

INGREDIENTS FOR SUCCESS IN TRADE

NSuar 15 DEC 1983

KUALALUMPUR, Sat. — Prudence and effective management are the key terms to remember in ensuring a healthy and successful business enterprise, Datuk Seri Dr Mahathir Mohamad said today.

Referring to efforts made by certain businesses to project a picture of health to attract capital, he said it was more important to ensure that the business was as healthy as the picture projected.

It was important to administer a business properly, to establish a good track record and to place it on a healthy foundation.

The Prime Minister, who was opening the annual meeting of Koperasi Usaha Bersatu Malaysia Bhd (KUBB), referred to those who had bought into listed companies not because they were interested in the business but rather to speculate on the price of shares.

The companies themselves did not benefit from such speculation. Moreover, when share prices start falling and if the company wished to get loans based on the price of its shares, it would need a higher collateral.

He also referred to those businesses that sought to raise the value of their property or assets so as to be able to get bigger loans.

Campaign

There was no point in raising the value of assets if they could not be sold at that price. It was more important to conduct a business properly than to pay undue attention to share purchases, he said.

"Nothing is free in this world or the next," he said, referring to the need to realise that profits were earned through proper investment of money,

time and energy and not plucked out of the air.

He also referred to those who thought they could make profits without putting up their own capital by setting up "\$2 companies" and borrowing to do business.

Referring to the efforts of KUBB, the investment arm of Umno, to attract investors, Dr Mahathir said it was better for its management to establish its viability and profitability.

If it could show that it was a profitable concern it would not need to embark on a membership campaign as its performance would draw investors.

KUBB, he said, is a unique organisation as it is a business oriented co-operative which is affiliated to a political party.

He called on KUBB not be too dependent on its political affiliations but rely on business sense and profit motivation.