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New blood, exciting times

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A NEW player with new money and new ideas - Tan Sri S.M. Nasimuddin and his company Naza Kia Sdn Bhd.

One of the oldest names in the world car industry and one of the world's biggest - DaimlerChrysler AG and its new Malaysian baby, DaimlerChrysler Malaysia Sdn Bhd.

It is a startling combination of corporate characters yet they are two of many new ones who will start their game in Malaysia next year.

Nasimuddin from Naza Kia Sdn Bhd and Frank Steinleitner, the new CEO of DaimlerChrysler Malaysia Sdn Bhd, are just the beginning of the sea of change in the Malaysian motor industry.

Other players, equally important and powerful, are VW Audi and EON. The Volkswagen Audi Group started its search for a new Malaysian importer and retailer early last year.

While three were in the original bid for the VAG business, including a Malaysian-owned gaming company and Car & Cars, the Singapore VW Skoda dealership, there was a second shortlisting exercise this year probably because VAG felt it needed a wider choice.

Perhaps another company with more long term potential. While EON's presentation in the second round seemed to be almost like an afterthought, it gained the attention of the VAG regional representatives in Singapore. Insiders say that VAG's international marketing executives have had enough of the perception that Audi is cheaper than BMW and one of the first of the new dealers who will feel the heat will be EON.

EON which announced its tie-up with the VAG group last month will have to sell Audi models at head on pricing with BMW models.

It will also have to sell a far higher volume of VWs than have ever been sold since the Champion Motors days when the Beetles cost RM3,000 a piece.

BMW AG is also negotiating a new marketing structure with its current importer and distributor, Auto Bavaria, but however different the form may take, it won't depart from the trend, and quite fairly so, where the manufacturer/technology owner, takes a majority equity.

DaimlerChrysler Malaysia Sdn Bhd represents a marriage of blue-ribbon companies - Otto Daimler and Karl Benz were leaders in the development of motorised carriages while Cycle & Carriage is the fourth oldest company in the KLSE.

The DaimlerChrysler group is a multinational giant which besides Mercedes-Benz, also counts Maybach, Chrysler, Jeep, Dodge and Smart in its passenger vehicle line up. On the commercial side, there are the Mercedes-Benz trucks.

With 372,500 employees, DaimlerChrysler achieved revenues of US\$136 billion in 2001. The Malaysian GNP last year was US\$85 billion.

C&C was started in Malacca by the Chua brothers, Cheng Tuan and Cheng Bok, in 1899, 13 years after Daimler and Benz independently developed their own motorised carriages.

Starting with soap, the Chuas went on to sell bicycles and motorcycles and cars and in 1926, C&C moved to Singapore.

Cheng Bok, the younger brother, netted the Mercedes-Benz franchise after World War Two.

The Chuas listed C&C Limited in Singapore and Cycle & Carriage Industries (Malaysia) Sdn Bhd, was incorporated in 1967 as a Malaysian subsidiary to take over the assembly and selling of Mercedes-Benz vehicles

in Malaysia.

The company was listed on the Kuala Lumpur Stock Exchange (KLSE) in 1977. But by 1985, the Chuas had lost control of their empire and C&C Bintang Bhd is today controlled by two Malaysian financial institutions.

It is Nasimuddin, however, who is the man to watch. Handsome, lean and tanned, Nasimuddin is a man who pulled himself up by his own bootstraps.

The son of a grassroots Umno leader in Negri Sembilan, he was from young a very active sort. The 48-year-old tycoon remembers his formative years spent at his father's side, listening and watching his father's political and business dealings up close.

Up till Form Five, he was the loyal passenger in his father's Toyota KE20. His father took Nasimuddin on his rounds to keep him out of mischief.

His father wanted him to continue with his studies after Form Five but Nasimuddin wanted an early start in the commercial world.

A compromise was reached. His father, who owned a construction company with a few lorries, sent him off to work in Lam Foong, a business associates transport company in Kuala Lumpur.

Nasimuddin spent a year in logistics, planning the cargo delivery schedule and destination before he decided to move on despite the entreaties of Lam Foong's owner.

"He even offered me shares in the company to keep me, but I had decided to set up my own Class F construction company," recalls Nasimuddin in an exclusive interview with Cars, Bikes & Trucks.

It was another year and having saved enough money, Nasimuddin decided to venture into the car import business. He reckoned that he loved cars more than renovating houses and that if he was going to make a living, he might as well make it in something he liked.

After combing through the trade directories for car exporters, he went on a month long trip to Japan where he picked his first 30 cars, all of them second-hand or reconditioned Honda Civics, and Toyota KE20s. For himself, he picked a fully-loaded Nissan 160J.

"APs for second hand cars were RM30-RM40 a piece. No one wanted them then," he recalls happily.

"I had RM100,000 plus savings from my construction business and I told my wife, 'Let me try this car business. At the worse, if things go wrong, we still have the stock of cars to sell and get our money back'."

His wife had no reason to doubt him and so started Nasimuddin's entry into the Chinese dominated business. With one showroom at Taman Maluri, he also sent out cars to five retailers, many of whom are still his business associates.

"We had to do our own financing because we supplied the cars to the showrooms on consignment. Every week, we would go around to collect our money.

"Even when we knew the car had been sold and the second-hand car dealer didn't pay us immediately, we knew we had to be flexible and let him pay us two to three weeks later. We knew who to trust."

There was no turning back for Nasimuddin and today his achievements, which are reported in the Man of The Year Award article on Page 8, has drawn him many detractors.

But as Prime Minister Datuk Seri Dr Mahathir Mohamad said at the ground breaking ceremony of Naza Kia's self funded MPV assembly plant at Gurun, "Many Bumiputeras were given APs, yet only few saved money and learnt the business."

Along with self discipline and the saving habit, Nasimuddin also has the ability to inspire loyalty.

Loyalty, he says, has to be earned. Being decent and giving a fair deal

helps cultivate loyalty among suppliers, customers and staff.

His outlook for the future is radical: he says Malaysian motor traders are too complacent. In the future, and as he has proven in the past with the value for money pricing of the Kia Sephia, the business is to build market share by using a strategy of high volume and low margins, yet not sacrificing customer service.

As for DaimlerChrysler Malaysia Sdn Bhd or DCM, it has generously taken over almost all of the affected staff from C&C.

While it's true that these employees sanctioned the new terms and conditions when they accepted the offer from the old company, there is a groundswell of unease especially among the long tenure staff who have been especially affected by the loss of seniority.

DCM should spend a bit more resources orienting the staff to the new horizons of being part of one of the world's most prestigious car makers.

In the long run, they will probably be better off as part of a big worldwide group than a small, national player.

And remember, doesn't DC AG also control Mitsubishi?