

Harvard Business School Alumni Club of Malaysia

NEWSLETTER

VOLUME 2 NO 7
APRIL 1989

Visit To Agricultural Park

The first activity in 1989 organised by HBSACM was a visit to Taman Pertanian Malaysia, Bukit Cerakah, Shah Alam, Selangor Darul Ehsan on Sunday, 26th February 1989 from 8.30 am to 2.30 pm. Twenty (20) families comprising of 74 persons participated in this activity. The objective of the visit was to enable the Members to interact with one another whilst at the same time to enjoy the scenic view offered by Taman Pertanian Malaysia.

The Club was honoured by the presence of Y.B Datuk Seri Sanusi Junid, Minister of Agriculture who gave a short briefing on the establishment and operation of the Taman. After the briefing, the Ministry also provided traditional breakfast to the participants. We were fortunate on that day to witness various activities relating to padi planting and harvesting. At the end of the day, the Members had buffet lunch at Danau Perikanan.

The Club would like to record their appreciation to the Y.B. Minister of Agriculture and the staff of the Ministry of Agriculture for their hospitality extended to our Members and families during the visit to the Taman Pertanian Malaysia.



... jungle trek?



... outside the fish pond.

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Selamat Hari Raya Aidil Fitri

From the **PRESIDENT'S DESK**



Datuk Alladin Hashim

The Family Outing at the Agricultural Park for members of the Club and their families on Sunday, 26th Feb, 1989 to start off the Club's 1989 programme of activities signified one of the new priorities of the Club – to serve better the needs of the members, and to bring members closer together. In fact, the new Executive Committee has made other initiatives to realise this priority. The survey to assess members Activity Preference will become the basis for planning Club activities based on what members actually want. And in order to ensure that members continue to subscribe their dues, the annual subscription has been reduced from \$150 to \$50 for Ordinary members, and from \$100 to \$30 for Associate members.

For a small yet exclusive Club such as ours, communication among members is of utmost importance and, as such, members will now get four issues of the Club Newsletter instead of two. But we need contributions from members in order to make the Newsletter meaningful.

A membership drive will be initiated to enlist as many participants of the HBS and SMDP programmes as members of the Club. The HBS Alumni fraternity will be enlarged on a regional basis with efforts to establish linkage with the brother Clubs of ASEAN countries. An ASEAN Alumni Directory, hopefully, will be a prelude to the formalisation of an ASEAN HBS Alumni Association. The game of golf will be one of the means to achieve inter-personal socialisation among members and between Clubs.

The highly successful Senior Managers Development Programme will continue to be the Club's most important function. This is very much in line with the recently established Club motto "IN PURSUIT OF EXCELLENCE".

A training programme for small-sized companies is already in the pipeline and is seen as another contribution towards the country's business development efforts. Seminars and symposiums on selected themes and topics will keep members abreast of current affairs.

Your Executive Committee has also decided to take a second look at the basis for the 'Manager of The Year Award', and also how best the Club's Trust Fund could be better managed. Can we afford to have our own "Club House" where members could interact? Your Committee has started talking about it.

Since the Club's formation in 1976, eleven Presidents had steered the Club to its present status as one of the most exclusive Clubs in the country. "An Evening With Past Presidents" will be held on 28th March, 1989 to enable the Club members to get to know better the past 'Captains' of the Club, while at the same time, the past Presidents could well use the opportunity to offer advice and views to further strengthen the Club's standing.

A Company is as strong as the people in the Company. So also with the Club. Our Club can only be as strong as the members want it to be. We look forward to your continuing support.



The Committee is grateful to MAS for solely sponsoring this publication.

Visit To Agricultural Park

CONTINUED



*"... in a few years
the park will look
like this ..."*



*... breakfast
reception hosted
by the Agri Park*



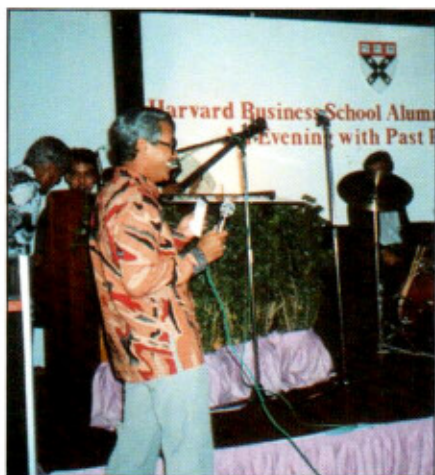
*Briefing session
by Datuk Seri Sanusi Junid*

An Evening With Past Presidents

By Dato' Sulaiman Abdullah



Dato' Sulaiman Abdullah



Othman - MC

“It is a credit to all the Past Presidents that we have gone this far and retain our identity as being a distinguished Club from a distinguished business school.”

Dato' Sulaiman Abdullah

First of all I wish to thank you for the invitation and for the good turnout of members.

It is a great honour to have been asked to speak on behalf of the Past Presidents and after agreeing to do so I should comment that the choice of my being here was not done in the normal democratic process. My only justification seems that I was the first President of the Club when we were officially launched in 1977.

Looking back is a favourite past-time for those who are no longer in their prime years of creativity, of doing something noble, good and exciting.

Way back in 1975 as a participant at the AMP and with all the facilities; the pool of knowledge, the very environment and information available there, I could not help but feel over-awed by the big gap that exists in the way that business activities were carried out there and here. Merges and acquisition were already the in thing in corporate America whereas these activities were quite unheard of in Malaysia which was still preoccupied with the tasks of infrastructure and rural development. Business too were still very much dominated by the family type management style.

In 1977 we had enough members to form a Committee comprising of Tan Sri Saw Huat Lye, Tan Sri Jamil Jan, Lilian Too and Ng Sing Hwa. We were very enthusiastic in carrying the message of HBS which as you know the business of Harvard is business.

Such being the case it was a right decision of the HBS Club in its first year to emphasize on the need for training and exposing our executives to further management education.

Out of this concern grew the Senior Management Programme which took at least a year to plan and fortunately also provided the Club with the necessary income for its other social activities like annual dinners, guests speakers and golf tournaments. I do not see that there has been much change in the general pattern of the Club's activities during the years – retaining its overall programme content of training, awards and research which were introduced in later years.

The 3 singers of the evening.....

It is a credit to all the Past Presidents that we have gone this far and retain our identity as being a distinguished Club from a distinguished business school. We can certainly take pride from the fact that there is none from Chicago or Stamford or Manchester to rival us!

Now what have we missed doing or achieving. I had envisaged at the inaugural of the Club that we be active and act as a sounding board to policy formulation affecting business and that we foster closer links with countries in ASEAN. In fact we had representatives from Indonesia and Singapore on that occasion. Although individually several among us serve on Boards or Agencies where matters affecting business policy are discussed and decisions taken, the Club as a Body is not today represented in the milling process. We are not say in CIC, FIC, BN, MIDA, during the budget dialogues or more recently in NECC and these are powerful Bodies whose action affect business to a very considerable degree. We do not serve as a listening outpost for foreigners and entrepreneurs and firms seeking to invest here. But they often consult ISIS/MIER, relatively new organisation compared to us for an update on the country's economic performance as well as the political and sociological climate for investment.

Can we also say that we graduates of HBS, in our individual capacities in the Companies that we serve or own and manage, are instrumental and leaders in respects of ensuring maximum corporate disclosure; moving apace with corporate expansion in new hitech areas, taking over Companies through leverage buyouts and increasing market shares in the global markets; or are we in the forefront in respect of knowledge about conversation and dangers to the environment arising from the so-called greenhouse effect and advocating and doing something about it? If the answer to these is No – we are not there – then clearly HBS has to be doing something and as a Club we need to be active, assertive and visible in areas of business policy and development, in public affairs and matters of concern to society and including if I

may also add the promotion in the field of Arts!

Our links with ASEAN has also remained unfulfilled even after several years. True we have had the regular golf competition with Singapore, Thailand and among golfers there are those, I am sure that make regular trips to Jakarta and Manila. But I believe the establishment of a more concrete business relationship with our counterparts in ASEAN is a priority task in view of the importance of the region to world trade and to future development in respect of the ASEAN Common Market and that of the Pacific Rim countries. Malaysia's presence in the countries in ASEAN and vice versa is quite negligible and I think there is not enough contact and information flows at the business level and crystallised in the form of specific projects as endeavours to signify HBS global intent.

KL is in a sense a considerable handicap as far as information is concerned despite the advances in electronic media technology and explosive growth of the printed materials. Business is after all information that can be translated into investment and production and the environment that we work with is constantly changing. The challenge is whether as a community with the training and flair we have acquired, we are quick enough and smart enough to make full use of the information that is at hand.

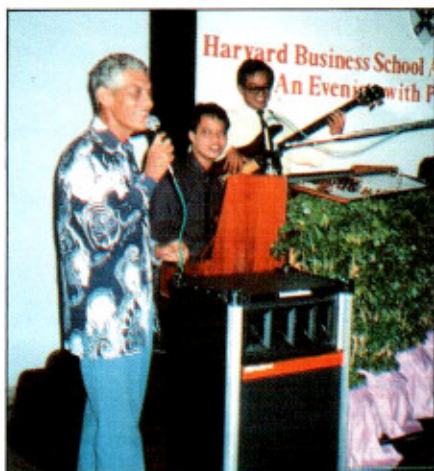
I am thankful for the opportunity of making this presentation. I hope the Club will grow from strength to strength. The priorities that the New Executive Committee and current President Dato Alladin have set for themselves promise a very full and exciting months ahead. The efforts deserve everyone's support and we must continue to urge those who have been absenting themselves from the Club's function to be more active. We need a convenient vehicle to bring all the members together and we should give our thoughts as to what could be the appropriate vehicle to bring out that magic. I leave you with this thought and thank you all again for this opportunity.



Zain Azman



Ghazali



Tan Sri Zain

"Guide For Small Businessman"

By Dr. Mahathir bin Mohamed



Dr. Mahathir bin Mohamed

The Harvard Business School will embark on a programme of assisting small businessman through seminars, case studies and lectures. In our preparations we came across an interesting book entitled "Guide For Small Businessmen" updated in 1985.

Whilst the book was written for small business most of the principles are applicable to all businessmen and have a common sense approach to the world of trade itself.

As such HBS is happy to kick off these series with the Patron's contribution.

Decision to go into Business

For the vast majority of Malays it takes a long time to decide whether or not to take the plunge into this entirely new field. They go through a long and necessary period of soul searching first. This can occur after the man leaves school, or university, or even after he has already begun work in a salaried occupation. In many cases, the crucial decision is made only much later in life after he has retired from service with the Government, or in the corporate sector.

The basic recommendations for someone making a decision to go into business are as follows:

1. Have a positive attitude towards business – do not in your heart of hearts look down upon it.
2. Regard it as a permanent undertaking, not a temporary or part-time activity.
3. You should have the right motivation and the commitment for going into business. Do not do it just because you have seen others succeed that way. Do it because you want to do it for yourself and to achieve for yourself.
4. Select a business that is in keeping with your experience, expertise and capital.
5. Do not, however, do business on one hundred percent borrowed money.
6. Plan the business well so that it will endure, thrive and expand in the future.

Choosing a Business

Amongst the many reasons which influence a person to go into business, the main attraction for those without experience, seems to be the magic lure of profit. Consequently, they tend to go for those businesses which appear to be the most profitable.

Choose a business that is in keeping with your ability, knowledge, experience and capital. Evaluate these four factors thoroughly and do not believe anyone who says he knows of a business that is simple, and which will yield large profits quickly. There is nothing easy about business. A bitter truth that will be borne in on you as soon as you try it for yourself. However, those who plan properly, who are realistic, hard working, and who are prepared to face hardships to begin with, will prosper in the end.

Capital

The word "capital" does not refer to money alone. It must still be recognised, however, that money is an element that few businesses can dispense with.

1. Restricted capital is not a problem if you are selective and stay within your means i.e. think modest.
2. As far as possible try not to borrow, especially those with little or no business experience.
3. Your total capital outlay will go far beyond the purchase of the goods you will sell, and will include:
 - a) expenditure needed to obtain suitable premises

- b) rent
 - c) publicity & advertising
 - d) displays
 - e) businessman's salary
 - f) licenses & taxes
4. There must be capital to replenish, and preferably to increase supplies before you are in a profit making position. You need to give the appearance of a flourishing business.
 5. Your capital should be enough to sustain all your business expenditure for at least one year. The time needed to reach breakeven point, varies with the type and size of the business. The bigger the venture, the longer usually you may have to wait for it to show a profit.

Location

Location is most important. The wrong choice can lead to failure. The following points may serve as guidelines when selecting a location.

1. The location must be suited to the type of business. What succeeds in a big city is not so likely to do well in a small town environment.
2. In an urban setting, businesses in the same category should be located in the same area, but in a village or small town they need to be far apart.
3. In markets, like businesses cluster together.
4. The locations has to be easily accessible to customers.
5. In these days of car travel it is better to choose somewhere with adequate parking facilities, even if it is far out, than a location in the heart of town but without some facilities.
6. The suitability of the location outweighs even a high rent.
7. Small businesses may be carried out to advantage in premises that serves as a residence for the owner

and his family.

Costing

The basic principle of business is that profit will be yielded if the selling price is greater than the cost. You must first know the cost, therefore, before fixing the selling price. Otherwise, your price may be too low. On the other hand if it is too high – sales (or volume) will be affected. Costing has to be done as thoroughly as possible.

Pricing

Pricing depends on a variety of factors. They include, in summary, the business environment, the need of the customer, the market demand for goods, the supply position and other market conditions. Businessmen who do not understand these factors cannot hope to succeed.

Advertising

All businesses in today's world need publicity of one kind or another. The hawker making his rounds calls out what he is selling. The ice cream vendor rings his bell. The small shopkeeper displays the name of the shop on a board. Large corporations advertise their good on television and in the cinema. The bigger the business the greater the expenditure on promotion.

Generally, businessmen do not like to spend money on advertising. If they can get away with it they will avoid it entirely. This may be due to a feeling of shame which inhibits them from

proclaiming to the world that they have to earn a living from business. Or it may be that they regard advertising as a waste of money. They may feel their product is sufficiently well known and that further publicity would be superfluous.

To help a business succeed, provision should be made for professional and top quality advertising. Sign boards should not be allowed to become old and shabby. An allocation for publicity must be included in the estimate of expenditure.

Shops must be well appointed and goods displayed for the ease and convenience of the customers.

Customer service should be of the highest standard. Owners and employees alike must realise that their income depends upon the success of the business, and their attitude towards customers is a vital element in that success.

Competition

Competition in business is inevitable. The businessman who accepts this as a fact of life and is prepared for it, is much more likely to succeed. There is no place in business for people unable to stand up to competition.

Honesty and integrity

Honesty and integrity are prime factors in business. They are in fact a form of business capital. A person who is trustworthy and with a high credit rating can do business without needing money capital. Conversely no amount of funding will last long in the hands of a businessman who is not trustworthy.

EGM: Additions & Amendments To The Constitution

Date: 28.11.1989

ADDITIONS TO THE CONSTITUTION

The Meeting unanimously received and approved the following additions to the Constitution of the Club.

a) Article III, Section 1(d) – Absent Member

An Ordinary Member who will be away from Malaysia for more than one year could apply to be an Absent Member. An Absent Member is exempted from paying the annual membership fee and will not have the right to vote or hold office. Upon his return to Malaysia an Absent Member can continue to be an Ordinary Member without having to pay the entrance fee and making formal application to be an Ordinary Member.

b) Article III, Section I(e) – Associate Member

Any person who has officially participated in the Senior Management Development Program organised by the Harvard Business School Alumni Club of Malaysia shall be eligible to be an Associate Member. An Associate Member will be eligible to participate in the Club's activities except he will not be entitled to vote during the General Meeting and would not be entitled to hold office in the Club.

AMENDMENTS TO THE CONSTITUTION

The meeting unanimously received and approved the following amendments to the Club's Constitution.

a) Article VI – General Meeting Section 3

The Annual General Meeting of the Club shall be held in the last quarter of each year. The Annual General Meeting shall be held with at least fourteen (14) days notice being given to all members of the Club. All members of the Club shall also be provided with the agenda for the Annual General Meeting, together with the audited statement of accounts for the previous financial year and these shall be despatched to members at least fourteen (14) days from the date of the Annual General Meeting.

b) Article VIII – Executive Committee Section 1

The Club shall be administered by an Executive Committee elected at a General Meeting. The Executive Committee shall comprise the President, two Vice Presidents, the Hon. Secretary, Assistant Hon. Secretary, Hon. Treasurer, a Director of Activities and four Ordinary Committee Members. The Executive Committee shall be em-

powered to make bye-laws not inconsistent with the constitution for the administration of the Club. All members of the Executive Committee and every officer performing executive functions in the Club shall be Malaysian Citizens or Malaysian Residents.

c) Article III Section 3 – The Schedule Of Fees

Associate Member:	
Entrance Fee	– \$150.00
Annual Fee	– \$ 30.00
Ordinary Member:	
Entrance Fee	– \$200.00
Annual Fee	– \$ 50.00

d) Article XIV Section 2 – Amend- ments Of Constitution

Subject to the prior approval of the Registrar of Societies, this Constitution may be amended at any Annual or Extraordinary General Meeting of the Club by a two-third majority of the members present, provided that no such action shall be taken by any meeting, unless notice of said meeting has been duly sent to every member at least fourteen (14) days before the date of the meeting.