew up in tougher times and that brought out a lot of passion in me, a belief that things can get better, and the conviction to make it so. *Hindi puwedeng puro okoy na lang ang ulam namin!* So I worked my tail off and studied hard and all that. I graduated from the University of the Philippines as a Chemical Engineering major. *Pero suwerte din ako.* I was lucky to work with good companies. They refined whatever *kalye* skills I had.

My first job was with Procter & Gamble. I wore a lab gown, and I worked on Safeguard. *"Napag-alaman sa U.S. lab tests na ang Safeguard ay nakapagtatanggal ng 99% ng germs..."* (laughs) Yeah, that was me! Well, I wasn't in any of the commercials, but yeah, that was what I was doing behind the scenes. I was checking for bacteria. At one point I worked on Safeguard deodorants, I was smelling armpits. That was really fun.

AD: Do you miss that?

AF: Uh, no. (laughs) I smell my own!

When I had a senior position in R&D, the company moved to Kobe, Japan. I stayed behind because of personal circumstances - my father had died. But it all worked out. I moved to Coke, where, amazingly enough, I was given the opportunity to head marketing. *Suwerte lang din talaga, blessing lang.*



did I do back then?" Now I can confidently respond based of gut feel because I've gone through similar cases in the past.

I've also had the opportunity to learn from really very generous mentors. They've definitely taught me a lot along the way.

Let me give you an example. As an engineer fresh from college, I felt I had the mojo to do anything I wanted. But Procter will knock you down so many pegs. (laughs) I don't know if you've heard about how the Procter mind works. In R&D training, they would ask you to come up with a technology sheet every month. One page, font size 12, Arial, margins are defined 1 inch, 1 inch, and 1 1/2, 1 1/2. It would have to start with "This summarizes " or "This recommends " And that's it! You had to give your update. If you exceeded the parameters of the page, they would say, "You don't know what you're doing. Your clarity of thought wasn't there." So they were kind of anal that way. They were like, "Nope. Nope. Nope. Slash. Slash. Slash. Rethink." So that was quite a shock. Because when you're fresh from college, you're just so pregnant with

an abundance of ideas. But Procter was wired that way. And after seven years of doing that, from a linear thinking standpoint, it was nothing short of awesome.

They'd also tell you how to lead meetings. Remember in school, if you were part of an organization, you would go "Alright now, let's go!" Badabada zoom! And that was your meeting! At Procter, in every room there was a little tent card titled, "The 5 steps to leading meetings." It was so structured. From a mentoring standpoint, those are the things that I remember and still apply up to now.

And of course, it's about putting together highly effective teams and building relationships. Back then it was about EBA (Emotional Bank Account), those Stephen Covey sort of things. *Patok pa siya nun! Ang lakas ng raket!* (laughs) As a rookie out of college, those were the kinds of nuggets I'd pick up. And later on you realize, yeah they are sort of universal. It isn't just about IQ and smarts; it's about investing in relationships and helping one another because it's a team game.



Within the First Pacific group, the most influential mentors I have are Mr. (Manuel) Pangilinan, Mr. (Napoleon) Nazareno, and Mr. (Orlando) Veja, and Mr. (Chris) Young. Their coaching goes beyond the intellectual realm. Certainly, they have a lot of years of experience, but for me, it's really their wisdom that sets them apart. When you talk to them, they're always just so damn calm. Despite all the challenges, they always seem to know what to do. They're so deliberate. They would always encourage you to move on and move forward and just work with the team.

AD: How would you take on that role of being a mentor?

AF: There are some great concepts that I put into practice: good to great, Level 5 leadership, personal humility, and professional will. *Maraming pwedeng basahin, pero ang susi, eh dapat gawin sa totoong buhay.*

If you subscribe to the idea that it isn't just about you and that it's about delivering results through the team, then that's obviously a good starting point. Then we can work on the rough edges.

But as a mentor, I'm looking for someone who wants it. You've got to have that ambition. The guy's got to have that fire in his pants. But he should know how to use that fire constructively, without burning the people around him.

I always start with passion. *Mas masarap turuan yung taong may libog.* I can't go on teaching a guy like Groot. *Mahirap kausap ang tuod; lalo na yung tamad!* The energy just has to be there. This guy from GE, Jack Welch, he has these 4 E's: energy, energize, edge, execute. I think that's fundamental.

Loving what you do transforms energy into passion, and a bit of charisma always helps energize others. Edge is a function of clarity of thought on where you want to take the business. And execution is about being in the field with the troops. You see if this kid is with his people as they do their work not just leading from inside a nice air-conditioned office. He has to really get down and dirty where the real action is.

Because it's also about setting an example. You really have to get out there, feel the pain. It's so hard to sell, to fix cabinets, to go up poles, etc. *Ang hirap kaya ng mamura ng subscriber!* And that's the real deal; we've all gone through that. So that when you go back to your office, you'd have a better understanding of the challenges at the ground level.

AD: What has been your biggest challenge so far here at PLDT?

AF: It's really leading a fixed (line) business that had impressions that we were just going to be steady. Because, you know, the activity then was in alternative, like mobile or over the top applications. *Dati,* in the fixed consumer business, happy *ka na kung steady ka.* What the team has been able to do over the past few years is to prove that impression wrong. We've rebounded like a Nike swoosh, *pataas!* So yeah, we've grown quite significantly.

AD: Have you encountered any difficulties in handling your first government-regulated industry?

AF: Well that is part of the challenge. But I would rather focus on the things I can control. Put our best effort in making consumers' lives better with our services. I think that is a noble cause that all stakeholders embrace.

Our focus is on the consumer. And our theme is connections rather than connectivity. What would broadband do aside from getting you online? It gives you something deeper than that. It's about relationships. That's why if you're familiar with the campaigns, it started with Anna Banana, or Diego asking for tips on how to get a girlfriend. It wasn't as if we went, "We are the fastest broadband in the planet." When you do that, you go into a numbers game where nobody wins. I think what you would want to do was to bring it down to a level where the consumers really understood the point of having broadband. The mothers would say, "I need it because my kid has to do his homework," and so on.

ARIEL FERMIN The PLDT Home Advantage continued...

Energy is a vector quantity

So we've put on the consumer lens. We put that fire in their pants, and we felt that we could do more. I always tell the guys that passion without direction is actually very dangerous. In nerdy terms, it's transforming a scalar quantity into a vector quantity.

Silence

(laughs) Having so much passion is like being the Tazmanian Devil, you would be all over the place. That's scalar. What you want to do is put some direction so this this makes us lethal. We made sure that the clarity of thought was there. We knew what we wanted to achieve, not only in the next year, but we knew we were on a journey all the way up to 2017.

So we put that in place, and had to understand the skill sets required to take us where we wanted to go. We improved on that, particularly for the leaders. These were mostly skill sets in terms of consumer marketing and business models. Because you can't teach if you don't know. You can't call the plays if you can't make the cut. We wanted to build a bench that was so strong that even if you were no longer around, you would leave something that was better off than when you found it.

The guys have responded beautifully because they wanted it. *Medyo uhaw. Gusto talaga nilang mapunta sa direction na yun, kaya suwerte lang din.* From my experience, I was able to impart the value of passion, these skill sets, and this vector idea. We put all that in a repeatable model so our work is based on discipline. We wanted to make sure that it would work not because of who was in the driver's seat, but because the systems were in place. Things change all the time in terms of marketplace, competitive environment, etc. We want to achieve our goals in spite of that.

AD: You mentioned quite a lot about putting fire in their pants. How exactly do you do this?

AF: My language is different, and so am I. I'm a bit feisty that way. Not for the intent of offending anyone, but I use language that you would mostly hear during a game or in the context of sports. I like to say, "There is no finish line." I would tell the guys, "Assume there's someone who looks like you, talks like you, and has practically the same God-given gifts as you do. But he

works his tail off every day in practice, and you don't. Chances are, when the two of you meet, that guy is just gonna cream you. He will beat you up to a pulp." And it fires them up. "Did you really wanna be the twelfth man on the roster, the one seated right next to the dugout? The one whose number is never called? You've prepared long and hard, but your number is never called!" You don't really even have to play ball to understand that. The guys respond by asking themselves, "Oo nga. Why isn't the business of phone lines or broadband being called upon to be at the forefront of the group?" Then I would go, "Wouldn't you want to have your number called, versus *mabangko ka? 'Pag bangko ka, hindi ka sisisihin. Hindi ka puwedeng sabihan na patalo ka, kasi nga bangko ka. Yun nga lang, wala kang silbi.*" And they would go "No, I want to take that challenge head on. I want my number to be called."

Operationally, if you're late for a meeting, you do push ups. Ten per minute. And I've done that since my Nike days. The team is kept younger that way, in terms of spirit. I'm always after spirit. We do this everyday; we stay infectious with our passion. Nobody should kill passion. We always try to over-communicate, not just in what we say, but also in terms of how we do things. That's what keeps our pants burning.

AD: What would you say is your proudest contribution to PLDT so far?

AF: I'm most proud of the guys, in a way that's just unquantifiable. *'Pag tinignan mo talaga yung ugali, and yung demeanor, and yung swagger, if you compare the guys before and now, nag-iba na talaga! *bleep* talaga! Hindi siya yung swagger na yabang eh.* It's the confidence. If you have had the chance to compete, at any level, *kahit yung sa inter-baranggay lang, alam mo yung papunta ka palang sa court, and you see yung mata ng kalaban, they'd say, 'Tatalunin ko talaga 'yan. Sa mata pa lang, talo na 'yan eh.*" That's the kind of attitude that we wanted even then.

It's really the concept of team and it's the concept of winning. Together. It's not just having one or two guys hitting their KRA's. What's the point in that? This guy scores forty, but we don't win the game? Never mind. I'm really proud that they embraced the concept of team play, talking to each other and building each other up. That was my focal point. I really believed that if we did that with a lot of clarity and direction, we could do anything. That's what I meant about



“it’s connections,
not connectivity”

energy + clarity = a vector quantity. And it led to results! We are fortunate that we have grown quite well in the past few years, which was remarkably unexpected for this business.

From a technical standpoint, I'm most proud of what the guys have done with Telpad and TVolution. Because you know, *hindi na tayo pa-landline landline na lang ngayon*. Now we have the FamCam! This is just Php 99 a month. You leave this at home, then you can check on your smart phone, from wherever you are, what's happening to your kids in the house in real time. Peace of mind for just Php 99 a month. *Puwede na 'di ba?*

An advertisement for PLDT Home DSL's FamCam service. At the top, the PLDT Home DSL logo is displayed. Below it, a red banner reads: "WATCH OVER THEM WHEREVER YOU ARE WITH FAM CAM. LIVESTREAMING ON THE FAMILY-SIZED CONNECTION OF PLDT HOME DSL!". The main visual is a large monitor showing a live stream of two young girls in a kitchen. Below the monitor, a woman is shown smiling while holding a smartphone that displays the same live stream. At the bottom, a small table holds a laptop, a DSL camera, and a box of the service. A yellow price tag on the table says "Now only at ₱99/mo. (excl. taxes and other fees)".

Going back to what you asked me earlier about my roots, this is it. I've lived through this. We all have family. At the end of the day, you work long and hard for them, and here we are creating stuff that's good for them. See, *hindi na tayo* "Hello Billy!" or "*Suportahan ta ka*" na lang. Those were iconic campaigns, but we've evolved. Now we're "Totes amaze!" Did we create this from nothing? Of course not. This was born out of consumer insight and our own human instinct. That's having the consumer lens; you don't need to be a super technical nerd to answer the question "What do normal people need?" We just talk to a lot of normal people. "As most Filipinos work 10 hours a day, they keep



thinking about what's happening to their kids at home." Boom! Php 99 a month! It isn't so scientific. Those are the things that I'm proud of.

I really love the brand PLDT Home because it's something you live through everyday. It's actually family-centered. I have a wife and kids now; they're my treasure. I know the stuff that we do will work because you know what families appreciate. Come to think of it, our work is not like your usual job. It's something you would do for your family anyway. That's what the brand is all about. As I said, it's connections not connectivity. It's about humanizing technology.

Sometimes I would talk to my team like they were my kids. I would say, "Alright children, let me talk to you like I were your dad." And the 55-plus-year olds would go, "Oh no, here we go again." Then I would sternly remind

them of their targets and push them to do more. Then I'd go, "Hello children. Now let me talk to you like I was your mom. You're the best thing that's ever happened to me." Then the 60-year olds would think, "I can't believe this guy would talk to us like that!" But then it's also something they would use when they get home to their *apos*. They have families too, so they get it. So you see, the brand resonates through our business like that.

AD: And now here comes the fun part! Please share with us something that only your family and close friends know about you. It's time for your *Ars Ducendi* grand reveal.


AF: I don't know if it's that much of a secret, but I've always wanted to be a basketball player. When I was younger, *lahat ng liga sinalihan ko!* I really wanted to just do it. I honestly thought I could have a career as a professional basketball player. Unfortunately, *hindi na ako lumakil!* *Hindi*

kasi ako natutulog sa tanghali! (laughs) I remember when the coach would give instructions; I would really listen because I was a point guard. The point guard is the extension of the coach out on the floor so I would bark his instructions out like they were my own!

I would always think like a point guard and say something like, "I'll pass the ball to where I want you to be for you to make a score, not where you are right now." And it manifests; it shows up even in the way we do things at PLDT. Sports really teaches you a lot. It teaches you about team play, that it's not about you. It really never is just about you. You do your part, so that we win as a team.

But you know what, *ang dami ko na ding talo.* (laughs)

But that's never stopped me from trying.



With his feet firmly planted on the ground and his eyes to the sky, Ariel Fermin revitalizes a business that was once candidly thought of as in its proud twilight. Now we know that all this time he has been looking into the dawn of even greater things to come.