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The man behind the wheel

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TOUGHENED BY CRISIS, DATUK ADZMI Abdul Wahab - a pillar of the national car industry and franchising advocate - is a seasoned strategist. As managing director of Edaran Otomobil Nasional Berhad (EON), the national car distributor that has sold over 1.4 million cars nationwide, he fights running battles, ranging from the holistic war of global liberalisation to intense competition with other auto distributors. Luckily, Adzmi thrives on the thrills of the hot seat, for life has dealt him a hand loaded with challenges.

During the swinging sixties, there were only a few cars on Malaysia's macadamised roads. 'Cars were beyond the reach of the masses then,' relates Adzmi, who remembers gleefully buying his first car - a minute Mini Minor - in 1967. 'An average car cost less than RM10,000, which was big money, considering you could buy a single-storey bungalow in Petaling Jaya for less than RM30,000 (at that time).'

In those days, a car was a status symbol, signalling that its owner had disposable income to burn. These days, owning a car is a necessity and no longer a luxury. Malaysian roads are dominated by affordable Proton cars, which hog the lion's share or 64.3% of the local market for passenger vehicles. Car loans are a common commodity, with low interest rates and repayment periods stretching up to seven years. 'It's a far cry from the sixties and seventies, certainly,' muses Adzmi as he poses for photographs in EON's headquarters, surrounded by cars, cars and yet more cars.

As part of EON, the national car distributor, Adzmi has been involved in carving out Proton's hegemony. But there is a flipside: since he is known for his marketing flair, Adzmi's other talents tend to be overshadowed by his sales and marketing skills.

Judging by his richly varied resume, Adzmi is a versatile professional, segueing from project to project with flair. He has spent a large part of his career in civil service. During a seven-year stint in the Ministry of Finance, Adzmi helped formulate a central procurement policy for government departments. 'Up to the late sixties, each department did their own purchasing, which incurred a lot of administrative costs and none of the benefits of bulk purchasing,' he explains. 'Based on the experience of the New Zealand government, I pioneered the implementation of a central procurement system for the purchase of common user items, which saved the government and taxpayers millions of ringgit.'

During his 1976-78 posting as Director of Investment and Promotion in the Pahang Tenggara Development Authority (DARA), Adzmi 'helped promote investments in cattle rearing and oil palm and other agricultural projects in Pahang Tenggara, at a time when it was all virgin jungle.' From 1978-80, Adzmi served in the Prime Minister's Department. As Director of the Public Enterprise Sector of the Implementation Coordination Unit, he helped formulate the policy and procedures on how to transfer government companies to Permodalan Nasional Berhad, during the early establishment of the Amanah Saham Nasional scheme. Today, ASN is a financial landmark in the mutual fund industry, and PNB is responsible for mobilising billions in Malaysian investment funds.

Having tasted the fruits of public sector success, Adzmi thirsted for new challenges. He approached his former boss and mentor Dato Mohd Saufi Abdullah - his boss at DARA and then Executive Director of HICOM (The Heavy Industries Corporation of Malaysia) - to enquire about joining

HICOM, the government's vehicle for transforming the country into an industrial powerhouse.

Upon joining HICOM as Corporate Planning Manager and Director of HICOM Properties, one of Adzmi's major tasks was identifying a site for the new PROTON plant. His job was eased by his familiarity with the real estate landscape thanks to his 1981-82 stint as the first Director of the inaugural Klang Valley Planning Secretariat.

Adzmi zeroed in on Shah Alam, the nascent Selangor state capital. 'That was a major decision, picking 2,200 acres of rubber and oil palm estate land to be turned into an industrial park to house the PROTON plant and its vendors, together with commercial and housing developments.' Today, that area is saturated with plants, local and foreign, and is an industrial, residential and commercial nucleus in Shah Alam.

In 1985, Adzmi moved to PROTON as General Manager Administration and Finance responsible for Human Resource, Legal and Secretarial, Finance and General Administration. In that same year, the first Proton Saga rolled off the line, greeted by a mixed bag of kudos and nasty criticisms, including, says Adzmi, '... an International Herald Tribune report that labelled the Saga a Japanese car with a Malaysian name.'

The birth of the Saga was accompanied by a three-year recession that spelt trouble for the fledgling car manufacturer. Explains Adzmi, 'During the early period of its formation, PROTON made heavy foreign yen-denominated loans to finance its maiden operations ... but because of the recession, car sales slumped dramatically.'

Passenger car volumes contracted from a high of 92,631 units in 1984 to only 38,154 units in 1987. Although PROTON had a capacity of 80,000 units, sales were only 24,175 units in 1986 and 24,858 units in 1987. 'Managing PROTON's cashflows became a challenging task. The yen had appreciated against the ringgit, so it placed a heavy burden on PROTON to finance (loan) payments. PROTON revenues were not up to the level projected earlier because of the economic slump and the local banks refused to extend us further loans, so I had to manage cashflows very carefully.' Luckily, he managed to negotiate 'a soft loan of RM500 million from the government to tide us over that difficult period.'

That crisis over, Adzmi was tasked with driving PROTON's component vendor programme. Says Adzmi, 'That was a huge responsibility - identifying the parts that could be locally produced and the companies that could do the job.' But the project paid dividends. Today, the local content of Proton cars has increased to an average of 70%, with variations according to the different models. Increases in local content have saved millions in foreign exchange outflows and spun off an automotive component industry for local and export markets.

Adzmi also watched over PROTON's human resources division. 'We adopted the Japanese system of human resources management, especially the industrial relations system and how to minimise trade disputes. I went to Japan to observe how they ran their operations. And I had the benefit of mentoring from PROTON's two Japanese managing directors, Kenji Iwabuchi and Mitsuo Hattori. I learnt a lot from them about their culture, the Japanese commitment to work, kaizen, and their automotive manufacturing system.'

When Adzmi left to take over as EON Managing Director in November 1992, he brought along the positive aspects of Japanese management, including excellent industrial relations. Today, Adzmi and the EON senior management have kindled a warm rapport with middle and lower management, as well as the workers grouped into four in-house unions. The result - EON boasts one of the country's lowest turnover rates of 0.8% per month over the last 10 years.

Adzmi credits worker loyalty, productivity, good management, customer loyalty, 'strong support from PROTON in producing quality cars at affordable prices, and strong support from the Chairman, board of Directors and shareholders, and the government' with keeping EON on the profitability path. Plus, he's very much on top of things. 'I know exactly how many cars are sold in total, how many cars each outlet has sold, our stock levels, and the performance of the subsidiaries and associate companies. I keep track of things on a daily basis, via daily, weekly and monthly performance reports.'

Knowing EON 'like the back of my hand' has paid off. During Adzmi's nine years at the helm, EON has maintained an unbroken profit record, with group profit before tax peaking at RM775.3 million in 2000. Revenue has also increased. In 1992, total group revenue was RM2.3 billion. In 2000, revenue was RM6.3 billion, reflecting an increase of more than 170%. Total assets increased from RM965 million in 1992 to RM25.3 billion as at September 2001.

Apart from financial health, EON stresses marketing and publicity, which are cornerstones in the national car distributor's ongoing battle to win market share. EON's flamboyant marketing strategy reached a pinnacle in 1997 when a bunch of Malaysian parachuters dropped down over the North Pole, accompanied by a freefalling Proton Wira. Says Adzmi laughingly, 'That proved the durability of Proton cars, because that particular Wira worked fine in the arctic conditions!'

Other notable events included the EON-Proton Merdeka Penang Bridge Drive in 1998. Says Adzmi, 'Over 5,000 cars crossed the Penang Bridge in one hour, led by the Prime Minister in the Proton Wira that was dropped over the North Pole. We set a record (in the Malaysian Book of Records) for the most cars of one single brand to cross the bridge within one hour!'

Typically, work doesn't end when Adzmi walks out EON's front door. Adzmi also plays a prominent role in local franchising, having held the post of Malaysian Franchise Association (MFA) Chairman since 1994. Says Awalan Abdul Aziz, Secretary-General of the MFA, 'He is very much into it as far as franchising is concerned. He is a good leader, very committed in business and in his job. And he is very committed to making sure that MFA progresses in accordance with the government's plans.'

Franchising is a trademark passion for Adzmi, and he applies himself as diligently here as he does at EON. Says Awalan, 'He is the kind of person who is very detailed. He will read every line of a proposal, every line of a speech. Datuk is very meticulous and particular where documentation is concerned, especially if a working paper or proposal is destined for the Prime Minister or other ministers. He can call you at 12 midnight about work, and he'll still be working even at that hour.'

Just as for EON, Adzmi also knows franchising like the back of his hand. 'Franchising is a sure way for Malaysia to create a successful entrepreneurial class. And it is a relatively risk-free method,' he says. In the US, the success rate for franchisees was reportedly 80% compared with 30% for those who have struck out on their own without the benefit of the franchise system.

With Adzmi, franchising began on home ground. EON became an industry bellwether when it won the Home Grown Franchise of the Year and Franchisor of the Year awards in 1997. 'When EON began, we had only 20 branches and no dealerships. By 1986, 41 dealers had been set up. By 2001, the numbers peaked at 125 sales dealers and 158 service dealerships.'

The dealers are crucial, stresses Adzmi. For 2001, EON sold 135,578 Protons, and Adzmi estimates that EON dealers accounted for 53% of car sales. In addition to car dealerships, EON has also franchised its service dealerships, extending its nationwide reach substantially.

Despite substantial progress, Adzmi says local franchising still has mountains to climb. Although the industry began in the 1940s, statistics show progress had been insipid until the 1990s. Says Awalan, 'He spearheaded the formation of the association in 1993, first as pro-tem chairman and then as chairman. During his tenure, we achieved a lot nationally and regionally. For instance, he was the first chairman of the First Asia Pacific Franchise Confederation. And we are actively involved in the World Franchise Council. And we work hand-in-hand with the government to promote the industry.'

Says Adzmi, 'For the last 50 years, from the forties until 1995, only 125 franchises were introduced in toto, since franchises were growing at the slow rate of two new products a year. Then the pace started to pick up in 1993. Since then, the industry has been introducing 20 new franchises per year.' Today, there are about 270 franchise systems in Malaysia, spanning various sectors of the economy, and 50% of these are local franchises. He is particularly hopeful there will be a resurgence of interest in franchising once the global economy recovers.

Franchising can be a fantastic fillip to grow Bumiputera wealth, says this fervent supporter of Bumiputera entrepreneur development. To date, the franchise development programme launched in 1992 by the government has produced 620 Bumiputera franchisees under 84 international and local franchises. 'These franchisees not only enrich themselves, they provide managerial and employment opportunities for other Bumiputeras,' says Adzmi. Under the Eighth Malaysia Plan, the government hopes to increase the pool of Bumiputera franchisees by an additional thousand.

EON has been very active in creating Bumiputera franchisees. According to Adzmi, EON has created 81 Bumiputera sales dealers and 79 Bumiputera service dealers, many of whom have done well, with most owning their own showrooms and service centers. At the same time, Adzmi points out that franchising 'benefits all communities and realises NEP's affirmative action goals, since franchising increases wealth and creates a bigger economic pie that can be shared by all.' Example: EON's franchising programme has also created 44 non-Bumiputera sales dealers and 79 non-Bumiputera service dealers, 'creating and supporting a fair distribution of wealth,' he says.

Perhaps this prolific achiever might even write some manuals on franchising next? While at EON, Adzmi stole time from his packed schedule to co-author a 1995 study on the auto industry, entitled 'Projek Kereta Nasional (The National Car Project).'

Adzmi counts himself lucky not to be embattled by stress. Proving the adage that behind every successful man there is a woman, Adzmi says, 'I'm lucky that my wife (Datin Ramlah Hashim) is a bedrock of support and the foundation of my success. She managed the house and kids so that I could concentrate on my career.'

During time-outs from his hectic schedule, Adzmi enjoys traveling, reading and an occasional game of tennis, as well as reading the many books in his collection. These days, the devoted family man spends as much time as possible with his two grandsons. 'Just like my mother who had eight sons, my wife and I are yearning for a female grandchild since we already have three sons. Males run in the family, it's in the genes,' he quips.

Till today, Adzmi remains very close to his mother, who shuttles between her sons' households, visiting them and her numerous grandchildren. 'Thanks to her, I'm the person I am today. Though not fortunate enough to have had formal learning, my mother placed education high on her list of priorities. I remember her telling us in my early years that education would make us complete persons.'

If he is to adhere to his mother's dictum, Adzmi only needs a doctorate for `completion.' This son of Kuah, Langkawi, has come almost full circle in terms of education. Malay school in Kuah segued into secondary school at one of the country's earliest boarding schools, Sekolah Tuanku Abdul Rahman (STAR) in Ipoh. From STAR, Adzmi entered Universiti Malaya, where he majored in Economics and Malay Studies, followed by a Post-Graduate Diploma in Public Administration. During his civil service, Adzmi earned an MBA from the University of Southern California in 1976. `I'm very grateful to the government for financing my studies in school and university, and I'm paying (them) back through my services in the government, and my contributions to the national car project and franchise development in the country.'

Despite an outstanding career, Adzmi feels he should keep on tapping his reservoir of energy. In this respect, he says, `I am inspired by Prime Minister Datuk Seri Dr Mahathir Mohamed - his immense faculties, his wide knowledge, his boundless energy, spirit, vision, innovation and ability to face and rise above challenges.'

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