



Harvard Business School Alumni Club of Malaysia

NEWSLETTER

APRIL 1991

MANAGER OF THE YEAR AWARD 1990

The Manager of the Year Award Dinner was held on 29 January 1991 at the Ball Room, Park Royal Hotel, Kuala Lumpur and the Guest of Honour was HRH the Regent of Perak. The function was a great success and about 250 persons attended the dinner



The VIP table



*Mr. Poul B. Jorgensen
receiving his award from
DYMM Raja Nazrin Shah*

SELAMAT HARI RAYA AIDILFITRI

From the **PRESIDENT'S DESK**



Tan Sri Saw Huat Lye

YOUR NEW EXCO

Patron

Yang Amat Berhormat

Dato' Seri Dr. Mahathir bin Mohamad

*D.K. (Johor), D.U.K., S.S.D.K., S.S.A.P., S.P.M.S.,
S.P.M.J., D.P. (Sarawak), D.U.P.M., S.P.N.S.,
S.P.D.K., S.P.C.M., S.S.M.T., D.U.N.M., P.I.S.*

Executive Committee 1990/91

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YB Raja Sharifuddin Abidin

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Auditor

Christopher Chooi & Co

1991 promises to be another interesting and exciting year for the HBSACM Members.

We have just completed the Manager of the Year Award. These are covered in detail for the benefit of those who were not with us.

Your Committee has planned 7 other activities for 1991. Needless to say the success of these events will depend not only on your support but also your presence.

In my opinion, whilst these activities are organised with specific objectives, it is the intangible benefits which are more important. As such, it is vital that all of us get together at these functions.

In addition to these activities, your Committee is also looking into the following i.e., the Trust Fund, a library and the SMDP 92. Should you feel we need to organise other activities please do not hesitate to write to us.

Wishing you all a great year.

(Tan Sri Saw Huat Lye)

"MANAGEMENT CHANGES IN THE 90S"

Speech by DYMM Raja Nazrin Shah at The Park Royal Ballroom, January 29, 1991



Management is about tomorrow. But many managers manage for yesterday's condition because most data relates to the past. Tomorrow concerns what should be done. Management for tomorrow depends on what competitors will probably do and most important, on the expectations of tomorrow's society, who will be better educated and better informed than many of us today.

History alone has never been a reliable guide for decision making. In tomorrow's scenario, to cope with new technologies and a highly demanding environment, there will be a critical need for fresh, innovative approaches. The 1990s and the 21st century will herald the age of the thinking worker.

The only thing definite about tomorrow is that it is going to be a period of rapid change. The concept of change is not new but what is new is the rate of change. Whereas the timespan before was over centuries, today it occurs several times within a lifespan. In the context of this rapid change, tomorrow's managers will have to tackle two key issues:

- one, harnessing this rapid change in technology, and
- two, motivating the thinking worker.

To cope with rapid technological change, fresh and cohesive approaches towards educating and training tomorrow's manager and worker are absolutely essential. This training is crucial to ensure that they do not become obsolete. We accept that machines become obsolete eventually. We also believe in product life cycles,

but we rarely subscribe to the concept of human obsolescence.

Obsolescence is not related to age. A young person who has a closed mind and lacks the humility to know how little he knows or how much he needs to know has achieved early if not instant obsolescence.

An even more pressing challenge is the motivation of the worker. The nation is undergoing significant changes which is transforming us from a traditional, agrarian society to a modern, industrialised one.

Therefore, tomorrow's managers will have to respond to a very different type of employee. The employee will achieve his company's objectives but only in the context of his own personal objectives. As such he will require adequate financial incentives, and a recognition that he is entitled to a life of his own outside the work place. As far as management style is concerned, I do not believe that it will be enough to instruct the employee to perform a task. It will probably be more productive to articulate management objectives and explain why a chosen course of action is the most effective means of achieving these objectives.

In a survey of 1,500 Executives in 20 countries, the Columbia University Graduate School of Business found that no less than 98% of these surveyed placed a 'strong sense of union' with the employees above all traditional management skills as the most important criterion for the CEOs of the 1990s. Of course, Harvard Die-Hards may not put much weight on figures

compiled by their Columbia counterparts!

In the 1990s, corporations must be competitive rather than be protected or work with subsidies in monopoly situations. In a competitive situation, you have many choices, you can lose, you can quit or you may change for the better.

One analogy to competition is the story about the two persons confronted by a grizzly bear. The first wanted to run. The second said no one can outrun a bear. The first person replied "I don't need to outrun the bear, I just need to outrun you."

Perhaps the moral of the story is that managers may look at the wrong perspective. They blamed it on the government or the environment, whereas their priority must be to outrun the others in the race to satisfy the customers.

Tomorrow's society is going to expect substantially more from their managers and leaders. In the first place, managers can no longer demonstrate the level of business ethics and discipline that have contributed to some spectacular corporate failures in this country. We can expect tomorrow's society to react much more strongly towards white collar crime.

The commitment of managers must extend beyond just productivity. For example, managers must demonstrate in an unequivocal manner their commitment to the environment. Only when corporate entities in Malaysia realize their full responsibilities as citizens in their own right, can we create an authentic MALAYSIA INC.

Arrival of DYMM Raja Nazrin Shah



HARVARD BUSINESS SCHOOL ALUMNI CLUB OF MALAYSIA

MANAGER OF THE YEAR AWARD 1990

Winner: Poul B. Jorgensen

Mr. Poul B Jorgensen
General Manager
Carlsberg Brewery
Malaysia Berhad

1934: Born in Esbjerg, Denmark and schooled in England and Denmark

1955: Was employed as a Trainee in an advertising agency

1960: Obtained a Degree in Sales Administration and became the Advertising Manager of a liquified petroleum gas company

1964: General Manager of a liquified gas subsidiary in Iran, where he stayed for 4 years.

1968: Joined ESSO as LPG Manager for Africa and left as Assistant General Manager for Esso Kenya in Nairobi.

1974: Joined Carlsberg and spent 12 years in the International Division.

1987: General Manager for Carlsberg Malaysia.

Mr. Poul B Jorgensen is married and is blessed with four sons.

Carlsberg Brewery Malaysia Berhad – the Company Poul B. Jorgensen took over in May 1987 had been brewing beer in Malaysia for 15 years and was well consolidated and extremely well run.

The policies set down by the founder, Mr. J C Jacobsen, in 1947 had been implemented and followed more diligently than even the old Danish master brewer could have envisaged.

The brewery had recently been expanded and modernised with the newest technology that money could buy.

However, back in 1982, a 60% increase in excise duty and a subsequent introduction of sales tax threw the brewing industry so far back that it was not until 1986 that the sales reached the levels they had been 4 years previously. Those were indeed lean years, where profits were only possible by exercising extreme cost effectiveness.

In May 1987, Malaysia was on the brink of recovery from the recession and the

next few years saw a remarkable surge in spending and a parallel increase in the consumption of beer. From 1987 to 1990, the sale of Carlsberg's products subsequently increased by more than 65%.

There have been only three General Managers since 1970 and it has therefore been possible to follow principles, procedures, and philosophies without drastic changes, and to develop the company smoothly and conservatively, each General Manager continuing along the path laid by his predecessor.

Some of the principles and activities to which Carlsberg has adhered over the years can be mentioned.

The well being and resulting loyalty of the staff is of paramount importance to the organisation. In addition to the more common housing loans, car loans, medical benefits, sports club, etc., the company offers extensive training here and abroad. It also has an insurance scheme which insures everybody against death or invalidity with a minimum of 3 years salary.

Tan Sri Dato' Zain with Mr & Mrs Poul B Jorgensen



Quality is the key word to success in any business. Quality at Carlsberg is not only attributable to the products, it is a way of life. Quality to Carlsberg is defined as cleanliness, the appearance of the factory, the vehicles, the offices and the staff. It is punctuality, reliability, honesty. It has to be inherent in the advertising and in the causes and events with which the company wishes to be associated.

The company recognises the importance of being involved in community activities and will support all worthy causes to the best of its ability. The events of which the company is particularly proud of is its contributions towards development of music in Malaysia through sponsorships of musical programmes in all categories. These sponsorships have been combined with the raising of funds in excess of \$20 million for such worthy causes as education, St. John Ambulance, Pure Life Society, Montford Boys' Town and Chinese Medical Centre.

Carlsbergs produces a product which is socially sensitive, particularly in a country with a large Muslim population. It tries its best to avoid antagonising its host country by not stepping over the line which separates the different conceptions and attitudes towards the consumption of alcohol.

For the 1990's Carlsberg wishes to play an important role in preserving the nature with which Malaysia is so abundantly equipped, but the protection of which needs much to be desired. It expects a decade in which Malaysia will experience

an increasing awareness among industries of the responsibility they have in not only producing the products people want, but also in cleaning up afterwards both in the factories and in the market place.

Token of appreciation from the President on behalf of HBSACM



DYMM Raja Nazrin Shah "Management is....."



MANAGER OF THE YEAR AWARD 1990

Extract of Speech By Poul B Jorgensen



Since receiving news of this Award I have continuously posed myself the question: Why me?

I could have understood the Committee's dilemma, if we were in a primitive country where the one-eyed is leading the blind. But I have worked in many countries all over the world and can truthfully say that nowhere have I found more capable and professional management than in this country.

I realise full well that it should, of course, not be me personally who gets this Award, but Carlsberg and the team I am heading. Now I, of course, fully agree that my colleagues, many of whom have worked for 20 years for the Company, deserve this honour, and I have tried in my mind to justify why I should be here as their representative and receiving the Award.

I think I have found some justification. I have had an extraordinary ability since arriving in Malaysia of forgetting everything I learnt in the past. This truly is an extraordinary achievement for a person with my conservative background. It only took me 6 months to find out that although my views were listened to politely with apparent interest and sympathy, everybody went out and did the exact opposite, – I might add to the infinite best of the Company. I have since learned to express my views only after I have heard everybody else's, and then to make sure I express full agreement. Everybody – including me – is very satisfied with this arrangement which, as opposed to management by strolling around, or management by terror, is called 'management by concurrence'. I do not think they teach that in any business school!

Getting back to management in Malaysia, I should like to mention that nowhere have I found the business community more friendly, open and cooperative than here. So when people claim that it is cold at the top, I can repudiate that and add that not only is it warm and friendly – the view also is infinitely better.

There are as many philosophies as there are managers. I personally believe that a manager should not do anything which his subordinates can do, particularly as they very often can do it better.

I would, however, say that delegation of responsibility, with the necessary handing over of power, is very rewarding. It shifts the emphasis from ordering and demanding, to guiding and giving inspiration. It is fastidious to claim that one can inspire. But it is important for a manager to attempt it.

It definitely brings out the best in good employees and it creates in them an urge to prove their worth.

It also requires an open-door policy – not to listen to gripes about superiors or complaints about this and that, but to enable employees to come forward with problems on which they need guidance or ideas they would like to bring attention to. They soon know what you would like to discuss with them.

It also requires follow up – not to control – but to make sure the employees feel that you want a return on the investment you have made in their ingenuity and perseverance.

Lastly, wandering around, although it sounds a very loose form of management, is a necessity. To visit the market, the warehouses, the

shopfloor – not to create terror, but to ensure that your presence and interest in all aspects of the business is well known. It is indeed sad when employees are only confronted with the GM when he wants to tell them of.

'I do not know whether I have succeeded very well – my colleagues here tonight might say that this approach is news to them – but I believe this is the approach which will bring out the best in the highly qualified and receptive managers we have in this country.

I have to ask for your indulgence for one last point, which is the matter of the prize money which accompanies this Award.

It would be appropriate if the prize money was shared among my colleagues.

They claim, however, already to be far too well paid and have instead proposed that the money should be spent in a way which is compatible with the spirit in which this Award has been given, namely the development of management in Malaysia.

True to my management style, I have found it expedient to concur and have discussed the matter with the Committee.

We have agreed that the money should go to something which is of benefit to as many as possible and will invest in one of the foundations of obtaining knowledge – professional books.

It is, of course, important that the books are read widely and they should therefore be loaned out through a library which will be contained in the centre which is being established by your Club.

Mr. Paul B. Jorgensen receiving his award from DYMM Raja Nazrin Shah



PROGRAMME OF ACTIVITIES FOR 1991

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| 1. | Family Day | 26th April 1991 |
| | Factory visit to Matsushita Industrial Corporation Sungai Way Free Trade Zone. | |
| 2. | HBS Golf (Awana) | 11th May 1991 |
| 3. | HBSACM Evening | July 1991 |
| 4. | Gold Medal Award/
Scholarship Award | August 1991 |
| 5. | Luncheon/Dinner Talk | September 1991 |
| 6. | Regional Meet in Bali | 11 – 13th October 1991 |
| 7. | Manager of the Year Award | November 1991 |

Food for Thought

"There is one thing stronger than all the armies in the world, and that is an idea whose time has come."

"The difference between ordinary and extraordinary is that little extra."

"When two men in a business always agree, one of them is unnecessary."

"Man's mind, once stretched by a new idea, never regains its original dimensions."

"The best executive is the one who has sense enough to pick good men to do what he wants done and self-restraint enough to keep from meddling with them while they do it."