

Title: JAGUH KAMPUNG – A Personal Perspective on Business Outside Malaysian Shores
Event: Leaders for Tomorrow (L4T) Lecture Series
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Speaker: YAB Tun Daim Zainuddin

Since my second retirement in 2001, I have accepted only one invitation to speak in Malaysia and that was in 2004.

So to accept this invitation, it took some serious thinking on my part. I have spoken many times overseas but at home I think people may be tired of hearing me talk all the time so as a retiree I should just keep quiet!

I accepted this invitation because I have great faith in our young people. For us as a nation to grow and succeed in the future we need good leaders and you here are our leaders of tomorrow.

So, thank you Tengku Zafrul Aziz for inviting me. The topic you chose is interesting - Jaguh Kampung, A Personal Perspective on Business Outside Malaysian Shores.

Nowadays, the term Jaguh Kampung seems to suggest our failures. It dismisses our achievements and local successes. It portrays us as a failure overseas. It looks down upon us. It used to refer to sports, now it encompasses business.

I do not see anything derogatory about being a Jaguh Kampung, for how can you succeed globally if you have not achieved success even at home. It is here that you hone your skills, know of your strengths and weakness, make your mistakes and learn from it; it is here that you plant the seed of your success overseas. It is only negative when you are successful at home yet not able to translate the same success abroad. Why?

It has been argued that Malaysians are far too comfortable at home and therefore cannot stand the competition outside. For the Malays particularly it is said that we do not have the history of migrants who came in junks and sampans to make a new life in a new land; that we have no history of doing business and that there is no NEP overseas.

I don't subscribe to such an argument. Many non-Malays fail too. Many non-Malays who have succeeded here with Government help have failed overseas. It has nothing to do race and everything to do with ourselves. We have to see our own strengths and weakness to know why we succeed and why we fail. I have no sociological or anthropological thesis on this but I can tell you of my personal experience to illustrate, if that is of any help.

So, I guess I shall start from the beginning. I come from a small place called Lorong Kampong Padang in Kota Tanah, Seberang Perak, Kedah. Growing up I was confused, we had no padang, no kota (fort), no perak (silver)! It was a small kampong where everyone knew everyone. Yet this village produced 3 doctors, 2 veterinary surgeons, a dentist and may top civil servants. As far as I knew, they were no lawyers, yet my father kept urging me "Grow up to be a lawyer".

Two of the three doctors were Dr Mahathir who married another doctor, and Dr Bakar who married Tan Sri Dr Salmah, the first female Malay doctor in the country. Amongst my schoolmates and seniors were Tan Sri Hanafiah Ahmad of Tabung Haji, Tan Sri Hanafiah Hussein, the first Malay Chartered Accountant, and Tan Sri Bakar Hamid, Head of Income tax. The list goes on.

The late Tun Zahir (Speaker of Parliament) helped me with my admission to Lincoln's Inn. In London I was friends with other students some of whom went on to become Judges, Chief Justices, President of the Ct. of Appeal, Lord Presidents, top Civil Servants etc. I learnt politics from the likes of Syed Albar and even when back in Kuala Lumpur he would come to my house weekends and drive me around Kuala Lumpur introducing me to the whos who of Malay politics. Hussein Onn would tell me Malayan political history.

When I moved to Kelantan I got to know the various political leaders in PAS like Asri, Zulkifli and Wan Mustapha. In fact PAS was the first to offer me to stand for election. When I joined the Legal Service, I served in Johor and Perak and build up further my network of friends.

When I was in private practice I represented the Governor of Sarawak in the case of Stephen Kalong Ningkan. I was in Allen & Gledhill then and a very junior lawyer too but the senior partner asked me to do it as he thought that I was able to handle it as he considered me well read and thorough in my work plus he knew that I was well versed in the politics of the day. It was during this case that I got to know Tun Razak, Tun Rahman Yakob and Tan Sri Taib Mahmmud. At 28, I attended my first Cabinet meeting to brief the Cabinet on the case. I never thought that 18 years later I would be attending it weekly.

Tengku Razaleigh and Manan Othman for reasons known to themselves, recommended to Hussein Onn that I be appointed a Senator. Suddenly people wanted to find out who this Daim was. Manan when he was Minister of Public Enterprise, put me on Board of UDA as I was recognized as a successful property developer then and later made me chairman of Peremba. When Tun Mahathir became PM, he appointed me as Chairman of Fleet Group. Tan Sri Sanusi made me Chairman of Rakyat First Merchant Bank. In 1984, Tun Mahathir made me Minister of Finance.

It is from all these people that I learnt so much and who had in some way or the other helped me in my professional, business and political life.

I was also a busy body and had an opinion on everything. I was there when Tan Chee Koon, Lim Chong Eu and Syed Hussein formed Parti Gerakan. I took part in the debate on the issue of Bahasa Kebangsaan and had friends who alerted me that I was to be arrested under the ISA on the issue. I wrote letters to the Prime Ministers in office, offering them my 2 cents worth, the advice unasked and often ignored but that did not deter me.

I started my private practice with some savings and a RM60k loan from MARA. I furnished my office frugally and spent the rest on the stock market. When May 13 came I almost lost the shirt on my back. I learnt there and then that the stock market is not a casino for me to gamble in but that investment has to be made through informed choices. Later when I decided to go back to the market I only invested in quality and strategic stocks.

Before I could invest in these quality stocks I had to make money to pay off my debts. Luckily I had my practice; but the need to succeed was too strong for me to remain purely a lawyer. Not one to give up, I decided to go into business. I invested in a salt making business – everyone needs salt right? well, an unseasonal storm washed that away! I went into many businesses that didn't too well, until I decided to go into property development. I approach Dato Harun Idris then MB of Selangor for a piece of an abandoned, disused mining land. I paid the premium for it and finally was on the road to success. It was not easy going. It would have been easier if it was a piece of flat estate land, instead I had many lakes to be filled before I can build.

But if it had been easy then I'm not sure I would have learnt the lessons that failure teaches you. Failure is a great teacher if you are willing to learn. My tenacity was my strength. I never gave up. As Churchill said "Success is not final and failure is not fatal. It is the courage to continue that counts". I stumbled, picked myself up and continued.

By the time I was in my mid thirties I was a millionaire. With the money I made I went looking for my strategic stakes not only in the stock market but also in properties. By the time I join the Cabinet I was the shareholder of Raleigh Bhd (a name famous worldwide for its bicycle, made since 1887) Raleigh had shares in Prudential and had landed properties and another listed company. I bought into UEP which had a 1,400 acre land bank which I later reversed into SIME for shares, making me the single largest shareholder of SIME then. I also had a Joint Venture with the State Government of Kedah to develop 2,000 acres of converted land. Maluri also JV'ed with PNB to develop 600 acres of land in Kajang. I had a housing estate in Malacca. My land bank was massive. I was also a founding shareholder and chairman of TV3. I was also the largest individual shareholder in Nestle, and in Jaya Jusco. I had 4 factories in Malacca producing cast iron, plastic, packaging and preserved foods. I also invested in a haulage company. I also had a stake in UMBC Bank. I'm telling you all this not to show off and impress you but to share with you my journey.

When I was asked by Dr Mahathir to join the Government I had to think very carefully. I knew it will be a sacrifice on my part to take the offer but then this would not be the first time I have been asked to sacrifice in the name of national interest. When I had the opportunity to increase my share in SIME to 30% Dr. Mahathir heard about it and asked me not to take it up as it would be better to be given to PNB. When UMNO youth objected to MCA buying shares in UMBC, MCA approached me to exchange my controlling shares in Malaysian French Bank for a non controlling stake in UMBC. I was not keen to give up control in one for non-controlling in another, further I had to borrow as I was buying into a bigger bank, but the government insisted on the exchange for economic and political stability. By the time the deal was completed I was made MoF and later had to sell my stake. The government insisted that I can only sell to a Bumi or Bumi company and at cost too! I had much higher offers from non Bumis and could have made money on this sale but I have no choice. On top of it all, I had to pay tax on the sale too!

As I said earlier, it was a sacrifice on my part. Joining the Government also meant that I would have to give up my business. I was rich and answered to no one. I was carefree and wanted to enjoy the fruits of my labour. I had my privacy which I value highly. It was a difficult decision to make. I took more than a month to think it over. Whilst I would sacrifice a life of greater wealth, there is more to life than making money and more money. At some point you have to look beyond material wealth and personal interest. In the end the call to serve was made, partially because growing up my father had always drummed it into my head that there was no better calling than to be serving the government. That to be of service is an honour. And he also thought that I should be Prime Minister. In fact when I was appointed MoF and I told him, he replied "bukan PM?!!" Obviously he thought very highly of me.

There has been bouquets and brickbats, but I did not take the job to win a popularity contest. National interest comes first and in the end, you have to do what you think is best for the nation. Joining the government has brought me immense satisfaction to see the economy succeed from an agrarian economy to an industrialised economy. If I had not joined the government I would have been far richer in wealth but so much poorer in experience. If there is any regret, it is regret for the loss of my privacy.

I couldn't have done all this on my own. The friends I knew, the network I built was very useful. You cannot be successful if you are a hermit staying in your house watching TV after work. Whether its through school, work or sports, there is always an opportunity to meet people. Networking, building relationships, what the Chinese called "quan xi", is important in business – you never know who you meet may be your guardian angel in disguise. Of course I'm not suggesting that you make friends for an ulterior motive – if you are not sincere, people can see through you. If you use people, it can only work once or twice before you lose your reputation and that, if once lost cannot be recovered.

Whenever I travel and meet people I would always write to them, to thank them, to keep in touch, to invite them over etc. So wherever I went I always knew someone or the other. But mix with like minded people. Your so called friends can lead you astray. As I have said earlier, networking is very important but is of no use when all you do with your network of friends is to "omong-omong kosong".

Saudara, Saudari / Ladies and Gentlemen

After retirement I had no ministry and no company to run. All my life I have been active and staying home doing gardening and playing golf did not appeal to me. After a few months I was restless. I reassessed my situation – do I restart in Malaysia? If I did, and succeeded, my success would be questioned as I still had friends and contacts both in and out of Government. I had nothing to prove but I thought if I could succeed in Malaysia, maybe I could do so overseas. As I've said earlier Malays have been criticised that they can only succeed because of the NEP, I thought that I owe it to the Malays to prove otherwise.

In the course of my work as MoF I travelled and engage with various people, government and non-government everywhere. I had visited Eastern Europe and was convinced that Russia could not hold on to them for very long.

In 1994 I started my banks in Republic of Czech and then Hungary, Albania, Bosnia. Whatever we may say of Russia, it left behind a very good education system and excellent infrastructure. Still, it was tough to do business there. There is the question of language and there was no experience of market economy. It was not easy to get Malaysians to work there and the locals were used to working for the government. We had to motivate them to work for profit, to understand that we go into business to make profit, profit to pay salaries, bonuses and to expand.

If Eastern Europe was tough, Africa was tougher. Why Africa? Its too long to go into but if you are interested I've given my reasons in a separate paper. Its with Tengku Zafrul. It was not easy for us to start in Africa. We were not Citibank or HSBC or Standard Chartered. Whilst most of the Governments in Africa knew me when I was MoF and I was involved in both the Smart Partnership and South-South Cooperation, nobody knew the Bank. Tun Dr. Mahathir's name carries a lot of weight and Malaysia under him was held in high esteem. All these helped but we still had to prove ourselves and further we had to carry the burden of maintaining Malaysia's good name. Failure was not an option.

Africa was tough. There was little discipline, most do not have the expertise nor the experience. The better ones had left and were in Europe or America. The pool to draw staff was small. If it was difficult to entice Malaysians to Eastern Europe, you can imagine what it was like to ask them to go to Africa!

We started from scratch. Fortunately for me, I had an excellent team who understood and shared my vision. The team you build is critical. You cannot do it alone.

My team were as determined as me to succeed. We had put our money there and our reputation and the country's reputation were at stake. My team were motivated and prepared to sacrifice the comforts of home to blaze a trail there. It was pure team work and dedication that made it. Without a good team, no way would we be where we are today. Our banks have won many awards, particularly Euromoney's Bank of the Year awards, some of them repeatedly. I am very proud of them. And I must add that we have a good reputation in Africa.

Wherever I go and I meet Presidents, Prime Ministers, MoF, Governors of Central Bank of countries where we operate and where we don't, they now know us and of us and are happy with us. They see that we have been fair and honest. We treat them as partners and equals. We train the locals and it is a measure of our success that our local staff are always in demand and poached by other financial institutions. We get a lot of requests to open up in their countries but we are limited by our resources. We cannot over-stretch ourselves and end up with quantity but not quality. Quality is of the utmost importance.

Today we have a presence in 10 countries in Africa and have also expanded our reach into Asia; Indonesia, Bangladesh, Laos, and are looking at other neighbouring countries. People must think that you have to be immensely rich to be in Europe, Africa and Asia, but that is not true. When we first started, the paid up for each bank was only US\$2 million. Today a European bank's paid up must be at least Euro 5 million, in Yemen for example, about US\$20 million, and in Nigeria about US\$100 million. With that kind of requirement, we had to reassess our business plans. We sold off Europe and with the proceeds decided to go to Asia.

In every business you start with a plan but the plan has to be re-evaluated, reassessed, and reconsidered at every turn. What works today may not necessarily work tomorrow. Facts change, operating conditions change and we must change with it. Business is not static and we cannot run on the spot.

I know I have gone on too much, boring you with my personal history.

Seriously, though, what distinguishes one who succeeds from one who fails? Everyone I'm sure starts out wanting success, but it has been said that success usually comes to those who were too busy to look for it. It is a sacrifice. You will have to defer immediate gratification and forgo leisure. You have to be the first to arrive and the last to leave. It really is hard work and nothing else.

There is just no substitute for hard work. But you cannot work hard stupidly. You have to plan, execute the plan, change the plan when necessary to suit changing situations. As was said by Darwin - "It is not the strongest of the species that survive, nor the most intelligent, but the one that is most adaptable to change". How do you know that the situation changes? You have to read, read and read. Read all the time. Be curious about the world around you. Try to keep up with the latest in technology and business, the latest trends and the geo-political changes too. As an example, when I read that the French Government was nationalising its banks I realised that it would have to sell its bank in Malaysia as Malaysia then did not allow government-owned banks to operate in Malaysia. I saw an opportunity here and decided to contact the French Government to take over the Indo-Suez Bank which I later renamed the Malaysian French Bank. Nothing ventured, nothing gained.

It is also important that you take the opportunity to work in and learn from businesses that have been successful. It is no embarrassment to say you don't know and to be aware of your own limitations. Never be too proud to learn from others. But on the other hand, do not follow blindly. If someone is successful at one thing it does not mean that you can too. You have to

know yourself. It helps if you can do something that you love. As Confucius said "Choose a job that you love and you will never have to work a day in your life". You have to be hands-on. No one is interested in your success except you. It's your money, and in most cases, borrowed money. You have to ensure your own success. You are your own best asset and the master of your own destiny, to make your own future. You have a choice to either work hard, remain committed, diligent, determined and disciplined or just buy a lottery ticket and hope to get rich overnight!

For the Malays particularly I say this to you – do not be afraid of competition. We are used to competing – we have other races to measure against, so there is no reason why we can't succeed. Don't believe in handouts, there is no such thing as a free lunch. Handouts do not test you and when faced with adversity, the price of that handout is failure.

For the Non-Malays, I say this to you – Do not accept any discrimination or perceived discrimination as an excuse for failure. See it as an obstacle to overcome and an opportunity to strengthen your resolve.

Do not fear the fear of failure. Do not fear to take chances. Do not fear of making mistakes that will shatter your confidence and fill you with doubts. You have to take a chance on life. When one door closes another opens but you have to look for that open door and not remain fixated on the closed door. Move on, you have done what you can. Learn from it and that will give you confidence in the next venture.

In your quest for success, be wary of making compromises; your values and beliefs will be tested. Have a clear conscience in what you do as you have to face the mirror everyday. Do not let praise go to your head nor criticism weigh you down. Have faith in yourself and faith in God. He will not let you down.

When you have achieved material successes, live simply and shun extravagance and arrogance. Do not lose all that you have achieved because you were resting on your laurels. What happens when that laurel wilts? Be humble and reach out to those less fortunate than you. Your success is an obligation and a responsibility to your society and it is only when you give back to society that you are truly successful.

Ladies and Gentlemen/ Saudara, Saudari

Be brave to leave your 'kampung' and go anywhere in the world to claim your future. I wish you well.

Thank you.