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A hands-on businessman

A Kadir Jasin

SINCE hitting the corporate limelight more than three years ago, Tan Sri Syed Mokhtar Al-Bukhary, 52, has turned down numerous requests for interview from both the Malaysian and foreign Press. He prefers to conduct his business quietly and does not even surface on the boards of a host of listed companies linked to him. But all that could soon change. After much persuasion, the unassuming tycoon agreed to grant an interview to Malaysian Business Editor-in-Chief A Kadir Jasin. Covering a wide range of topics, he reveals how he built his business, survived tough times and his relationship with politicians. Some excerpts:

What is your family background?

We trace our roots to the Hadhramaut region of Yemen. But before my father settled down in Kedah, he travelled north as far as Central Asia to do business. Then he moved to Southern Thailand, alternating between Sadao and Haatyai. Sometime in the mid-1940s he came to Kedah.

He settled down in Alor Star and married my mother sometime in 1946. They had seven children. I was number three and was born in 1951. With so many of us, our early life was difficult. We lived in a small wooden house with no beds, no tables and no chairs.

It was then that I realised how difficult it was to study well under such circumstances. In later years, it inspired me to start free tuition classes under the Albukhary Foundation. Today some 15,000 poor schoolchildren are benefiting from our nationwide tuition programme.

What is your educational background?

You could say I'm not highly educated. Most of my education is earned the hard way, mostly outside the classroom. I started schooling in Alor Star but at the age of nine, I was sent to stay with my soldier-uncle Syed Omar in Johor Bahru. Being in the British Army, he was better off than my father. I stayed with him from Standard Four to Form Two. I then went back to my parents and continued schooling at Saint Michael's School in Alor Star until Form Five.

What do you mean by earning your education the hard way?

With our family growing rapidly and my father's income unsteady, life was hard. To supplement the family income, my mother and I grew vegetables and sold the harvest at the Jalan Telok Wan Jah wet market.

During school recess, my father would often come to the school gate to get me to help with his bookkeeping. Actually he was pretty good with figures; he just wanted someone to counter-check for him. After school, I helped him take care of his livestock at the quarantine centre near the Alor Star railway station.

I learnt a lot from these chores. Later, I realised just how important it was to observe and improvise. For instance, you could make a mature bull walk faster by pulling a cow in front of it! So instead of one animal, you took two. It meant doubling your income. Or the faster way to bring livestock back on foot to Alor Star was by following the railway line. The straight line is always shorter. But it also meant overcoming the problem of taking the animals across rivers. You could not take them over railway bridges!

Then I learned another lesson: good things speak for themselves. Because my father was quite good at his business, the bank discovered him. He was offered LC (Letter of Credit) facilities worth RM20,000 by the Overseas Union Bank. It was a lot of money then. That facilitated his importation

of Thai cattle.

When and how did you get started in business for yourself?

When disaster struck my father's livestock business in the early 1970s. The foot-and-mouth disease spread throughout Southern Thailand, Kedah and Perlis and we lost all our cattle. It taught me another lesson: trade in meat, not livestock. So when I took over his business, I did just that.

Since we transported the livestock by road, rail and sea from Thailand to as far south as Kuala Lumpur, I also gained knowledge about transportation and how to survive in a competitive market. Those days, the Kuala Lumpur slaughterhouse was located in Jalan Klang Lama on the present site of Mid Valley Megamall. My father and I used to deliver our livestock there. What most people don't know is that the large livestock and meat wholesalers in Malaysia then were Chinese.

I started trading in meat on a modest scale. I would go from one small town to another around Alor Star in the evening and buy the unsold meat from local butchers. I packed them in ice and sold them to Bumiputera suppliers and restaurants in other parts of the state. That was in 1971.

Did you do well on your own?

Not too badly. It gave me confidence. The following year, I applied and obtained four Class A lorry permits. Mara gave me a loan of RM110,000, which was sufficient to buy two Mercedes 911LS trucks. A Chinese businessman offered to 'buy' the two remaining permits. I said thank you to him and returned them to Mara. I named my company Syarikat Kenderaan Sentosa in honour of the small hotel in Jalan Raja Laut, Kuala Lumpur where I stayed when I came to make the application.

I then employed one Mr Yeoh who was a clerk at a Chinese transport company in Pekan Melayu, Alor Star. I made him manager of the company and paid him RM450 a month plus 6% of the total net profit. The lorry business is still there. We capitalised on the lorries to start a rice business. We now have more than 40 lorries. I bought my first shop lot in 1974 at Jalan Telok Wan Jah, Alor Star under the Urban Development Authority's (UDA) lease-purchase agreement.

The rice trade is very competitive. What's the secret of your success?

Commodity business is our family livelihood. I gained considerable experience and confidence from the livestock, meat and transport businesses.

In 1975 I incorporated an enterprise called Shah Enterprise and applied for an LPN (now Bernas) licence. I then formed a joint-venture company with two Chinese traders - Mr Ng Ghiak Gee, a rice trader, and Mr Chua Chong Tan, a rice miller - with me holding 52% of the shares and they 32 and 16 respectively.

On July 15, 1976 we commenced business from my Jalan Telok Wan Jah office. You could say that this was my first corporate deal because I injected my lorries as my contribution to the capital of the new company. We called the company Bukhary Sdn Bhd. It was the first time the name Bukhary was used in my business. Now Mr Ng's and Mr Chua's children are my partners. We later expanded into sugar and we are doing about RM250 million in turnover a year.

I think our success attracted the attention of many. As much as we received accolades, we weren't spared the criticism by those who were envious of our growth. There were allegations of favouritism when our company had access to better quality rice at the mills.

What they failed to realise was that my partners and I went personally to the mills instead of sending clerks or ordering over the telephone. I think I am a hands-on manager and I am convinced that if you are successful in trading, you can venture into other areas.

You seem to have expanded rapidly in the Seventies?

Mostly towards the end of the 1970s. Those were the good years. The economy was expanding and you had to be smart to capitalise on the positive conditions then, including the preference given to Bumiputera traders by the government under the New Economic Policy. Preference aside, you also had to be prepared to go from one government department to another to find out what contracts were being given out.

Being from a poor family and with little education, sometimes you had to 'shout' a little louder to be heard, for people to listen to you. I think I was able to do that quite well and along the way got to know many helpful civil servants in the Treasury, Trade and other ministries. It was very much later that I got to know senior politicians.

In 1977 I incorporated my first company outside Kedah - Bukhary (KL) Sdn Bhd in Kuala Lumpur - to take advantage of the many contracts being awarded by the government to Bumiputeras. I had earlier bought, again under the UDA lease-purchase agreement, a four-storey shop lot at the Islamic City in Jalan Pahang. I actively bid for government contracts, mainly to supply the military, as well as travelled around the country to sell rice.

We got the central contract to supply rice, tea, chocolate powder, milk powder and ghee to the government. One of the conditions was for us to pack these products ourselves with the label Hak Kerajaan Malaysia (Malaysian Government Property) pasted on them.

We turned the ground floor of our office into a packing plant and contracted Upali to pack the chocolate powder. For milk and ghee we formed Susu Mas Sdn Bhd in 1979. I held 51% of the shares and New Zealand Milk Products Sdn Bhd, which is wholly owned by the New Zealand Dairy Board, held the rest. We marketed our products under the Fernleaf and Anchor brands. I sold my interests in the mid-Eighties due partly to the recession.

When were you first exposed to international trading?

In 1978. It was the result of my government contracts. I was invited to join the Pernas trade delegation to the Canton Trade Fair. Those days, only Pernas was allowed to do direct trade with China. We flew to Hong Kong and took a train across the border. I was like a rusa masuk kampung (a wide-eyed newcomer) but I gained a lot of experience. It opened my eyes to the world. There I bought tea and sold our cocoa. No money was involved as we did barter or counter trade.

When did you go into manufacturing?

Those days we did not talk about synergy or vertical or horizontal expansion. I know very little of those big words. In the course of doing business, I discovered that many activities are interrelated. Basically, they are about marketing. From commodities I progressed to transportation, packaging and barter trading. So when I heard that the Defence Ministry was calling for bids for the supply of military uniforms, I put in mine.

What has that got to do with manufacturing?

When I won the contract to supply 120,000 pairs of shoes and 330,000 pairs of camouflage uniforms, I went looking for suppliers. For the first few consignments, I bought direct from the manufacturers. Later I entered into an arrangement whereby I either bought into the companies making these products or we set up joint ventures to make them, giving birth to Second Board-listed Amtek Holdings Bhd. I used the IPO proceeds to buy into Sparks Manshop and other garment-related activities.

Is it true that you made it big in Johor?

Yes and no, because I continued to be involved in business in other states and with Federal Government contracts. I registered Bukhari Shipping with the Treasury to act as a shipbroker under the cabotage policy. We bought a 28-year-old German-made ship, the Angsa Mas, for US\$1

million and used it to carry rice from Thailand to Sabah and Sarawak.

It was a bad decision. The business was tough and the ship too old. We lost money and sold the ship for US\$600,000. At the same time, I bought several pieces of land in Alor Star and developed small housing projects under Bukhary Development. But when the mid-Eighties recession occurred, I lost a lot of money. I was forced to sell a piece of land I bought for less than half the purchase price.

But you rebuilt your business and expanded your involvement in Johor?

In Johor I was involved in the privatisation of Johor Port Sdn Bhd and Johore Tenggara Oil Palm Sdn Bhd. But these were Federal Government companies. I bought Johor Port in a restricted tender for RM330 million. I think I won because our company was willing to build a new port (Port of Tanjung Pelepas or PTP). Johore Tenggara Oil Palm was losing money and I bought it in a restricted tender for RM135 million.

Then I pioneered water privatisation, forming Equiventure Sdn Bhd with Pilecon Bhd and a French company, Oneo. My company, Kembangan Dinamik, has 49% share in the company. I think the project was among the earliest in the country.

But you were also involved in some very controversial deals in Johor, resulting in you and ex-Menteri Besar Tan Sri Muhyiddin Yassin being sued?

That was over the acquisition of land in Johor in a joint venture with Yayasan Islam Johor. Yes, there were some problems but the case has been settled since some time now.

There were allegations that Permodalan Nasional Bhd (PNB) did not get a good deal when you bought Malaysia Mining Corp Bhd (MMC).

We bought part of PNB's shareholding in MMC in a competitive bidding. We bid at RM3 per MMC share when the market was hovering around RM1.80/RM1.90. Our nearest competitor offered RM2.50 and the third, RM1.80. We think we paid a good price to PNB and it still has 35% share in the company. Now MMC is much larger after we injected PTP into it. MMC now owns 51% of PTP.

It wasn't a sellout by MMC. It was a tough and challenging negotiation.

What do you have to say to the perception that you are very close to Prime Minister Datuk Seri Dr Mahathir Mohamad?

I have been a businessman for more than 30 years. Surely in all that time, I would have come across many politicians as part of conducting business. As for being close to the Prime Minister, all I can say is that I was in business long before he noticed me.

Secondly, the companies I'm involved in or the projects that I clinched were never handed to me on a silver platter. For some, I've had to pay a premium, and I still took them on because I foresaw a lot of potential in them. Take PTP, for example - a huge challenge but with focus and commitment by the team, I'm glad to say we're one of the Made-In-Malaysia success stories.

But I must admit that the Prime Minister gave me a fair hearing and I'm grateful for his guidance and advice. Most of all, I have a lot of respect for him. People say you are too secretive and that your use of proxies contravenes the transparency rules. So where do you go from here?

In the early years in the 1970s and 1980s, all the businesses were in my name. But later on, there were a lot of jealousies as well as obstacles and hurdles to growth. I had to change my ways by keeping low, and rebuild my businesses in a different way.

But now, I'm forced to consolidate and surface to reflect my identity. God willing, I will stay on and consolidate my businesses into several broad categories like logistics, energy and utilities, infrastructure, food and trading and Islamic-related activities via the Albukhary Foundation. We have so far spent in excess of RM300 million on religious,

cultural and educational activities under the foundation.

What is your management style and philosophy?

I came up from the bottom. I picked up knowledge and built skills as I grew. In a way I am still growing. I have done a lot of business with the Chinese and I have many loyal Chinese supporters. My chief accountant Peter Chong has been with me for 30 years. We literally grew up together. So I like to call my management style `chopsticks management'. For a Malay, learning to use the chopsticks is a challenge.

But now as the business expands, I depend a lot on professional managers. There are many good Malay managers these days. I am impressed with them because they are highly educated and professional. We have to give them a chance and treat them well.

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