

Dr M on the way to industrial growth

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PETALING JAYA, Wed. — (Datuk Seri Dr Mahathir Mohamad) today stressed the need for developing countries like Malaysia to systematically examine opportunities to introduce new concepts and activities in industrial development.

The Malaysian Government, he said, had already established the institutional framework and created the necessary environment for the private sector to show its creativity and take the lead in industrial investments.

"Privatisation, Malaysia Incorporated and the formation of Hicom and small business development centres and many more socio-economic and commercial corporations are but some of the ways to achieve this end.

"What is left is for the private sector to respond positively and play its role," he told the country's entrepreneurs.

"You have, within your resources, the ability to be creative and innovative, and to take the opportunity to work with the Government and at the same time achieve high profitability."

Dr Mahathir assured the private sector of the Government's support to genuine entrepreneurs who were committed to the country's industrialisation programme.

The Prime Minister was launching Malaysian Ventures Bhd, the country's first venture capital company established by Arab-Malaysian Merchant Bank and its partners, here tonight.

Ideas

He said he had spoken many times previously on the importance and role of venture capital in the Malaysian context and was happy that certain banks and business groups had started to look into the possibility of forming their own venture capital companies.

Malaysia, he said, lacked disciplined entrepreneurs with innovative

ideas.

Often entrepreneurs started small and failed not because they did not work hard enough but because they did not get the support they needed. Many with excellent ideas also failed because they lacked financial resources.

"As they are starting anew, they do not have the track record to enable them to raise the funds they require."

Traditional bankers, he said, wanted to see their past performances and track record but there was no track record to talk about in the case of a pioneer company.

"This is not to imply that bankers should not be prudent, as indeed they must be, as custodians of depositors' funds. But they should not be afraid to allocate a small portion of their resources to invest in new businesses.

Financing

"It is the venture capitalists, who are willing to take calculated risks and who can help to encourage new products and services and have developed them into growth

industries, that have enabled new technologies to be developed.

"I am particularly pleased to see the birth of such an institution in this country. I understand Malaysian Ventures Bhd was widely used the will not only provide equity financing but also technological and marketing support.

Dr Mahathir warned that knowhow or an idea alone did not ensure business success. He stressed the need for knowhow to be combined with management and marketing expertise.

In this respect, the person who had the knowhow but who did not have the other attributes should work with others who had.

"That way he will not only improve the chances of success but should there be a failure, he will not bear the whole burden."

"In Malaysian society, it is natural for everyone to keep his knowledge to himself. He will not share it with anyone else for fear of losing his advantage."

Sharing

He said the difference

in Western societies was that knowledge was freely shared through publication and other means.

The innovator getting royalty or some kind of fee. As the knowledge became very large, small royalty became very large.

The Prime Minister urged Malaysians to change their attitude towards sharing knowledge, to spread and less business risks.

The venture capital industry being in the embryonic stage here, an immediate take-off as had happened in the United States could not be expected.

"It is the emphasis on entrepreneurship and the application of existing technology rather than technological breakthrough that would make venture capital attractive here.

"Technology can be imported, adapted, improved upon and applied to create value-added industries."

Dr Mahathir cited the example of Japan which started off by using the technology developed by others but became a source of inspiration for her former teachers.

Citing the example of the Rubber Research Institute in Malaysia which was "second to none", Dr Mahathir said:

"Given the proper support, we can develop into other fields such as genetic engineering to improve our oil palm and other food crops.

Risks

"No doubt venture capital involves a certain degree of risks. Not many people would want to venture into the unknown.

"But as practical businessmen, you must know that the success of a business extends beyond balance sheet figures and the immediate ability to repay. For those who can minimise the risks, the rewards could be substantial."