

MINUTES OF THE 20TH BOARD OF DIRECTORS MEETING

Held on 27 February 2017, 10 o'clock in the morning at the
DOT Penthouse, The New DOT Building
351 Senator Gil Puyat Avenue, Bel Air, Makati City

PRESENT:

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| 1. Usec. Benito C. Bengzon, Jr. | - Alternate-Chairperson |
| 2. TPB COO Cesar D. Montano | - Vice-Chairperson |
| 3. Fidel M. Arcenas, TIEZA | - Representative |
| 4. Margarita F. Munsayac | - Member |
| 5. Pamela D. Pascual | - Member |
| 6. April Espejo, DOTr | - Representative |
| 7. Edwin Vincent V. Ortiz | - Member |

OTHERS PRESENT:

1. Atty. Marian Ivy F. Reyes-Fajardo, OCBS, TPB
2. Maricon B. Ebron, International Promotions, TPB
3. Joselito V. Gregorio, Finance, TPB
4. Leah Marie C. Sy, Corporate Affairs, TPB
5. Susan J. del Mundo, Domestic Promotions, TPB
6. Marivic M. Sevilla, Corporate Planning and Business Development, TPB
7. Nedalin L. Miranda, Marketing Communications, TPB
8. Teresita L. Landan, M.I.C.E., TPB
9. Marian Sarah C. Garate, Finance, TPB
10. Janet W. Canoy, MIS, Department, TPB
11. Arnold T. Gonzales, Marketing Communications, TPB
12. Jamie A. Sy, International Promotions, TPB
13. Ramon Julian S. de Veyra, International Promotions, TPB
14. Christie N. Navarro, International Promotions, TPB
15. Atty. Venancio C. Manuel III, Administration, TPB
16. Atty. Angelica M. Santos, OCBS, TPB
17. Priza Rose S. Cinco, OCOO, TPB
18. Clifferson C. Mendoza, OCOO, TPB
19. Jose Rommel D. Montano, OCOO, TPB
20. Atty. Arlene V. Mancao, DOT
21. Princess L. Elefante, OCBS, TPB
22. Gesticne Kylie M. Olarte, OCBS, TPB
23. Alvin Z. Barcelona, MIS, TPB
24. Gregorio B. Quinal, OCOO, TPB
25. Augusto S. Morocoso, OCOO, TPB
26. Peter D. Domingo, OCOO, TPB
27. Perfecto C. Realino, OCOO, TPB

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I. **CALL TO ORDER**

The Alternate-Chairperson, Usec. Benito C. Bengzon, Jr. ("Usec. Bengzon"), called the meeting to order at 11:03 o'clock in the morning.

II. **INVOCATION**

Corporate Secretary, Atty. Marian Ivy F. Reyes-Fajardo ("Atty. Reyes-Fajardo"), led the opening prayer.

III. **CERTIFICATION OF QUORUM**

Atty. Reyes-Fajardo, certified the existence of a quorum for the transaction of business.

IV. **APPROVAL OF THE AGENDA**

Thereafter, Usec. Bengzon requested for the reading and approval of the agenda. The Corporate Secretary presented the agenda as follows:

- I. Call to Order
- II. Invocation
- III. Determination of Quorum
- IV. Approval of the Agenda
- V. Reading and Approval of the Minutes of the 19th Board Meeting held on 24 January 2017
- VI. Matters arising from the Minutes of the last Board Meeting:
 - a. Reformulation on Budget Utilization or ROMI
- VII. For the Board's action
 - a. Corporate Operating Budget FY 2017
 - b. TPB's New Strategy Map
 - c. Key Business Challenges, Objectives and Strategies and New Initiatives
 - d. 2017 Target Arrivals
 - e. Work Program 2017 (International Promotions Department, MICE, Domestic and Marketing Communications)
 - f. Result of 2016 Balance Scorecard
 - g. Proposed 2017 Balance Scorecard
- VIII. Other Matters
 - a. Projects and programs mandated by TPB
- IX. Adjournment

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2. TPB's New Strategy Map

Usec. Bengzon requested for Vice-Chairperson Montano to present TPB's new Strategy Map.

Vice-Chairperson Montano stated that upon his assumption to office in the latter part of December 2016, one of his first acts was to have the TPB Strategy Map reviewed. After a careful review, TPB came up with the proposed new version of the Strategy Map with the following rationale for the revisions: number one is the "Vision" which is "The Philippines is one of the most preferred tourism destinations in Asia Pacific".

The rationale is to focus the efforts and resources of TPB by limiting the area of competition, making it "Asia Pacific" instead of the "world". This is a more realistic challenge for TPB, taking into consideration the strengths of the competitors as well as the challenges being faced by the country, such as natural calamities, financial limitation, infrastructure developments, concerns in terms of accessibility as archipelagic destination, etc. Moreover, the year 2020 was removed.

Number two, is the "Mission" which is "TPB creatively markets and promotes unique and high value experience for visitors". The rationale behind this is a simplified version with focus on the core function of TPB, which is to market and promote the Philippines as a tourism destination. TPB also opted to use "visitors" to cover both leisure and business travelers. Further, TPB focused on "unique and high value experience" that the country can deliver through strategic partnerships with private and public stakeholders, and assistance in the improvement of old tourism products and services as well as the development of new tourism products through a closer coordination with DOT.

He said that TPB's goal is to be ranked 13th in Asia Pacific in terms of visitor arrivals by 2022. The rationale behind this is that TPB opted to have one goal instead of the previous three goals, namely, marketing and promotional excellence, financial efficiency, and organizational effectiveness. Vice-Chairperson Montano also mentioned that the Quality Management System (QMS) moved to internal process instead of learning and development perspective. The reason behind this is pursuant to Section 2, Item 1 of the Executive Order 605, the Government Quality Management Program aims to promote and enhance public sector performance through the adaptation of ISO 9001:2000 Quality Management Systems in all agencies of government.

Vice-Chairperson Montano discussed the key objectives as follows:

KEY OBJECTIVES:

- To be ranked 13th in Asia Pacific in terms of visitor arrivals by 2022
We have identified the following Key Business Challenges:
- Inadequate strategic campaign that resulted to low level of awareness of the Philippines as a tourism destination;
- The need to enhance the development of unique, authentic and diversified products; and

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- Anemic alignment with other departments, such as information and insight sharing.

Vice-Chairperson Montano provided details of the strategies to address the Key Business Challenges that will help achieve TPB's goal of being ranked 13th in Asia Pacific in terms of visitor arrivals by 2022. Firstly, is to narrowly focus target markets primarily in China, Korea, Japan, USA and Taiwan and secondarily, Australia, Malaysia, Singapore, Hong Kong, Canada, Germany and United Kingdom. Secondly, is to create awareness campaigns using non-traditional content and media channels, one of the examples of which is the activation program during TPB's participation in trade, consumer and MICE shows and fairs. Thirdly, is to develop joint promotional programs with private sector stakeholders and non-tourism related establishments. Fourthly, to develop a highly competent organization and lastly, financial management efficiency.

Vice-Chairperson Montano presented the new initiatives of TPB. Firstly, the Dive Fiesta Philippines, which directly and aggressively promotes the Philippines to dive travel operators around the globe. Secondly, the "Travel Forum" which is a communications platform in a talk show format, where panelists or speakers are able to address various issues and concerns on tourism. TPB will also explore partnerships with broadcast companies, both TV and radio, hotels, resorts and other stakeholders to maximize the publicity and promotion of the benefits of this program. Thirdly, to tap the senior market by holding a senior golf challenge. The senior market has become an increasingly important segment of the tourism industry because of this market's level of wealth, higher discretionary income, and its high potential for growth. Fourthly, film tourism that is now widely known as an effective promotional tool.

Vice-Chairperson Montano also mentioned the potential of post-production films that can provide numerous jobs and can help the tourism industry of the country. He used as an example Hollywood films that can be created here in the Philippines, starring the most famous actors here to help TPB influence millions of people.

Usec. Bengzon responded that the presentation of Vice-Chairperson Montano with the Mission, Vision, and Objectives were crafted very well. He also asked the board if there are any questions.

Director Pascual observed that there is no mention about the deliberate efforts in bringing in high profile MICE events into the country. Dir. Pascual asked Vice-Chairperson Montano regarding the future efforts of TPB in terms of supporting the MICE industry.

Ms. Teresita Landan ("Ms. Landan"), OIC of MICE department, clarified that they would provide a presentation on the strategy of MICE. Vice-Chairperson Montano added that he mentioned the activation program during TPB's participation in trade, consumer and MICE shows and fairs in his presentation regarding TPB's new Strategy Map. Director Pascual suggested that it could be a part of the key initiatives.

Fidel Arcenas ("Mr. Arcenas"), representative of Atty. Guiller Asido of TIEZA, added that he noticed that the Strategy Map is basically for profit organizations. Mr.

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Arcenas asked for clarification on how TPB may relate to the programs of the National Government in reducing poverty, increasing employment, etc. Mr. Arcenas also asked where MICE is in the Strategy Map.

Usec. Bengzon stated that MICE is one of the industries that will help TPB achieve the strategic perspective. Since Mr. Arcenas raised the matter of achieving societal goals, Usec. Bengzon suggested to add social perspective in the Strategy Map.

Director Munsayac asked if TPB's Work Program is in line with the Mission and Vision. Director Munsayac also clarified whether the unique activities that Vice-Chairperson Montano mentioned will be prioritized for the 2017 marketing programs. Lastly, Director Munsayac asked regarding TPB's direction for 2017.

Vice-Chairperson Montano explained that his office always works together with its Management Committee and Finance Committee. He added that eventually TPB will come up with a solid solution and a supported budget. The team will be using all the budget for more rational and comprehensive projects.

Director Munsayac asked what is TPB's defined market for the Philippines. Usec. Bengzon said that the question of Director Munsayac on which sector to target is very important. DOT and TPB are all after the common goal of growing the market, revenue, and employment to be able to achieve the target of 7 million visitors. These are the details that will be very relevant to the parties from the private sector.

3. 2017 Target Arrivals

Usec. Bengzon moved to the next agenda item which is the 2017 target arrivals. Vice-Chairperson Montano introduced Ms. Sevilla, OIC of Corporate Planning & Business Development Department of TPB, to present the status of 2017 target arrivals.

Ms. Sevilla shared to the board the proposed target for 2017. TPB has an optimistic and conservative target consistent with the National Development Tourism Plan (NDTP). It was discussed during the 19th TPB Board of Directors Meeting that 7 million visitors is a stretched target.

Ms. Sevilla stated that the biggest growth rate will come from China at 77.6%, contributing 1.2 million arrivals. USA and Canada is at 13% growth rate. Taiwan is at 35% growth rate. The conservative target of TPB is at 5,774,948 visitors. China is still at the highest growth rate of 50% for the 2016 arrivals. If TPB hits the conservative target, the contribution would be 88.85%.

Director Edwin Ortiz ("Director Ortiz") mentioned that the figure for China is too high.

Ms. Maricon Ebron ("Ms. Ebron"), Manager of International Promotions Department, responded that the target is achievable for the Chinese market. TPB is trying its best to achieve that market, and TPB will have to consider seasonal tours to be able to accommodate all the markets.

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IX. NEXT MEETING

The Board tentatively scheduled the next Board of Directors' meeting on 24 March 2017 at 10:00 o' clock in the morning at DOT Makati.

X. ADJOURNMENT

The meeting was adjourned at around 2:20 in the afternoon.


USEC. BENITO C. BENGZON, JR.
Alternate Chairperson


COO CESAR D. MONTANO
Vice- Chairperson

ATTY. GUILLER B. ASIDO
Ex-Officio Member


DIR. MARGARITA F. MUNSAYAC
Member

SEC. ARTHUR P. TUGADEDIR.
Alternate Ex-Officio Member

EDWIN VINCENT V. ORTIZ
Member


DIR. PAMELA B. PASCUAL
Member