

16/06/1997

Dare to dream

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LOOKING OUT from the eleventh floor window of the 12-storey Menara Mesiniaga, Ismail Sulaiman ponders about his long service at Mesiniaga Sdn Bhd and its future direction.

Says the managing director, 'Mesiniaga was born out of a bold idea.' Sitting himself more comfortably, he continues, 'It was created as IBM's response to the New Economic Policy (NEP), to realise a dream of a bumiputera information technology (IT) company.'

Mesiniaga has always been synonymous with the longstanding and renowned world corporate giant IBM. Since its formation in 1982, Mesiniaga has grown into one of the most successful IT companies in Malaysia, dealing primarily as a sales vehicle for IBM products and services.

Ismail or Pak Mail as some of the younger employees affectionately call him, has been with IBM for 44 years. His involvement with IBM began shortly after graduating from college which, incidentally, pre-empted his original plan of joining the military forces. Graduating as an engineer from Madras University, he started in IBM as a service engineer and rose to become general manager in 1969. He was appointed managing director of Mesiniaga in 1981 upon his retirement from IBM.

Contemplating the future, Ismail lets out a long sigh. What would IBM be like after the year 2000? 'It is difficult to project so far ahead, the technology changes so fast,' he says thoughtfully. 'The business today is the business of the future, especially in information technology. We hope to be able to adapt to all changes in the environment.'

Ismail also plans to list Mesiniaga one day. 'I think we are ready to list but there is a process one must go through, so maybe someday we will. There are positive and negative aspects of being a listed company. Being listed would be advantageous to Mesiniaga as it would help expand the business. I think it is not a secret that we will, whether the timing is now, next year or the year after that, we're not sure.'

Ismail also says that like all other IT companies, Mesiniaga aspires to be a part of the Multimedia Super Corridor (MSC). It is participating in three of the flagship applications taskforces for the MSC, specifically in the electronic government, smart school and telemedicine applications. Currently, it is involved in several projects concerning the electronic government.

Mesiniaga has humble beginnings. It began as an idea during the early Seventies when IBM was first assessing and trying to find ways to address the NEP requirements. One of the ways to do this would have been to sell some of IBM's shares to some bumiputera organisations but 15 years ago, it was IBM's policy to own 100 per cent of its subsidiaries. 'So in those days, it would have been unusual to have a Malaysian subsidiary which was not fully operated by IBM,' says Ismail. Thus, a team comprising IBM officials, including Ismail, set out to hold discussions with the government. The result: rather than having IBM sell 30 per cent of its shares to a bumiputera company, it would create a bumiputera company that would be managed and run like IBM.

'We were excited as this would be a more exciting response to the NEP. We went to Datuk Seri Dr Mahathir Mohamad, who was then the deputy prime minister and he quite liked the idea. So that was how Mesiniaga started. It became a bumiputera-owned company but drew from IBM's experience and technology,' he says.

Subsequently, on Jan 1, 1982, Mesiniaga was incorporated with a staff of 50 from IBM's Office Products Division. 'Of course in those days, IBM was the number one company, so it was easy to have IBM as a model. There was no better model 15 years ago than IBM. IBM today is not the acknowledged number one company, so we have slowly changed,' he says. IBM and Mesiniaga now have a broader product line and a new marketing model incorporated into their business strategy. After 15 years, staff strength of Mesiniaga has swelled to 380 and they are all located in Menara Mesiniaga which in itself has become a landmark in Subang Jaya.

Mesiniaga's primary products are the low end IBM hardware like electric typewriters, copiers and personal computers while IBM Malaysia handles the larger machines like mainframe computers. Since its incorporation, Mesiniaga has been a dealer of hardware and today, although hardware is still a part of its total offering, it has incorporated value-added services as well. In terms of services, Mesiniaga offers network solutions and customised application programs.

According to Ismail, as technology and the marketplace changes, it is no longer possible for IBM and Mesiniaga to cover the entire marketplace. It is inevitable that Mesiniaga changes its approach to the market.

Mesiniaga was, until two years ago, the only source for IBM PCs. Since then, it has appointed distributors who have in turn appointed dealers to market the midrange and low range PCs and peripherals. Mesiniaga still services the major accounts for large companies and organisations. 'The key accounts are still serviced by us but the servicing of the home PC market is better done by our distributors and dealers. That is our marketing model. Before it was just IBM, then it was IBM and Mesiniaga but to extend our coverage of the market, we have now appointed dealers and distributors,' says Ismail.

In terms of market share, IBM captured in excess of 10 per cent of the PC market in 1996, making it sixth among the top 10 PC vendors in Malaysia. According to research by the International Data Corporation, IBM is surpassed by Acer, which ranks at number one, NEC, Compaq, IPC and Hewlett-Packard. The results of the research, in itself, marks an achievement for Mesiniaga. In 1995, IBM was not even among the top 10 PC vendors in Malaysia.

Ismail attributes its success in 1996 to the new competitive IBM products that were introduced and the recent appointment of dealers and distributors. The positive results showed the success of the appointment of distributors due to the wider market coverage. As for the new products, Ismail says IBM refreshed its entire line of products including new servers, desktops, Aptivas for the home and the mobile Thinkpads laptop computers.

'We plan to improve on our position,' he says, adding that Mesiniaga plans to perform better and execute more of the strategies that led to 1996 being a successful year. He also expects Mesiniaga to go on a more aggressive advertising campaign on IBM's new line of computers. Ismail also attributes the success of Mesiniaga to experienced senior management and employee loyalty. 'We have a low employee turnover rate compared to the industry average,' he says. 'Our staff turnover is between 12 to 15 per cent, while the industry average is about 25 per cent.'

He says finding qualified people is hard in the IT industry. Furthermore, Mesiniaga always attempts to maintain a bumiputera majority where staff is concerned. 'As a bumiputera company, we want to make sure of this and this in turn makes us more selective. There has to be more dedication and commitment towards making sure we hire people and train them.'

According to Ismail, ongoing education is important and is the key

formula to any company's growth. Mesiniaga has an Employee Development Department where it runs workshops, seminars and training for its employees. Since it also has access to IBM's training facilities and seminars, Mesiniaga's employees have a good opportunity to learn. Where management is concerned, Ismail says it is not easy to describe Mesiniaga's style. But as far as management practices go, Mesiniaga follows IBM's practices. 'First of all, we empower. There is a tremendous amount of empowerment in the company. Employees can make decisions. We try to create an entrepreneurial kind of atmosphere in the company,' he points out.

The company itself is very open, employees throughout the company refer to him by his first name. Mesiniaga also practises an open door policy. 'Figuratively speaking, my doors are always open. Employees do not need to make an appointment to see me about anything,' says Ismail. He adds that all Mesiniaga employees have access to him and other senior managers. They can come to him not only to air their grievances but also to make suggestions.

One management practice that Mesiniaga believes in is internal promotions. 'Senior positions have always been filled by people who entered the company at entry level positions,' he says while maintaining that this is something he personally supports, having served IBM for 44 years. Although all senior positions have been filled by people from the company so far, Ismail expresses doubt over how much longer Mesiniaga can sustain this practice. 'If we lose a senior manager and there's no one who can replace the person, we will have to go outside and look,' he says. There are benefits in hiring senior staff externally. For one, he says, internal promotions are expensive. The other advantage of hiring externally is that Mesiniaga will obtain new ideas and new ways of doing things. 'So sometimes it is easier to do that. But hiring externally is not the best way. My belief is that promotion to the highest extent from within is good.'

Ismail says one can overcome the problem of experience and exposure by sending employees for courses. This is because when the employees are outside they will pick up new ideas and learn different ways of doing things. Ismail adds that some of his employees are also sent to work at specific IBM projects and research labs.

Mesiniaga has, through the years, evolved from a hardware seller to a full service systems intergrater. From only selling IBM hardware, Mesiniaga has - since its inception - become a provider of networks and customised software for organisations.

When asked about Mesiniaga's past success, Ismail says that it is difficult to simply put a label on a company's achievement. However, he says one of its biggest achievements is the fact that Mesiniaga is a bumiputera company managed like a multinational. 'We have grown over the last 15 years. Our revenue has gone 10 times higher, our profits slightly more,' he says.

Another factor is that Permodalan Nasional Bhd (PNB) holds a 25 per cent stake in Mesiniaga just as IBM World Trade Corporation holds a 10 per cent stake. 'We are lucky to have been associated with some of the truly major names in the IT field like IBM, Lotus, Novell and AT & T. We have also won recognition from them as their top resellers,' he enthuses. Individual Mesiniaga directors hold the remaining 65 per cent.

Ismail maintains that for a company to succeed it must represent leading edge products. He also believes that a good company must have well trained and motivated staff. 'You may have a good product but if you don't have motivated employees, you won't get very far. We have to be a professional company, one that keeps its promises and we keep drumming this into our

employees. If we don't deliver in terms of quality, timeliness and value, then we will never be successful.'

He also adds that every company must always be ethical and put the customer's interest above all other interests. 'Not only do we have to be a professional company, but we have to be a company of professionals.'

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