

Philequity Corner – August 28, 2006  
By Ignacio B. Gimenez

### **Washington Sycip at 80**

Picture a group of CEOs gathered in a room for their regular board meeting. Each one, highly esteemed in his field, offers an intelligent input to the investment strategy being formulated. But a consensus does not always come easy in a group whose members come from different business backgrounds. There is usually a cacophony of voices, sometimes loud and even boisterous. Simple discussions can turn into heated debates. Nonetheless, the discussion is always animated and the topics are diverse: politics, religion, the economy and even market talk on companies and business leaders.

Just when everyone has said his piece, the eldest in the group clears his throat and speaks in a calm but authoritative voice. He will say just a few words but his views are taken seriously even by those whose opinions run counter to his. In the end, he balances any exaggerated optimism or pessimism in the discussion.

The scene described above is a typical meeting and investment planning of the Philequity board which has been graced by three Finance Secretaries, four former chairmen of the stock exchange, a president of one of the country's premier business school, a bank president, a CEO of one of the country's largest mining company and the president of one of the country's biggest local stockbrokerage house.

But the most senior and highly-regarded sage in the group is Washington Sycip. He joined the Philequity board in 1998 and has since provided valuable inputs that played a key role in our successful investment strategies. He religiously attends these meeting not only because of his investments in the fund but more so because he strongly believes in the need to develop the country's capital markets.

#### **The impressive resume barely describes the man**

We can reproduce Mr. Sycip's resume in this column to explain why he is one of the most sought-after individual by local and foreign businessmen, politicians and the academe. But the impressive resume would inadequately describe him. For how can you encapsulate in the customary two to three pages a professional life that encompasses more than half a century (since he put up after the war the precursor of what is now SGV & Co.), ten Philippine presidents, and countless global and domestic economic cycles? The latter qualifications translate to huge accumulated wisdom and experience, and the widest possible business and political network founded on the highest ethical and professional standards.

#### **No limit to excellence**

Mr. Sycip was (and still is) uncompromising when it comes to diligence and adherence to the highest standards – be it in education or in business. He graduated *summa cum laude* and finished his bachelor degree effectively three years ahead of schedule. It is also for

the same reason that he was able to grow a struggling two-man accounting firm into one of the biggest accounting and consulting company in East Asia. This is despite the initial tough challenges he has to hurdle against the giant European and American firms which dominated the post-war Philippine accounting business.

Mr. Sycip found no limit to excellence and he applied this principle in every endeavor, especially in business: from hiring the best minds to join his company and equipping them with the best education, to doing business with his clients. Given his credibility, prospective investors would often seek for Mr. Sycip's opinion and advice regarding their investment plans. This soon gave rise to a new business segment for SGV & Co – consulting. This eventually became the company's springboard to overseas expansion, establishing ties and offices in various Asian countries such as Singapore, Taiwan, Thailand, Indonesia, Malaysia and the then South Vietnam. This made SGV one of the first true Philippine multinational companies.

Mr. Sycip's network and influences expanded significantly and this turned him to be the choice resource person for foreign investors seeking prospective domestic partners in the region. He was considered one of the best connected Asians, earning for himself the moniker "*the leading legitimate fixer in the Pacific Rim*" from *Fortune* magazine.

### **The Sycip disciples**

Mr. Sycip's discipline and influence was not confined to SGV alone. Eventually, many of his partners and managers moved on to join other companies and organizations. Many of them also occupied senior positions not just in the corporate world but also in government. While critics branded this as the SGV mafia, many believed that this was just the logical consequence of the much-admired SGV management training. SGV thus started what became a norm among the corporate giants: sending deserving employees to the best schools abroad and bringing back home newfound skills and standards. It is for this reason that we think we owe part of the success among Philippine businesses to this practice that SGV initiated.

### **Poverty alleviation: his current crusade**

Of late, it has become like a crusade for him to advocate poverty alleviation in order for the country to ease a brewing social volcano. Education, he said, can be the most effective "economic equalizer." But this is not possible given the "disparity in educational standards" between the good but expensive private schools and the poorly equipped public schools. He also noted the still inefficient and inadequate government services for the poor.

But more than just lamenting the state of things, Mr. Sycip has been doing his humble share to address the country's problems. Probably not known to many, Mr. Sycip has been quietly donating to educational institutions to support the education of poor but deserving students. He has also been advocating and doing his part to promote microfinance which he believes is a key to develop small enterprises.

Following the announcement by President Arroyo of her massive infrastructure projects to spur development into regions, Mr. Sycip thought it was a good start. However, he pointed out that there is a big difference between policy formulation and actual policy implementation. This, we think, the government should take as a challenge from someone who has seen both the benefits of definitive action and the pitfalls of inaction by governments around the world.

#### **Behind Philequity's success**

Whenever we are asked the secret behind Philequity Fund's impressive 20% average annual return for the past 11 years, we would attribute this to the collective skill, expertise and wisdom of those in its board. But more importantly, we feel fortunate and very grateful that we have in our midst Mr. Sycip who has selflessly and untiringly extended to us his encompassing wisdom, experience and credibility.