

WELCOME  
GUESTS and PARTICIPANTS!  
GRADUATION OF SKIL - BATCH 30  
(Sanayan sa Kakayahang Industriyal)

# Building a business case for



Sebastian Quiniones joined Pilipinas Shell Petroleum Corporation (PSPC) in 1981, starting his career as a Technologist in the Tabangao Refinery and then having stints in Tabangao Operations, project work in SIPM The Hague, in Pililla Refinery as Refinery Superintendent, and then Supply Manager Philippines in 2000. He became PSPC-Distribution Area Manager in 2002 and will step down from this position on August 31, 2009. He was appointed to the positions of Shell Philippines Exploration B.V. Asset Manager and Local Senior Exploration Representative and assumed those positions on May 1, 2009.

## During your career, when did you learn the concept of social performance?

It started with small things like providing a sound system for the local church because we observed that it didn't have any. We raised the funds via the Children's Caroling during Christmas. We kept thinking about how we could contribute to the needs of the community. The Shell Tabangao Ladies Circle was also very active during that time and I saw as a young employee the good work they were doing.

Eventually, when the big projects started to be implemented, the locals were quick to inquire on how they too, can benefit from the developments happening around them. Back then, I was not aware of a strategy on how we could go about helping the residents and from what I saw, we often resorted to dole outs which in turn, spoiled some members of the communities.

If I had been in the position back then to strategize on how Shell Refinery allocated resources for the community, I would have done it in a different way by focusing on sustainable improvements in the community. The social development activities conducted were reactive. The efforts were focused on preventing untoward

incidents and resolving them when they occur. The framework of intervention was largely project-driven and based on a short timeframe. Today, with a working framework for implementing Social Development Programs (SDP), interventions are a lot different.

## What are the key guiding principles that you, as PSPC-Distribution Area Manager, uphold in running SDPs?

When I became Distribution Area Manager, several community activities were already being conducted regularly. We conducted community sensing for the first time to verify if the issues the community faced were aligned with our programs. For example, after the first survey in Pandacan, we learned that the clogged drainage system in the community around Pandacan was a serious problem for the residents so we assisted in the declogging as a priority. Residents were relieved that their homes were no longer being flooded. Since then, we recognized the value of regular feedback from residents to

learn about their concerns. Community sensing became a good platform in answering the question, 'What else can Shell do?'

We asked help from Pilipinas Shell Foundation (PSFI) to manage our Social Development Programs (SDP) because, although PSPC-Distribution has a very capable focal person for social performance, we do not possess the resources to spend time and effort needed to do the legwork in the community. We harnessed their capability development expertise. Sourcing the work out to experts like PSFI is the right way to execute the SDPs.

## Why have you personally been supportive of social performance programs?

SDP follows our core value of respect for others, one that is also highly upheld by Shell in its operations. I truly believe that if we show the communities that we are a good neighbor to them, they will support us. In all the communities where we operate, we win the support of the locals because we are mindful of things that we do and we only do what's right. Implementing social performance programs entails costs but, as long as resources for SDP are properly allocated, it always pays back in the end. It makes good business sense to be a good neighbor all the time.

## What are some of the issues you have dealt with in areas where Shell depots are located?

To begin with, every community has needs peculiar to each area.

For instance in Pasacao, we faced security threats. We needed to have a buffer and the only way to do that is to earn the trust and support of the residents in the area. In Legaspi, one of the key issues we faced was in demolishing the old Shell facility and giving the land back to the community. In Bohol, the issue became complicated after disagreements with leaseholders

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# SOCIAL PERFORMANCE

escalated to the local authorities. In these various areas, we came up with an SDP to demonstrate to the residents that they will benefit from retaining the Shell facility or in the case of Legaspi, that Shell will take on the responsibility of returning land leased in the condition which is applicable for the end use.

## Does social performance make good business sense? How have the SDPs made an impact in the communities?

The Pandacan experience (legal battles over the relocation of the Pandacan Depot) is, at this time, the best example of why it pays to build meaningful, lasting relationships with communities where we operate our businesses. The communities openly expressed their sentiments of retaining the facility to local government officials.

A good example of impact is in Pasacao where we are now able to move from active to passive social performance since we've already instituted programs that the locals can sustain on their own. In Bohol, the residents are thankful for the opportunities that we've opened up for their children to obtain gainful employment.

SDPs have contributed to the communities' viability, most especially in terms of getting the young employed.

## Do we ever stop or, when do we stop implementing SDPs?

A good neighbor is always there when the community needs its help, most especially in times of crisis. Maintaining a good relationship with the communities never stops. We stay as good neighbors by making sure that we operate responsibly and that our business does not create nor aggravate existing problems.

Active SDPs have lifetimes because we don't need to have active programs all the time. We implement passive social performance in PSPC depots other than those in Pandacan, Anibong, Bacolod, Pasacao and Bohol. As passive provider, we still act as a good neighbor. Being a good neighbor does

not end a few years after kindling a warm relationship with the locals. We follow basic, underlying principles and at the same time, we are prepared to shift into active social performance because that's the reality in the communities - - social performance has its peaks and troughs.

## If you were given a free hand at introducing a new concept for SDP or a new program under SDP, what will be the focus of that program?

Capability building is still the best program that we can offer. However, it always bothers me to see fenceline communities right beside the Shell facilities. Whenever I see houses so near to our depots, I always ask myself, 'Why do they have to be there?' If I had the opportunity, I'd move them out in a responsible way, with the help of local government units and other industries operating in the area. I would advocate for the creation or expansion of buffer zones. I've started that effort in Bacolod.

## For people in Shell who have reservations on conducting social performance, how do you convince them that we need to run such programs?

Social performance comes with a cost. When you look at companies that are into corporate social responsibility, there are excellent examples of SDPs. The concept is Biblical - - "to whom much is given, much is expected" - - which also applies to organizations. Giving back a bit of time and effort to social performance is a sound business case. It gives business the added license to operate.

## What is your evaluation of PSFI's performance in your SDPs?

PSFI does not rush into things when an intervention is needed. They go through the process of finding out what the real issues are. They bring in the people who can communicate and earn the trust of the locals. Communication skills apart from the capability development expertise are the assets PSFI brings to our SDPs.



PSFI proposes pragmatic programs. They prepare a time-bound program where there is a peak because of the need to make an impact, a trough where the intensity and number of interventions go down, and a plan for maintaining good community relations. PSFI gives us a holistic package rather than a hit-and-miss or one-shot-fits-all plan.

**How would you want to see beneficiaries and recipient communities per se in the long run?**

The vision is to turn community residents into “fishermen”. For them to become one, they have to get out and re-establish their dignity. Many of them lose dignity because they are begging. One can get out of that beggar mode by realizing that, ‘I don’t have much but, I can do something to sustain myself’. When that happens, one changes from being a beggar into someone who has the dignity to work, and then comes pride in oneself and of what he/she is capable of doing. Once they’ve made that shift then, we’ve made a dent.

Taking the case of Pandacan, residents there no longer request for dole outs. Instead, they ask for things that will help them improve their livelihoods. They’re already sustaining many of the programs on their own, Triple B (Bawas Basura sa Barangay) for one. We will never be able to provide livelihood for every person in Pandacan but we could plant enough seeds so that more people will be encouraged to partake in livelihood programs. Like in Micro-financing, it’s nice to know that the people who have less are the ones regularly paying their loans. The shift from gift-giving to more capability-building activities in Pandacan was a sound move.

**What do you have to say for companies who have yet to come up with their own social performance programs?**

I’d like to remind them that giving dole outs or short-term interventions to people does not equate to being a good neighbor. Every once in a while, like in the event of calamities, they should do that but it’s a must that they run an SDP on a regular basis. Yes, it entails costs but the returns are invaluable.. The shareholders will always be concerned with the bottomline - - ‘What will I gain from that activity?’ - - but there will always be a good business case for implementing SDP.

I recommend that they look at other companies who are already into social performance. Do not be afraid to talk to your neighbors. They won’t run after your shirt or pull your arm off. The majority of the communities around you have a lot of dignity. They want companies around them to be good neighbors.

Even while we’re in recession, we still need to continue implementing SDPs. We cannot solve world hunger by doing so but we can demonstrate to people how they can get themselves out of poverty. You don’t need a lot of money to do that. You only need your own people or organizations such as PSFI to invest time to implement your SDP. Focus on specific areas that can immediately help them get out of the dole out mode.

**What is your message for the beneficiaries?**

I like attending Sanayan sa Kakayahang Industriyal (SKIL) graduations and other functions involving the turnover of program management to the community. I always tell beneficiaries that it is part of the Shell culture to help communities, the programs we implement are time-bound, and that we may not always be there to continue holding such programs. We hope they will be able to put to good use all the knowledge and skills that we’ve imparted to them. I encourage communities to maximize their participation in our programs so that they learn new concepts that they can use in improving their lives. I hope beneficiaries will use what they’ve learned to help others in their communities and get the opportunity to benefit from the noble feeling of being able to help other people.

**What is your message to your successor in relation to social performance?**

(Dennis Gamab is the current Supply Manager. He will be taking over Baste’s position as PSPC Distribution Area Manager in September 2009.)

Dennis has previously been with PSPC-Distribution serving the transport sector and, at one point, served as the Poro Depot Manager so he knows the value of being a good neighbor to the community. What I would tell him is to use all his past experiences in community relations and look at the programs we’re implementing now. If he feels that the strategy is sound then by all means he may continue but I know that he will bring a different perspective and that is good. I’m sure he will build up on what we’ve done for the communities and improve the sustainability of the SDP.

There will be no more course reversals as far as the company’s stance on social performance is concerned. However, we need to fine-tune the strategies from time to time. I’m sure Dennis will draw from his experience and his capability to do that fine-tuning necessary in the years to come. Good luck to you all!

