HOMETOWN CORPORATION (E)
Training for Hard-to-Reach Areas

Hometown was a microfinance company established in 1998 by the husband and wife team of Captain Dennis and Jing Eclarin. The former was Chief Executive Officer while the latter was Chief Operating Officer.

After Hometown’s pioneer branch was set up in Santiago City, its Cauayan City branch followed. Hometown served three segments, namely: microentrepreneurs, tricycle drivers, and employee entrepreneurs. The company competed directly with the mobile, informal, moneylenders who dominated the Philippine microfinance chain.

In 2002, Hometown decided to focus on hard-to-reach areas after the People’s Credit and Finance Corporation offered Captain Eclarin a credit line with which to start his operations in these areas. Hometown’s first hard-to-reach location was Batanes, a remote area in Northern Luzon which was inaccessible during some periods of the year due to strong typhoons. The province had a total household population ranging between 500 and 700 only.

From its initial Batanes operations, Hometown expanded to other hard-to-reach areas, a strategy which required its staff to be capable of managing branches independently. To this end, Hometown hired young and aggressive, but inexperienced and hungry college graduates whom Captain Eclarin believed would not yet have egos.

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1 The People’s Credit and Finance Corporation was the most major player in microfinance. A government microfinance funds wholesaler, it accredited retail conduits such as rural banks, non-governmental organizations, cooperatives, and cooperative rural banks.

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All case materials are prepared solely for the purposes of class discussion. They are neither designed nor intended to illustrate the correct or incorrect management of problems or issues contained in the case.

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that would require taking care of, a decided advantage for account officers. He also thought that training and directing them would be easier.

When Hometown finally expanded its operations to Cauayan City, Captain Eclarin deployed a Mobile Training Team to open and initially run the said branch. The team was composed of well-trained personnel who were familiar with every detail of the company’s operations and had mastered the essence of the business – these were “must haves” given the decentralized management set-up of Hometown. But while this methodology succeeded in facilitating the successful expansion of Hometown to Cauayan City, Captain Eclarin no longer considered the system apt when the company started establishing numerous branches simultaneously.

Consequently, Captain Eclarin formulated a formal training program for newly-hired account officers. This 30-day training program, which was conducted en masse, was confined to classroom sessions during which trainees were familiarized with Hometown’s vision and mission. They were also briefed on the duties and responsibilities of account officers, namely, member recruitment, loan collection, and delinquency management, among others. The training was exclusively conducted by Captain Eclarin during the weekends he was free of his duties as commanding officer of the Scout Rangers\(^2\) in Mindanao.\(^3\) Given his schedule in the military, the training sessions of account officers were mostly erratic and were hardly comprehensive.

**EXPANSION TO HARD-TO-REACH AREAS**

After starting out in Hometown as an Account Officer in March 2002, Mr. Carl “Theo” Dasalla went on to become Sales Team Leader, Branch Manager, Area Manager, and finally, Human Resources Chief, within a span of three years. According to him, the account officers assigned to the hard-to-reach areas complained that while the skills they learned were sufficient, they nonetheless experienced difficulty in adapting to their environment. The account officers further suggested that it might help if they had initial exposure to these areas in the course of the training program.

This feedback made Captain Eclarin realize that while the training program equipped the trainees with the necessary skills, it failed to build their character and did not inculcate in them the right attitude to successfully manage conditions in hard-to-reach areas. Character was crucial for the account officers to be able to hurdle the difficulties in these areas, while attitude was important for them to be able to establish good working relationships and/or the right chemistry with their colleagues and Hometown clients.

\(^2\) The Scout Rangers was an elite force of the Philippine Armed Forces trained for warfare under extreme physical conditions and little support.

\(^3\) Mindanao was one of the three major island groupings in the Philippines, the other two being Luzon and Visayas. The Muslim secessionist movement had persisted in Mindanao for decades.
Captain Eclarin also noted how some account officers in hard-to-reach areas immediately resigned when faced with hardship. He sensed a lack of commitment on their part. For example, one personnel resigned upon seeing a victim of “salvaging” or murder lying on the street. Yet another member of the staff resigned after someone threatened to kill him. It occurred to Captain Eclarin then that if the staff had been given the proper training in handling tough situations, they would know what to do when faced by such situations and might even decide to persevere in their assignments.

Captain Eclarin did admit wanting to maintain the purely classroom type of training initially because he thought it unprofessional to introduce or include an outdoor activity in a management training program. He had the impression that business – be it in the form of training or actual transactions – always had to be formal. He also feared that the participants might think him abusive if he made them undergo military-type training.

Jing Eclarin, however, persuaded the Captain to proceed with the military-type or boot camp training program for the staff to develop the character, attitude, and commitment needed to survive in the hard-to-reach areas. She reasoned that if the training participants had a tough time while training, then they would have second thoughts about resigning.

THE PILOT BOOT CAMP TRAINING PROGRAM

Captain Eclarin wanted to inculcate the “can do, go, go go” attitude in the minds of Hometown’s staff. According to him, “This attitude was what set us apart from other microfinance institutions. Members of our staff were ready to go anytime, anywhere, without any hesitation at all, an attitude that could not be imbibed by merely providing them classroom-type training.”

In January 2005, seventeen of Hometown’s senior staff attended one month of boot camp training in preparation for the company’s re-organization. Conducted at Hometown Academy (Exhibit 1), the training was facilitated solely by Captain Eclarin from Monday to Sunday. Mondays to Saturdays were devoted to classroom lectures, role playing, film showings, and physical exercises. Sundays were “free”, thereby allowing participants the chance to attend to their personal needs or chores such as doing the laundry, ironing, buying personal supplies and toiletries, or simply lazing around.

“EXTRA-CHALLENGE” BOOT CAMP TRAINING FOR NEWLY-HIRED ACCOUNT OFFICERS

In July 2005, Hometown embarked on its first boot-camp training program for newly-hired account officers who were to be assigned to the hard-to-reach areas. The training was dubbed “Extra-Challenge Training” after a local television program “Extra Challenge” which exposed participants to different reality-based situations that they had to hurdle.
Staff Recruitment

According to Theo, account officers were invited to the boot camp only after they took part in the Hometown recruitment program. Applicants were required to submit their application forms together with pertinent documents such as school and employment records, clearance from the National Bureau of Investigation and the police, medical records, etc. Hometown then conducted a one-day investigation per applicant to verify the documents submitted. Applicants who passed this stage were thereafter interviewed by Theo who also gave them a written examination. Around five percent of the applicants failed this stage. Meanwhile, successful applicants were informed of the boot camp. Half of those who passed the initial screening quit upon learning of the need to undergo a six-week military-type training program.

Training Venue

The Hometown Academy was located in the three-hectare “Captain’s Farm,” a resort owned by Captain Eclarin. The resort had two swimming pools, a basketball/volleyball court, and rooms for rent. It also had a cafeteria.

Besides being the venue for Hometown’s training program, the Academy was available for rent to other groups that needed it for training and team building exercises. Within the resort premises were various obstacle courses (Exhibit 2), an open-air lecture hall (Exhibit 3) and a mess hall, a kitchen, and a barracks. During the training, participants slept in the barracks, a one-storey concrete building with separate quarters for the men and the women. Each room had four shower/toilet rooms, electric fans, and beds (Exhibit 4)

First Day of Training

Upon their arrival, training participants were assigned to their respective rooms in the barracks. Lodging was free of charge. The training participants were also provided with basic supplies such as pails, wash basins, and kitchen and dining utensils. The trainees also received an allowance.

Just like in military training, the heads of the male trainees were shaved. “This was to remove their egos,” declared Captain Eclarin.

Training Curriculum and Methodology

According to Captain Eclarin, Hometown’s 45-day boot camp training curriculum and methodology were patterned after those of the Asian Institute of Management (AIM), the United States Military Academy or West Point, the Philippine Military Academy PMA, and the Scout Rangers. Captain Eclarin, after all, obtained his Master in Business Management degree from AIM and spent a year of military training at PMA before proceeding to West Point where he obtained his military degree.
Theo mentioned that the training methodology consisted of classroom lectures, workshops, role playing, skills olympics, hands-on training, film viewings, research, physical exercises, and examinations. The lectures were grouped per functional area just like at AIM. A week was devoted to each of the following areas: strategy formulation, operations, marketing, finance, human resources, and management information systems. Workshops, role playing, and skills olympics reinforced the lectures.

The role playing exercises were patterned after Captain Eclarin’s experience in the military. During these exercises, soldiers were alternately given different roles to play such as those of radio station operator, map reader, first aid personnel, etc. Adopting this method to Hometown operations, Captain Eclarin had trainees play out various roles such as those of cashier, bookkeeper, record keeper, auditor, etc. Situations that usually happened in the field were simulated after which the trainees were asked how they would react or decide according to their designated role.

Skills olympics pitted groups against each other as they were asked questions or given situations which they had to solve or decide on. Hands-on training, on the other hand, was employed during the session on management information systems. Trainees were given the chance to “play around” with the Hometown software for familiarization purposes. Motorcycle riding lessons constituted another aspect of hands-on-training (Exhibit 5).

Trainees likewise watched films which were meant to inspire them while in their assigned areas later on. Some of the films screened were Braveheart, The Mission, etc. at the end of which a facilitator drew out the lessons learned by the trainees from the films.

Meanwhile, the Research aspect entailed the use of the Internet or actual field work during which the trainees interviewed Hometown clients about improvements in their lives after they joined Hometown. The trainees also asked the clients for suggestions on how to improve Hometown’s products and services.

Physical exercises prepared the trainees for the physical rigors of working in the hard-to-reach areas. The jogging pace intensified with each succeeding session in Captain Eclarin’s desire for the trainees to realize that they should not hesitate to improve themselves all the time. He also wanted them to test their limits and to realize that once they had surpassed a certain level, there was no turning back.

Physical exercise also incorporated team building and individual improvement sessions (Exhibit 6) patterned after Captain Eclarin’s training at West Point and elsewhere, but customized to suit Hometown training. An example of a team building and leadership development activity was the exercise called “One Dark Night” (Exhibit 7). In this exercise the blindfolded trainees were asked to negotiate an obstacle course with the periodically changed leader stationed at the front of the line. The leader directed the group until it was able to reach the end of the course. The different obstacles represented the various situations which the leader should be able to identify and decide on.
There were also confidence building exercises which Captain Eclarin said were needed by the account officers assigned to the hard-to-reach areas because they would have to make decisions immediately in unfamiliar and remote settings. To illustrate, after the coaching of Captain Eclarin, a training participant who had a fear of heights was able to overcome this fear so that succeeding exercises involving elevated areas did not bother her any longer.

Another innovation in the boot camp training methodology was the introduction of the buddy system. This concept was based on the military principle of mutual support (I take care of you, you take care of me) whereby during combat operations, one soldier was tasked to fire at the enemy while the other maneuvered. This concept was appropriate to the Hometown culture since for every town where the company had operations, a branch manager and an account officer were assigned. Captain Eclarin said that this set-up encouraged commitment among batchmates, which translated to commitment toward the organization because they knew that Hometown would always be there to support them just like a buddy.

Examinations were usually given by the training facilitators during the lecture sessions. At the end of the training, the participants had to hurdle the written comprehensive examination before they could become full-fledged account officers.

Trainees were rated not only by the training facilitators, but also by their fellow trainees or peers. The peer rating system was adopted from Captain Eclarin’s Scout Ranger experience. It was based on the concept that a person’s leadership qualities should be ratified by his colleagues. To illustrate, during Scout Rangers operations, the soldiers voted who among their peers would be the leader of a forthcoming dangerous combat mission. Adopting this to the Hometown training, the trainees were made to rank their colleagues based on their colleagues’ character. If there were 16 trainees, the best trainee was given a score of “1,” while the worst trainee was given a rating of “16.” The cumulative score of each trainee was then computed after which the poorest performers became candidates for expulsion. They were nonetheless allowed to appeal to their colleagues for another chance. Trainees denied another chance were asked to stop training, thus eliminating their chance of becoming Hometown account officers.

**A Typical Training Day**

Each training day started at 5 a.m. with a 45-minute jogging or kickboxing session: each exercise was done alternately. Exempted from this session were the two participants who served as kitchen police for the day, tasked to prepare the breakfast.

After the physical exercise, the trainees proceeded with their individual and team building exercises under Captain Eclarin. After each exercise, Captain Eclarin facilitated the debriefing sessions during which the participants were asked what they learned from the exercise and how they could apply this to their jobs as accounts officers in the hard-to-reach areas (Exhibit 8).
At 7:30 a.m., the trainees had breakfast together at the mess hall. Prior to every meal, they sang “What A Wonderful World” (Exhibit 9) because according to Captain Eclarin, the lyrics of the song described the kind of world that Hometown envisioned its organization and clients to attain. A common prayer and a group clap followed and finally, breakfast.

Between 8:00 to 8:30 a.m. the trainees returned to their barracks for a shower and to prepare for their classroom session facilitated by senior Hometown staff. For example, the training on Management Information Systems (MIS) was handled by the MIS chief of Hometown.

The classroom session ended at 12 noon following which the trainees bought food from nearby stores. The kitchen police for the day could not prepare the food as they too needed to attend the classroom session. After their lunch ended at 1 p.m., the trainees retreated to their barracks for a 30-minute nap.

The classroom session resumed at 1:30 and lasted until 5:30 p.m. after which the trainees either undertook activities that they wanted to improve on or had film viewings. For example, they could devote their time to motorcycle riding lessons or to doing their assignments. The kitchen police, on the other hand, prepared dinner during this time.

The trainees usually slept at 12 midnight. As there was no curfew, they often stayed awake for as long as necessary to finish their assignments.

Training Participants

In the July to August 2005 training program, there were 16 participants, broken down as follows: nine males and seven females. Their average age was 25, their ages ranging from 22 to 28. As required by Hometown, given that they were to be assigned to hard-to-reach areas, all trainees were single.

Sherryl Sheng, a 19-year old Bachelor of Science in Entrepreneurship graduate from the Isabela State University, joined Hometown as soon as she graduated from college, although in her junior year in college, she worked in a fastfood company. She learned of Hometown from one of her friends.

She found the lecture sessions the most difficult because most of the topics were new to her. In addition, the late nights spent studying and the early mornings devoted to physical exercises made it difficult for her to concentrate during the lecture sessions.

The top three lessons that Sherryl found valuable were leadership, decision-making, and business development. Although an entrepreneurship graduate, she found the business development training at Hometown unique as it required the preparation of a business plan. According to her, in school, she only learned about the theoretical side of business. She also mentioned that the combination of theory and practice was unique to Hometown.
Appreciative of the fact that all the trainees were treated equally, Sherryl said, “At Hometown, we were all equal. Nobody was very intelligent, nor was anybody very stupid. All our ideas were discussed and given importance.” She added:

*I will be assigned to a hard-to-reach area once I finish this training. This will be the first time that I will be away from my parents and I am afraid. I am also worried that my clients will not welcome me. However, I am confident that my Hometown training will tide me over. I know that management’s not allowing me to go home for six straight weeks is in preparation for my assignment to a remote area where the branch manager will be my only companion. The weekly replacement of my buddy will prepare me to deal with different kinds of people.*

**CHALLENGES**

Captain Eclarin wanted to know up to what point he could “stretch” or challenge the trainees. According to him, the boot camp training for account officers was but medium-level training so that there remained room for improvement for them to develop into tougher account officers.

During the Hometown senior training, Captain Eclarin adopted another variation of the medium-level boot camp whereby focus was on developing the mental capabilities of the staff in order for them to improve on their specific jobs. Several assignments were given and the senior trainees always had to keep long nights. However, they were spared of rigorous physical exercises.

In a previous training program, Captain Eclarin instituted the “break and build” style or higher-level training similar to that being implemented by the PMA. Per this style, Captain Eclarin made sure that all the trainees would cry or “break.” They were also never praised to ensure that they would leave their egos behind. Captain Eclarin hoped that the method would earn for him their loyalty and would be followed by the “building” or the development of the trainees’ skills, character, and attitude. He recalled how during one break and build training program the trainees resigned en masse but went back and admitted their shortcomings (loss of ego) soon after, making it easier for Captain Eclarin to win their loyalty during the rest of the training period.

A complete contrast to the break and build program was the soft-style boot camp training based on the West Point methodology. Under the soft-style training, it was presumed that the trainees were intelligent and highly motivated. All that was required was to build up their discipline and teamwork. Furthermore, unlike the PMA training style, this method entailed the praising of trainees whenever they did an excellent job, so as to reinforce their self-esteem. Captain Eclarin had yet to adopt this training style at Hometown, however.
Had he been given the option to decide, Captain Eclarin would have wanted the training program to be more regimented in the following aspects: specific time frames would be designated for showers; the shoes of the trainees in the barracks would be properly aligned; their beds uniformly made up, etc. He would likewise have wanted the trainees not only to spend more hours doing their assignments at night, but also to march to the classroom in single file each time.

Captain Eclarin was aware of the existence of other training methodologies in world-class organizations like the World Bank and Citibank, which had their own microfinance initiatives. So he wondered whether the boot camp was the most appropriate for Hometown. Other microfinance institutions with operations in hard-to-reach areas were, after all, known to have succeeded without boot camp training: Should he follow their methodology or continue with his unique approach? Was the boot camp training program appropriate to adult learners?

As he contemplated the content of his training program, he similarly wondered whether it should be experienced-based or geared toward the future. Experienced-based training sometimes tended to be too limiting as it entailed discussing only those situations that Hometown had gone through. In addition, it prevented trainees from learning about how the other organizations were able to handle situations that might later confront the Hometown account officers. Still he thought: if training were geared toward the future, would it become too theoretical?

Captain Eclarin posited that retaining the status quo where Hometown operations were concerned meant a training program that remained relevant. So did solely having Hometown officers as trainers. However, considering Hometown’s mission of establishing nationwide operations, Captain Eclarin felt that the character, attitude, and competency of staff in a big corporation, which were different from Hometown, had to be approximated. Thus, he hoped to obtain the services of lecturers who had experience in managing big corporations or organizations. More importantly, he wanted to get consultants to advise Hometown on how to become a big player in the microfinance industry. In addition, Captain Eclarin wished to gain access to training materials used by big corporations in order to prepare Hometown for the future. But again, the question was: when would be the proper time? Captain Eclarin also wondered about the type of lecturers and training materials appropriate to Hometown considering the profile of its trainees and the future direction of the company.

Another issue that he wanted to clarify was whether his training facilities would prepare the account officers for the hard-to-reach areas they would be assigned to. There were beds in the barracks, shower rooms with running water from the faucets, a kitchen and a mess hall, and a classroom-type of training venue, among others. Were these not luxuries vis-à-vis the spartan provisions that the account officers would have to live with in the field?
EPILOGUE

Right after graduation from the boot camp training, Sherryl was assigned to Abra, an isolated mountainous area. On the other hand, all of her batchmates were assigned to hard-to-reach island municipalities. For example, Fidel Castro was assigned to Araceli, Palawan.

Sherryl recounted,

My mother packed my bags and we were both crying since it was to be the first time that we would be away from each other. Then upon my arrival in Abra, I was really afraid since there were lots of rumors of government insurgents’ killing people there.

In addition, Sherryl did not know a single person in the community except for the branch manager. Fidel went through a similar experience.

Most residents of the isolated areas to which the two were assigned were wary of strangers or “outsiders” so that both Sherryl and Fidel felt unwelcome upon their arrival. But their lessons on how to relate with people during their training proved useful, they said. Moreover, “We tried to be humble and patient,” Sherryl and Fidel chorused.

Sherryl recalled, “Even if some residents were mean to me at the start, I did not make them feel that I was above them in stature. I tried to understand their situation.” After just four days, Sherryl succeeded in earning the trust of the community. Fidel needed two weeks to achieve the same result.

Fidel also found it hard to introduce and explain Hometown’s services since most of the residents in Araceli had limited education. However, his training on understanding differences among individuals helped him deal patiently with them. He remembered one particular incident where his Hometown training proved valuable. He said,

One of our clients had her loan restructured, but she still was unable to pay her loan. I went to her house one early morning to remind her and we were arguing so loudly that her husband was roused from sleep. He angrily reminded me that I was but an outsider so I better act accordingly or else something untoward would happen to me.

Because of my Hometown training on conflict management, I managed to tell him in a non-aggressive manner that I did not mean anything bad and I only wanted his wife to settle her debt with Hometown. After a few days, I chanced upon the husband while I was walking along the street and he apologized for what he did.
Fidel also mentioned that prior to his stint in Araceli, the branch had 150 clients; but after five months, he and his branch manager were able to recruit 100 more. They were also strict in their loan collection as, according to Fidel, the boot camp training had given them the ability to decide when to be tough or not, given a certain situation.

Fidel and Sherryl said their daily morning exercises at the boot camp prepared them for the rigorous, physical tasks of member recruitment and loans collection. “Now I know why Captain Eclarin required us to wake up early in the morning everyday to exercise,” said Sherryl.

“The obstacle courses that I navigated during the training prepared me for my assignment in a mountainous area where I had to walk through deep ravines and along steep and muddy dirt roads just to reach clients,” mentioned Sherryl.

Sherryl also said that the obstacle courses did not only help her physically but also mentally – she was able to improve her ability to think and decide fast because of them. In addition, she learned to set aside her fears and to approach situations with full determination.

On the other hand, Fidel said that the training improved his self-confidence, which was particularly crucial since most of the time he was on his own, dealing with clients. Fidel was 23 years old and his only work experience prior to Hometown was a three-month stint as a salesman with a food company.

Sherryl and Fidel conceded that the training program they underwent had prepared them well for their assignment to hard-to-reach areas. They could not come up with any suggestion on how to further improve the training. Sherryl, in particular, mused:

> It is quite funny that my biggest fears, when I was still in the boot camp training program, were my having to be away from my family and the clients’ being hostile. But when I was recalled back to the head office after four months in Abra, I did not want to leave the place. Some of the Hometown clients even cried when I told them about my transfer to another area and volunteered to call Captain Eclarin to convince him to reconsider his decision.

> These days, I long for the time when I will again be assigned to a hard-to-reach area since I love the experience of going around the country and making a difference in the lives of people.
EXHIBIT 1
HOMETOWN ACADEMY

(Caption for the image: "HOMETOWN ACADEMY. Trainings offered: Business Development, Microfinance, Leadership. Contact 073 682 8394.")

(Caption for the image: "CAPTAIN'S FARM.")
EXHIBIT 2
OBSTACLE COURSES
EXHIBIT 3
LECTURE HALL
EXHIBIT 4
BARRACKS
EXHIBIT 5
MOTORCYCLE RIDING LESSON
EXHIBIT 6
TEAM BUILDING AND INDIVIDUAL IMPROVEMENT EXERCISES
EXHIBIT 7
“ONE DARK NIGHT”
EXHIBIT 8
DEBRIEFING SESSIONS
EXHIBIT 9
“WHAT A WONDERFUL WORLD”
By: Louis Armstrong

I see trees of green....... red roses too
I see ’em bloom..... for me and for you
And I think to myself.... what a wonderful world.

I see skies of blue..... clouds of white
Bright blessed days....dark sacred nights
And I think to myself .....what a wonderful world.

The colors of a rainbow.....so pretty ..in the sky
Are also on the faces.....of people ..going by
I see friends shaking hands.....sayin’.. how do you do
They’re really sayin’......i love you.

I hear babies cry...... I watch them grow
They’ll learn much more.....than I’ll never know
And I think to myself .....what a wonderful world

The colors of a rainbow.....so pretty ..in the sky
Are there on the faces.....of people ..going by
I see friends shaking hands.....sayin’.. how do you do
They’re really sayin’...*spoken*(I ....love....you).

I hear babies cry...... I watch them grow
*spoken*(you know their gonna learn
A whole lot more than I’ll never know)
And I think to myself .....what a wonderful world
Yes I think to myself .......what a wonderful world.