



HARVARD

BUSINESS SCHOOL ALUMNI CLUB OF MALAYSIA

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CIRCULATED TO MEMBERS ONLY

JULY 1994

THE PRESIDENT'S COLUMN

Tan Sri Alwi Jantan

The highlight of this Quarter is our SENIOR MANAGEMENT DEVELOPMENT PROGRAM, and it gives me great pleasure to congratulate our veteran course organisers under the chairmanship of Abdullah Mat Zaid who have laid out a super program for this year's participants.

A total of 110 senior managers and directors from a wide cross section of corporations in the private and public sectors are attending the two week residential Program. Styled to closely follow the methods used at Harvard's executive development courses, the program is being conducted exclusively by senior professors from the Harvard Business School, using books and case materials provided by the School. This is the eighth SMDP organised by our alumni club, and so far, close to 800 managers have graduated from these programs. Many of the SMDP's past graduates have gone on to attend the AMP and PMD at Harvard. Many have also become well known business tycoons and corporate leaders on the Malaysian business scene.

The Club awards certificates to all successful participants of the program which is held once every two years. It may interest members to know that the Malaysian alumni club is the only one of the worldwide network of HBS alumni clubs which organise this program regularly. This year's SMDP runs from June 26th to July 9th, and it is being held at Awana Resort Hotel in Genting Highlands. The program closes with a friendly golf competition and Graduation Dinner. Certificates will be presented this year by YB Dato Seri Rafidah Aziz, Minister of International Trade and Industry.

Meanwhile, a reminder to all members - the date for the Club's annual Anniversary Dinner has been fixed for July 19th at the Istana Hotel. A wonderful show is being organised for this black tie affair, so do come along.



Patron

YAB Dato Seri Dr Mahathir Bin Mohamad
Prime Minister of Malaysia.

President

Tan Sri Dato Alwi Jantan

Vice Presidents

Wong Heng Wooi

Tan Sri Datuk Rozhan bin Kuntom

Hon Secretary

MOhd Ghazalie Kamal Baharein

Asst Hon Secretary

Raja Sharifuddin Abidin

Hon Treasurer

Dato Tay Ah Lek

Director of activities

Haji Othman Yusoff

Committee Members

Abdullah Mat Zaid

Mrs Lillian Too

Tan Sri Dato Mohd Jalaludin bin Zainuddin

Dato Dr Mohd Shahari bin Ahmad Jabar

G. Gnanalingam (ex officio)

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ONE-DAY UPDATE SEMINARS

by

HARVARD PROFESSORS

Members would have received notifications of the one-day update seminars being conducted by the visiting HBS Professors here in Malaysia for the Club's SENIOR MANAGEMENT DEVELOPMENT PROGRAM. The Seminars are being held over two Wednesdays at the Hotel Istana in Kuala Lumpur on the 29th June and the 6th July.

The Seminars are designed to cover crucial management areas in Finance, Marketing, Human Resource Management and Information Technology, and are open to members and non members. The details of the Seminars and short bios' of the respective professors are reproduced here for easy reference:

JUNE 29th 1994

10.00 am-12.30 noon: Professor Michael Beer

Managing Change & Human Resource Management.

(Prof Beer joined HBS in 1975. He presently teaches organisational effectiveness, the management of change and human resource management at HBS. He has authored books "Managing Human Assets" and "The Critical Path to Corporate Renewal".)

2.30 pm-4.30 pm: Professor Kasturi Rangan

Updates on Marketing Management.

(Prof Rangan has been on the HBS Faculty since 1983. He teaches industrial marketing and is co-author of "Going to Market")

JULY 6th 1994

10.00am-12.30 noon: Professor Samuel Hayes

Capital & Securities Markets.

(Prof Hayes holds the Jacob H Schist Chair in Investment banking at HBS, and has been a member of the Faculty since 1971. Author of several books, Prof Hayes is widely and frequently consulted by Govt and by Wall Street firms on matters relating to capital markets).

2.30 pm-4.30 pm: Professor Warren McFarlan

Information Technology Issues for the 1990's

(Prof McFarlane is currently the senior Associate Dean and Director of the Division of Research at Harvard Business School besides being Chairman of the Managing Information Resources Program. He has been at HBS since 1959 - as undergraduate, graduate student and member of the teaching staff. He is an internationally acknowledged authority on Information Technology and is a retained consultant of numerous private and government corporations.)

GREAT NETWORKING AT MEMBERS LUNCHEONS

MAYBANK LUNCH:

hosted by HBSACM member Datuk Basir, Chairman of Maybank, at their penthouse on the 30th March 1994 proved to be a very well attended luncheon. At that lunch the topic of conversation was " Who shall be the new Bank Negara Chief ". Later events were to reveal of course, that the man himself was sitting amongst those of us who attended and keeping very quiet about it all. He must have known ! May we congratulate Ahmad Mohd Don, then still the Managing Director of Maybank on his recent appointment !



Snapped at the lunch: Maybank MD, Ahmad Md Don just before the announcement of his appointment as the new Bank Negara Governor.



Photo shows some of the guests listening to the HICOM presentation.

AND SOME GREAT GOLF AT GLENMARIE

HICOM LUNCH:

hosted by HBSCM member Tan Sri Jamil Jan, Chief Executive of HICOM at Glenmarie Golf Club on the 31st May 1994. This was one lunch that extended into golf and then extended again into dinner. As many of us know, the bulk of HBSACM members have a passion for golf, and Glenmarie proved a great draw. We hope those of you who attended had a good time.



Picture shows the host, Tan Sri Jamil Jan flanked by Tan Sri Alwi Jantan and Hj Othmann Yusoff. In the picture also is past president, Tan Sri Zain.



MEMBERS AT HICOM LUNCHEON

More than sixty members, ordinary and associate members of HBSACM attended the HICOM lunch hosted by Tan Sri Dato Seri Jamil b Mohd Jan - the third Members Luncheon held in 1994. The lunch took place at the Glenmarie Golf and Country Club on the 31st May 1994.

A Briefing by senior officials of HICOM about its various operations was presented to members followed by a lively question and answer session. The next members luncheon is scheduled for the 26th September 1994. This next luncheon will be hosted by Tan Sri Saw Huat Lye, Executive Chairman of Malaysian Helicopter Services Berhad.

GOLF

HBSACM GOLF TOURNAMENT

31st MAY 1994

This tournament was held at the Glenmarie Club. 35 members participated in the Tournament, and the winner was Tuan haj Mahmud Idris of HICOM (Captain of the Course) who obtained 42 points. Altogether, 19 prizes were presented during the dinner that followed.

Other GOLF DATES to REMEMBER

SMDP GOLF at AWANA - 9th JULY
PAST PRESIDENTS' TROPHY - 13th AUGUST
INVITATION GOLF - OCTOBER or NOVEMBER

THE MAYBANK LUNCH



Members "tucking in" to the sumptuous curry lunch served. About 45 HBSACM members turned up. Later, the bank gave a 10 minute presentation of its operations and strategies.



MAYBANK RANKED NUMBER ONE for the second year running

Malaysia's 93/94 KL Bankers Directory put MAYBANK in the number one slot for the second year running, in terms of Assets, Deposits, Shareholder Funds and Pre Tax Profit. BBMB comes second in terms of size indicators, but is a very distant eighth in terms of Pre-tax profit.

Maybank's record and enviable performance reflects the success of its strategic positioning and also the quality of the men at the helm. Banking circles attribute much of Maybank's success to its highly respected Group Managing Director - Ahmad Mohd Don - who was recently appointed the new Governor of Bank Negara; as well as to its recently retired Chairman, Tan Sri Hashim Aman, also a member of the HBSACM (AMP, Harvard). Tan Sri Hashim has been succeeded by Dato Mohd Basir bin Ahmad - himself an ex Bank Negara man !

Year end June 1993 results showed consolidated pre tax profit increasing 41% to \$791.5 million against a growth of 26% the previous year. These results reflected increases in pretax earnings at Bank level (up 37% to \$588.4 million), as well as at all major subsidiaries - Kwong Yik Bank (up 47% to \$60 million); Aseambankers (up 22.7% to \$23 million); Mayban Assurance (up 49.3% to \$21.3 million); Mayban Securities (\$11 million), and the three finance companies which collectively recorded an increase of 29.8% to \$87.4 million. The Malaysian operations of Maybank account for 86.8% of its profits, although profit from overseas operations, including Singapore is growing at a substantial rate.

Maybank's premier position within the Banking Sector is reflected in its share price on the KLSE - some say the price reflects too high a price earning ratio relative to projected earnings growth prospects and market ratings.

Group earnings per share for June 1993 was 52 sen, while for the bank it was 40 sen. Market forecasts of earnings for the Bank over the next three years vary widely amongst market watchers. The consensus estimated earnings for FY'94 is around 46 sen per share; while forecasts for FY'95 is 49 sen and for FY'96 is 57 sen.

Those who have turned aggressively bullish on the Bank, forecast earnings as high as 70 sen per share for FY'95. It is in fact widely anticipated that by then Maybank's pre tax profits would well exceed the billion ringgit level.

DATO' MOHD BASIR bin AHMAD
CHAIRMAN of MAYBANK



For 28 years Dato Basir was on the regulatory side of banking. His career with the Central Bank started upon graduation from the University of Malaya - and for 13 of those years he held the very senior position of Advisor. So to be offered the plum job of Chairman of one of the country's largest commercial banks upon retirement must have been something of a challenge ! We asked him in a short but frank interview, and we carry his responses in this issue of our newsletter.

For those who don't yet know him (and most of us do), Dato Basir is a member of HBSACM, having attended the Advanced Management Program at the Harvard Business School. He is married to another high achiever, our delightful Minister of Trade and Industry, Dato' Seri Rafidah Aziz who is a senior member of the Cabinet and Head of WANITA UMNO. They have three children - two daughters and a son.

Those less bullish predict a possible slowing down of profit growth. They point to lagging market share in lending, maintaining that although Maybank, being so big is virtually guaranteed a piece of the action in every infrastructure financing in the country; with the further development of the capital market, and particularly the rise in popularity of financing options, new debt instruments and bond derivatives, loan growth may in fact slow down - thereby affecting Maybank's profits. Profit outlook for 1996 and beyond could thus be uncertain.

INTERVIEW WITH DATO MOHD BASIR

Q. Having been on the regulatory side of banking, can you share your thoughts with us on your new appointment ?

A. As you probably know, in the 28 years that I was with Bank Negara Malaysia, I was always working in the area of banking supervision and regulation. I am, therefore quite familiar with the rules of banking so to speak. For that reason, my adjustment to this job is less difficult since I am on familiar ground. I believe that my move to the private sector is well timed. Maybank is a professionally managed profitable bank (almost reaching the RM billion profit mark); the country's economy is booming and growth in the region is the focus of world attention. I am looking forward to an exciting new career.

Q. Do you envisage new strategic directions for Maybank in the coming months?

A. Over the last three and a half years, Maybank registered strong growth performance. Between the FY1990/1991 and FY1992/1993, pretax profit grew by 31.5% and a growth of 25.7% was registered during the first half of the current financial year.

The outlook for the Economy continues to be good this year and we can expect a growth of slightly above 8%.

At the moment we continue to see double digit growth in manufacturing output and this is supported by both external and domestic demand.

Growth in the construction sector also continues to be strong given the emphasis on infrastructure development as well as sustained growth in the housing sector. Given this outlook, I think banking institutions should continue to record double digit growth in earnings.

At Maybank, we are constantly working to ensure that our growth momentum continues. Given the rapid changes and developments that are taking place in the financial services industry, specifically the increasing competition within the industry itself, the focus of Maybank's strategic direction will be towards further improving the profitability of the bank, hence maintaining its position as a leading bank. We will continue in our commitment towards our customers by providing both effective and efficient delivery channels, while providing the best opportunities for our employees for personal and professional growth. We are also committed to generating returns that will support future growth and providing shareholders with good returns on their investments.

Consonant with the heightened level of competition in the banking industry, we at Maybank have strategised our business over the years and this can be seen in the changes we have made to our overall delivery system as well as market focus.

Besides this, in line with achieving our objective of becoming a financial supermarket, Maybank's strategic direction also includes capitalising on group synergy. As growth in the financial services industry is expected to emanate from capital market related activities rather than traditional banking, continuation of the current situation would enable the Group to tap these opportunities. One such example being the important role commercial banks play in providing added confidence to market participants. This, we have seen from debt instruments issued so far, comes in the form of a bank guarantee. Maybank is well placed to benefit from this business with our AAA rating.

Given the scale and complexity of the Group's network and its inherent strengths ie a large network of delivery channels and a large and varied customer base, the Group is well positioned to meet the challenges of an increasingly competitive banking environment.

Q. How do you see interest rates moving over the next twelve months?

A. Interest rate levels domestically have been trending downward for quite a while as a result of excess liquidity in the system. This trend is likely to continue for yet another three months as deposit growth still continue to be much higher than loan growth. Subsequent to this however we should begin to see the full impact of the recent measures by Bank Negara, whereby the interest rate is going to level out and this will continue until year end.

Further reduction in the rate is not expected especially when such developments may bring real interest rate to its lowest level. Moreover the threat of inflation may require the Authorities to hold on to its tight monetary stance.

Q. In your opinion, given Malaysia's growth rates, will inflation always be a potential problem, and if so, would you prefer to see monetary or fiscal measures being used to balance it ?

A. Inflation rate for January edged up slightly to 4.0% against 3.4% in December last year and 4.5% a year ago. This increase came largely from food prices which are very volatile. Even if this is excluded, the rate of inflation is rising. Core inflation which was 2% a few months ago is now reaching 3%.

In the first place, given an overall economic growth rate of slightly above 8%, further reduction in price increases is certainly a tall order. Secondly, higher imported inflation which may come from a weakened ringgit as well as higher price increases in Malaysia's major trading partners also compounds the problem. Given the current liquidity in the system, the risk of inflation certainly exists. Notwithstanding this, overall increase in general price levels are expected to remain moderate.

In order to balance the situation, a combination of monetary and fiscal measures may be the order. A mild increase in interest rates could help abate inflation, however here again, an overly high rate might re create externally induced short term fund inflows due to interest rate differentials, a problem recently addressed by BN's monetary measures. Fiscal measures to curb consumption could also help alleviate inflation. There has been discussion on alternatives to discourage spending, but no final outcome as yet. So in essence, to balance the situation there may be a need for a combination of measures which may be considered fit to steer the Economy towards sustainable growth with price stability.

Q. We are seeing quantum leaps in values being realised, both in corporate transactions and in stock market valuations. Can our financial system take the strains ?

A. When I was in BNM my banker friends often told me that our financial system was over regulated. Looking partly from the standpoint of a banker, it may have seemed that way but I believe that for a developing country like ours, to ensure the orderly growth of the financial system, it is necessary for the system to be closely monitored and regulated.

With the assurance of effective control in place, we are able to cultivate public confidence in our financial system, and it is this confidence that has partly brought about what you describe as "quantum leaps in values being realised both in corporate transactions and in stock market valuations". With much unprecedented turnover I think our system is until recently being fully stretched but I think we are able to cope with it. Most corporations are embarking on expansion schemes both on the financial as well as human resource fronts.

In the recent past, I think our financial system has been put to severe test on a number of occasions such as the DTC crisis, the prolonged recession in the first half of the 80s and we came out then quite unscathed. I therefore do believe that we have most of the necessary controls and safeguards in place.

Q. Finally, on the Malaysian ringgit, do you believe it is (artificially) undervalued ?

A. As you know we are on the floating exchange rate regime, and therefore the value of our ringgit will be determined by market forces. I am of the opinion that in the long term the ringgit will adjust itself to a level that the market will determine.

Interview dated: 24th May 1994

HARVARD REGIONAL MEET in BRISBANE

The Harvard Club of Australia is planning a Regional Alumni Conference to be held sometime in the last quarter of the year in Queensland's Brisbane. Initial indications are that the dates will be from 30th September to 3rd October. The Conference is being organised by the Queensland Chapter of the Australian Harvard Club.

At the May meeting of our Club's executive committee, it was decided to plan a Club Tour for members which will coincide with the Conference. As this will be a networking cum study tour for members the club will be providing partial subsidies of expenses incurred. Members interested to attend should contact our Director of Activities, Tuan Hj Othman Yusoff.

AND THIS IS HOW THE AUSSIES TELL IT

"If you need a reason to come to Brisbane in September ... this is it. Invitations for the Conference are being sent out to all alumni clubs via the Alumni Association in Boston. As such the Meet is expected to have a truly international focus, allowing everyone the chance into the worldwide Harvard alumni network. The highlights of the 3 day conference are:

- * Senator Cheryl Kernot's keynote address at a Gala dinner on the Saturday night.
- * Prominent Speakers from Bond University.
- * Visits to Queensland Cultural Centre and a hinterland mountain retreat, plus a luncheon cruise as guests of the President of the Marine Museum.

JULY 19th

ANNIVERSARY DINNER PARTY

Ghaz has definately promised us all a very good time ! So those of you who have not booked your Tables or signed up, please do give SIVA a call right now - and bring your friends. The evening will be a black tie affair, and a special floor show - compliments of our President - has been planned for the evening. He's not telling what the Show will be - only that it will definitely be enjoyable !! And the venue ?

The Evening will be at the Hotel Istana in Kuala Lumpur. AND the good news is that the cost per table of ten is only \$1,000 !!

SENIOR MANAGEMENT DEVELOPMENT PROGRAM HEAVILY OVER-SUBSCRIBED

The 1994 SMDP was heavily oversubscribed by the time applications closed. Scheduled to be held over two weeks starting June 26th and ending July 9th at the AWANA RESORT, a total of 110 participants have been shortlisted and informed of their places for the Program. This year's applications demonstrate an excellent mix of industry backgrounds and disciplines, and the Program should prove to be as popular as ever ! The Program closes with a Graduation Dinner on the evening of July 9th when the Hon Minister of Trade & Industry, Dato Seri Rafidah Aziz will present certificates to all participants. There will also be a GOLF TOURNAMENT during the afternoon of Saturday July 9th amongst participants, professors and Exco members.

WE WELCOME NEW LIFE MEMBER...

Khairul Abdullah, MBA'81, who is a Director of the Securities Commission. 43 year old Khairul is married with three children. We hope to meet Khairul at future club functions.

SCHOLARSHIP AWARDS for POST GRADUATE BUSINES STUDIES

Candidates must sign performance bonds with the Foundation but are not otherwise required to be bonded to work for the club.

So far 5 scholarships have been awarded and the scholarships are worth \$5,000 a year for two years. Past recipients include:

- * 1990 - Ms Lee Soon Sin *
- * 1991 - Ms Siti Azlin Hj Dauta *
- * 1992 - Ms Rosalind Tan Chong Hwei *
- * 1993 - En Mansor Mohd Kassim *
- * 1993 - Mr Ong Eng Leong *

The HBSACM Foundation annually awards postgraduate scholarships to outstanding graduates wishing to pursue further studies in business administration. Successful candidates must be Malaysian citizens with at least a Two Upper Hons degree from a recognised University, and must have been admitted for full time studies leading to a doctorate or a Masters Degree in Business Studies, in an approved institution of Higher Learning. The scholarship is tenable for two years.

CONGRATULATIONS DUE TO:

- Tan Sri Jamil Mohd Jan,
President of HICOM on recently being awarded the PSM from His Majesty the Yang Di Pertuan Agong.
- Mrs Lillian Too,
Executive Chairman of Konsep Lagenda on the release of her third book on FENG SHUI. Her first two books on the subject are local & regional bestsellers. Lillian Too has also recently launched her series of motivational cassette tapes.

PAST PRESIDENTS

HARVARD

BUSINESS SCHOOL ALUMNI CLUB of MALAYSIA

1977 YB DATO SULEIMAN bin ABDULLAH

1978 YM RAJA TAN SRI MUHD ALIAS bin RAJA MUHD ALI

1979 YM RAJA TAN SRI MUHD ALIAS bin RAJA MUHD ALI

1980 YB TAN SRI HASHIM bin AMAN

1981 MR NG SING HWA

1982 MRS LILLIAN TOO

1983 YB TAN SRI DATO HJ ABDUL AZIZ bin ABDUL RAHMAN

1984 YB TAN SRI DATO DR MOHD RASHDAN BABA

1985 YB DATO MUSTAFA MD ALI

1986 MR DAVID C.C. LEONG

1987 YB DATO MOHD NOOR ISMAIL

1988 YB GEN (R) TAN SRI DATO ZAIN HASHIM

1989 YB DATUK ALLADIN HASHIM

1990 MR ABDULLAH MAT ZAID

1991 YB TAN SRI SAW HUAT LYE

1992 YB DATO NG CHENG KUAI

1993 MR G. GNANALINGAM

MEMBERS at MAYBANK LUNCHEON



Vice president Wong Wing Wool and committee member Tan Sri Jallaluddin with Maybank directors.



Senior Maybank management pictured here with past president, Mrs Lillian Too at the luncheon.