

Harvard Business School Alumni Club of Malaysia

NEWSLETTER

MARCH 2003



Gift of Gold

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26th Annual General Meeting
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A pledge for better communication

THE Executive Committee for 2002/2003 assumed office on December 18, 2002. On behalf of the new Committee, I wish to thank members for electing us. I am sure the new Committee will join me to better serve the members.

At the AGM, one of the thorniest issues raised was that relating to communication with members. Our secretariat will be updating the addresses of members and I hope that in future circulars, notices and newsletters from the HBSACM will reach the members on time. For those of you who have not updated

your particulars, especially your mailing address, I urge you to do so immediately.



YM Raja
Sharifuddin Abidin

Many activities have been planned for this year. A new Executive Development Programme is in the pipeline. This programme is for the young executives and owners of SMIs. We are also reviving the regional HBS Alumni gathering and I hope it will be well received by our counter-parts from this region. We are also looking into funding a research project that will be useful to the company involved in the project and also to the researchers. As in the past our activities need

your support. I am glad that the recent seminar by Tarun Khanna was well received.

The AGM also approved the creation of the post of Executive Director of the Club. The Executive Committee agreed to appoint Dato' Abdullah Mat Zaid to the post. Many will remember him as the main organiser of the SMDP for many years. I believe that his appointment will enhance the activities of the Club.

A belated Happy New Year to all!

Cover story

Nur Aini is 2002 Gold Medal winner

UNIVERSITY Malaya graduate Nur Aini Ong was awarded the prestigious Harvard Business Club Gold Medal for 2002 recently.

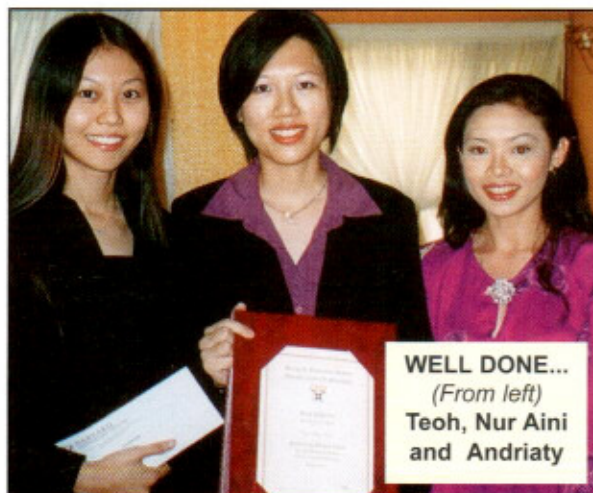
The award comes with a gold medal, a certificate, and RM5,000.

Nur Aini graduated with a Bachelor of Accounting Honours. She is the Best Overall Student of UM and will receive the Royal Award.

The first runner-up is Teoh Mooi Koon from Universiti Utara Malaysia who was on the Dean's list five times and awarded Best Student (Academic) by UUM.

The second runner-up is a former member of local group Feminin, Andriaty Abdul Rahman from Universiti Teknologi Mara. They received RM3,000 each.

All three received their awards from Guest of Honour, the Vice-Chancellor of UiTM, Y Bhg Datuk Professor Dr Ibrahim Abu Samahat at the 19th Gold Medal Award and 11th



Scholarship Award ceremony held on January 24.

The annual Gold Medal award is to honour the most outstanding Business Administration student graduating from the faculties of Economics/Business Administration from the local universities.

The award is to encourage and give recognition to the successful students who had achieved excellence

in pursuing Business studies to become management professionals who will play an important role in the development of the country.

Fourteen students received the Scholarship Awards which are given out to those pursuing Business Studies and other related fields.

Candidates for the Scholarship Awards must be a Malaysian citizen and have at least a Second Class Upper Honours degree from a recognised university.

He/she must have been admitted for full-time studies leading to a Masters Degree in Business Studies at a local university.

Each scholarship is worth RM14,000. YM Raja Sharifuddin Abidin, the President of the Club, presented the scholarships.

The award ceremony was hosted by UiTM and was held at the Dewan Sri Impian Hotel UiTM Shah Alam.

From Class Monitor to Chairman

THE 12th Senior Management Development Programme (SMDP) Class Monitor YBhg Datuk Dr Ridzwan Bakar has been appointed chairman of Pantai Holdings Bhd recently.

We congratulate him on his new appointment and wish him every success in leading his organisation to greater heights.

Many of us still remember his speech at the graduation dinner on 25th August 2002 at the Awana Golf and Country Resort.

Here are excerpts of his speech: "Two weeks ago when we checked into the Awana, there was a range of emotions that crossed our minds.

"Some of us were here because we were induced by our bosses. Some of us because we had heard about the reputation of the course. But, I sincerely believe for all of us, that we have truly benefited from the wisdom and experience of the Faculty Staff from the Harvard Business School.

"Not only did the faculty staff commit themselves 101% to assist in



Datuk Dr Ridzwan appointed chairman of Pantai Holdings Bhd

our professional development, but they also left us with several pearls of wisdom.

"...we may not have been the sharpest crayons in the box at the start of the course, but we have certainly developed into the kind of people that will no longer stamp on the mice on the jungle floor, but instead will be out

there hunting the elephants.

"It has often been said to me, when I wanted to transform from managing patients to managing healthcare, that: If you want to get to the pot at the end of the rainbow, you have to get wet.

"I think the participants here not only got wet, we got drenched."

Dr Ridzwan was first appointed to the board of Pantai Holdings in August 1998.

He graduated from Universiti Malaya, Faculty of Medicine, in 1975, and completed his post-graduate training in Britain. He is a fellow of the Royal College of Physicians of London, Glasgow, Edinburgh and Ireland.

Dr Ridzwan has been with the Pantai Medical Centre for the last 20 years as a consultant cardiologist and for the last four years in a management capacity at Pantai as group chief executive officer of the hospital operations division.

He is also the president of the Association of Private Hospitals Malaysia.

HBSACM @ Work

Students at rural schools get more computers

FOR the financial year 2001/2002, an Orang Asli school in Gua Musang, Kelantan, received several computers from the Harvard Business School Alumni Club of Malaysia.

Our President then, Professor Dr Syed Abdullah Almodhzar, and committee member Tuan Haji Yusof Talif presented the computers to the school.

When DYMM Yang Di-Pertuan Agong graced our last Anniversary

Dinner, His Majesty was briefed of our Club's activities and was pleased with the contributions of computers to the rural school. The King urged the Club to continue with the good work.

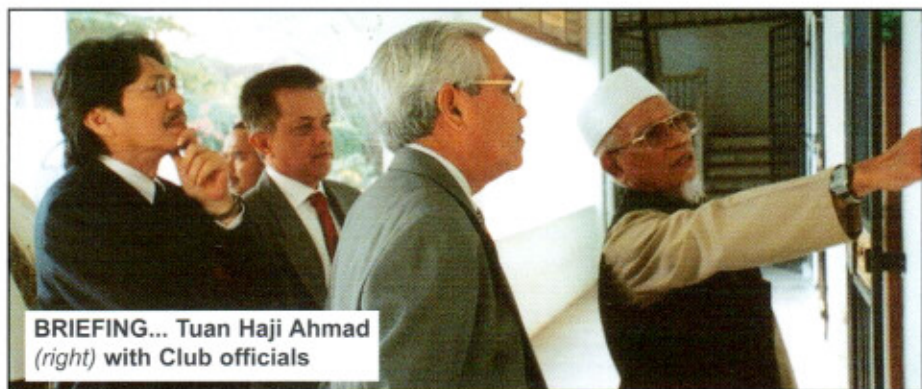
Thus, for the financial year 2002/2003, the Club will donate several more computers.

This time the computers will be given to schools under the Yayasan Islam Perlis.

On January 13, the incumbent

President, YM Raja Sharifuddin, and three executive members met the officials of the Yayasan, including its director Tuan Haji Ahmad Haji Said in Arau, Perlis. The club will donate 20 computers to the Yayasan. The computers will be placed in Sekolah Al Alawiyah Ad Diniah, Arau, and Institut Pengajian Tinggi Islam Perlis.

The visit to the Yayasan was followed by a courtesy call on DYMM Pemangku Tuanku Raja Perlis.



BRIEFING... Tuan Haji Ahmad (right) with Club officials



IMPORTANT DUTY... (From left) Mohd Nizar Idris, Ahmad Rosdi Mohd Razali, YM Raja Sharifuddin Abidin, Prof Dr Syed Abdullah Almohdzar, Tan Sri G. Gnanalingam, Wong Heng Wool and Yusof Talif



Changing of the guard

THE 26th Annual General Meeting of the Harvard Business School Alumni Club of Malaysia was held on December 18th, 2002, at the Kuala Lumpur Golf and Country Club, Bukit Kiara, Kuala Lumpur. The members present at the meeting elected new office-bearers for 2002/2003.



QUESTION TIME... Tan Sri Dr Abdul Aziz Abdul Rahman posing a query. On the left is Dato' Mustapha Md Ali

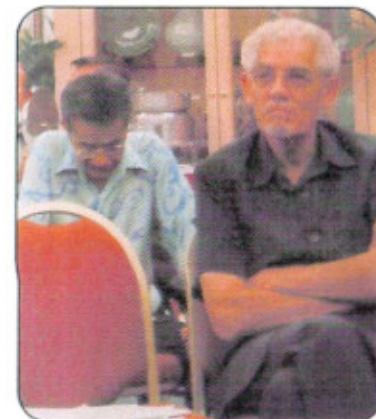


RAPT ATTENTION... Some of the members following the proceedings



(From left) Mike Inderaj, Liza Mansur and Andre

MAY WE KNOW... Mohd Nadzir Mahmud at the microphone with Siva Ramakrishnan



DEEP IN THOUGHT... Tan Sri Zain Hashim (right)

The line-up for 2002/2003

Patron

Dato' Seri Dr Mahathir Mohamad

President

YM Raja Sharifuddin Abidin

Vice-Presidents

Hj Annuar Hamdan Mohammad

Mohan Ramalingam

Hon. Secretary

Mohd. Ghazali Kamal Baharein

Hon. Asst. Secretary

Hj. Ahmad Rosdi Mohd. Razali

Hon. Treasurer

Tan Sri Dato' G. Gnanalingam

Director of Activities

Dato' Abdullah Mat Zaid

Committee Members

Datuk Haji Othman Yusoff

Datuk Tay Ah Lek

Wong Heng Wooli

Haji Mohd Yusof Talif

Ex-Officio

Prof. Dr. Syed Abdullah Almohdzar

A purposeful walk

• This article was first published in the Harvard Business School Bulletin

WHAT'S behind the current crisis in US financial markets?

Wall Street has always been a hornet's nest of potential conflicts of interest, and we've seen companies stray over the edge of ethical impropriety before. This time, however, the tendency to test the limits was exacerbated by the enormous surge in stock values, profits, and economic activity during the 1990s. A lot was glossed over or obscured by the stampede of the bulls.

I'm not at all surprised by the nature of the conflicts that have been revealed, nor the areas in which abuses have taken place. These minefields have long been apparent to industry participants. What I find sobering is that a number of firms have been unable to manage these wellknown conflicts in a responsible manner relative to the public and their own shareholders. In my view, these are the most widespread allegations of wrongdoing on Wall Street since World War II.

People got sloppy. People got greedy. Now we've got to tighten up.

What are some of the key actions that must be taken?

Heightened surveillance overall is essential. As for reforms, one step would be to require that securities analysts be genuinely independent of the investment banking side of the firms they work for. Profits on the investment banking side loom so large that they're a siren song that's hard to resist.

Another crucial step would be to ensure that public accounting firms once again become bona fide watchdogs.

Too often, lucrative consulting contracts have caused accounting firms to relax their auditing standards to placate management. Self-regulation in the private sector requires truly independent and sharp-eyed accounting firms -- the alternative would be a disaster of bureaucratic gridlock in the form of line-by-line audits by the federal government.

Down Wall Street



HAYES... Self-regulation can be fragile

Can Wall Street's leaders restore trust in the markets' integrity?

Yes, I think they can. But they must exercise a truly long-term view of their industry and not be seduced in the short term by the extreme competitiveness of the investment banking and securities marketplace. I've seen firsthand how that competitiveness can undermine the best intentions of high-ranking industry executives.

In 1995, I served on a small blue-ribbon committee, established by then SEC chair Arthur Levitt, to formulate best practices with regard to stockbrokers' activities and compensation.

These were not legislative remedies, they were recommendations for voluntary standards of conduct, and all the big firms -- and their leaders -- agreed to follow them. But it wasn't long before one firm violated that understanding, and to avoid being put at a competitive disadvantage, everybody else began ignoring the recommendations too.

From that experience and others, I know that intra-industry trust and effective self-regulation can be fragile. That, of course, affects investor confidence.

Given that fragility, what rules and enforcement are appropriate?

The capital markets are so complex and fast-moving that their integrity must in the end rely on self-regulation, rather than on day-to-day oversight by some government bureaucracy. There's no way you can have meat inspectors stamping each individual steer. The meat packers themselves must make sure that all the product they sell is of good quality, as represented.

I believe the regulatory tools we have in place are enough. Considering its limited resources, the SEC does a remarkable job: I'd favor increasing its budget and the resources for its enforcement arm and making surprise "inspections" much more frequent.

Those who violate the law or SEC rules should be punished severely. Using fines is not sufficient. I think people have to go to jail.

Is the quarterly pressure on companies to report good results a factor in this scandal?

The focus on the short term has been a chronic plague on the financial system for years. It's partly tied to the cadre of security analysts on Wall Street who are influential in shaping the attitudes of institutional investors. When analysts predict strong numbers for the next quarter and they don't materialise, they often feel publicly embarrassed by their inaccuracy and take their anger out on the subject company by reversing a previous "buy" recommendation.

That causes many institutional investors to run for the exits in anticipation of a precipitous drop in the price of the shares, which could hurt their annual performance bonuses.

So you have a whole daisy chain of preoccupations that are short term in nature, created in part by the institutionalization of the market and the growth in research analysts' power.

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TARUN KHANNA ON COMPETITION AND STRATEGY

Going global at home



ATTENTIVE... Participants at the seminar by Tarun



TARUN... Successful companies originating from emerging markets

AN increasing number of successful companies are originating from emerging markets, said Professor Tarun Khanna.

He said a necessary condition to become an Emerging Giant is the identification and implementation of a business model that responds to local institutional voids.

Companies that have achieved this can often access specialised global intermediaries to further their emergence as world-

class competitors, he added.

Tarun was speaking following three one-day seminars on Competition and Strategy during his recent visit to KL. Besides two in-house programmes, a public programme was also held. Seventy people including past presidents, members and associate members attended the seminar on Competition and Strategy For Malaysian IT Entrepreneurs.

Two case studies on emerging giants were discussed in the morning followed by a lecture in the afternoon.

In his summary of the sessions, Tarun said the degree to which a company is "global" is itself a strategic choice. However, more global is not necessarily better.

Government support, while possibly helpful especially when accompanied by exposure to competition, is not necessary for creating an Emerging Giant.

"Going global" does not amount to "leaving the home country", Tarun said.

Indeed, Emerging Giants usually benefit the home country.

Short-term numbers game

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What can be done about that?

If I could do one thing, I would eliminate quarterly reports.

While I think the best market is a well-informed market, I believe we've created a short-term numbers game that plays to the darker side of managerial action, and is a negative influence on sound corporate strategy.

Perhaps the reporting system should move to no more than semiannual earnings releases.

Has too much corporate money in Washington contributed to this crisis?

It would be irresponsible for corporations not to strive to get their voices heard where they perceive their well-being to be at stake.

Having said that, to the extent that this money has attempted to lessen regulatory oversight or mandated standards of conduct, I think the private sector should now welcome steps that restore the trust of investors and the general public.

What should business schools do?

We need to screen out any applicants whom we may suspect do not have an already well-developed moral compass. While we should not have to point out to students what is "right" and what is "wrong," we can guide them through the gray areas of decision-making. HBS puts these concerns front and centre with the ethics module and with its efforts to incorporate in all its offerings situations in which ethical judgments are key. - By Garry Emmons

Showing courage under fire

EVERY day, in every facet of our lives, opportunities to lead call out to us. At work and at home, in our local communities and in the global village, the chance to make a difference beckons. Yet often, we hesitate. For all its passion and promise, for all its excitement and rewards, leading is risky, dangerous work.

Why? Because real leadership - the kind that surfaces conflict, challenges long-held beliefs, and demands new ways of doing things - causes pain. And when people feel threatened, they take aim at the person pushing for change. As a result, leaders often get hurt both personally and professionally.

In *Leadership on the Line*, renowned leadership authorities Ronald A. Heifetz and Marty Linsky marshall a half century of combined teaching and consulting experience to show that it is possible to put ourselves on the line, respond effectively to the risks, and live to celebrate our efforts.

With compelling examples including the presidents of countries

and the presidents of organizations, everyday managers and prominent activists, politicians and parents, the authors illustrate proven strategies for surviving and thriving amidst the dangers of leading:

- "Getting on the balcony": stepping back to get perspective while remaining fiercely engaged.
- "Thinking politically": keeping the opposition close,

but watching your allies, too.

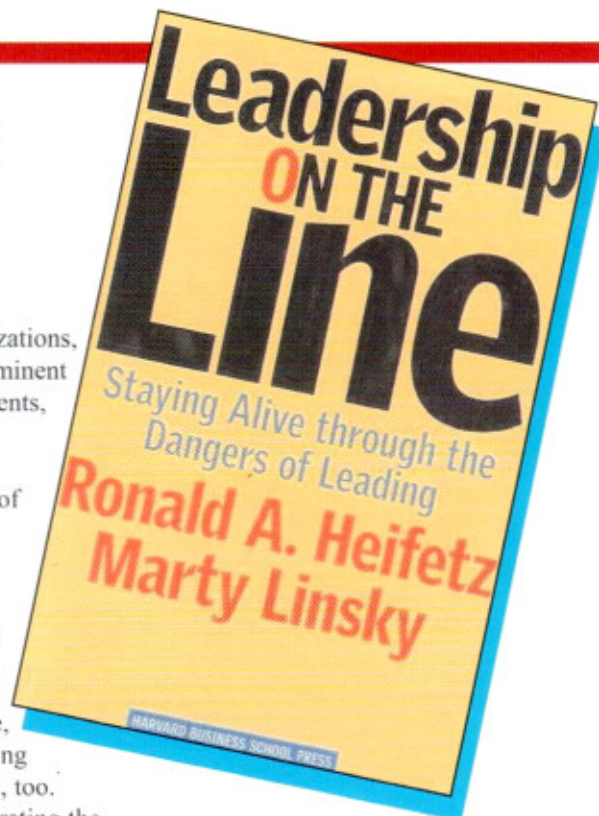
- "Orchestrating the conflict": using stress productively on those who need to make the change.
- "Holding steady": maintaining your focus while taking the heat.

The authors also address often-

neglected aspects of leadership, such as how to manage your personal vulnerabilities, and how to anchor yourself and sustain your spirit through tough times.

Both uplifting and practical, this essential book enables each of us to lead courageously and confidently - without losing ourselves.

**LEADERSHIP ON THE
LINE: STAYING ALIVE
THROUGH THE DANGERS
OF LEADING**
by Ronald A. Heifetz and
Marty Linsky
Harvard Business School
Press, 2002



About the authors

Ronald A. Heifetz and Marty Linsky serve on the faculty of the John F. Kennedy School of Government at Harvard University. Heifetz is the author of *Leadership Without Easy Answers* and Founding Director of the school's Center for Public Leadership. Linsky is Faculty Chair of many of the school's executive programmes.

How to Order

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■ Free delivery within Malaysia for HBSACM's members.

Diary - what's happening where

• STRATEGY: FROM FORMULATION TO IMPLEMENTATION

What: The HBS is introducing a new Executive Education programme called *Strategy: From Formulation to Implementation*. The programme is designed to help senior-level executives understand the intensifying nature of competition around the world and the increasingly important role of corporate boards and capital markets. The teaching team includes Tarun Khanna, Professor and Novartis Fellow, Nitin Nohria, Richard P. Chapman Professor of Business Administration, and Krishna G. Palepu, Ross Graham Walker Professor of Business Administration.

When: April 22 to 25, 2003.

Apply: At www.exed.hbs.edu.

• SHANGHAI JUNE

What: The Harvard Business School Global Alumni Conference themed *From the Commanding Heights to the Market: The Changing Face of Business*. Speakers include the Hon. Elaine Chao, US Secretary of Labour; Dean Kim Clark; Henry Schacht, Chairman of Lucent Technologies; the Hon. George Yeo, Minister of Trade and Industry, Singapore; and Kenneth Curtis, Vice Chairman of Goldman Sachs.

When: June 17 to 20, 2003

Where: Shanghai, China

Enquiries: Please visit alumni@hbs.edu for further details on the Conference. For all enquiries about registration, please contact the Conference Secretariat in Hong Kong at telephone no 852 2509 3430.

E-mail: hbssh2003@mphk.com.