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Megat Wahab's dream comes true in The Royal Mint

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LIKE others, Datuk Megat Abdul Wahab Megat Abu Bakar is in business to make money. Except that he makes them literally, in a mint he now owns.

Megat Wahab is the owner of The Royal Mint (formerly known as Kilang Wang), which was privatized by Bank Negara Malaysia in 2000. Not bad at all, considering he only had RM70 to his name when he first ventured out to seek his own fortune.

Looking back, he said it was out of the necessity to survive which made him realise that the shape of his destiny was entirely up to him.

He was not endowed with the privilege of a university education, but dreams were never in short supply. He first went into teaching after obtaining his teaching certificate but realised soon after that he was in the wrong profession.

His earlier two postings as a teacher were expensive ones - first in Shah Alam and then in Kuala Lumpur. With a meagre income of RM295 at the time, it was impossible to even save enough in five years to buy a decent motorcycle, he recalls.

That was the crossroad of his life, a long time ago from the present day dark-blue Mercedes Benz S-class he is being driven around in. Somewhere in his past, he has an uncle and the then Bank of Commerce to thank for giving him the opportunity to walk his first miles as an entrepreneur.

Realising he was getting nowhere in the teaching profession, Megat Wahab bade the chalk and blackboard goodbye and went to work for his uncle as a money broker. There he learned the intricacies of finance and money. He learned fast and once he was comfortable enough with the daily grind of running a business, he was asked to work for a company called Mariwasa Kraftangan Sdn Bhd.

It was a small outfit in Kuala Kangsar, Perak, which was involved in making medals and other metal handicrafts.

Mariwasa had about 20 staff at that time, with a small turnover and many problems. It therefore became Megat Wahab's primary responsibility to turn the company around.

With endless efforts, in three years after he joined the company, Mariwasa showed signs of getting out of the mess it was in. The company was slowly turning around.

But fate dealt it with a cruel blow when the worst recession swept across Malaysia in 1986. Mariwasa was not spared as it struggled to keep itself afloat in the challenging economic environment.

His uncle had his hands full nursing his other businesses and left Megat

Wahab to fend for himself and the company. He did not have the luxury of another option - either he took over Mariwasa or joined the ranks of jobless people.

With only RM70 in hand, it was difficult to imagine running a business, what more in a weak overall economy. But taking the path of least resistance would mean certain death for his future.

Megat Wahab approached Bank of Commerce to negotiate some form of assistance for the company and was not let down by the lender. His people at Mariwasa took paycuts for several months.

But the most financial assistance surprisingly came from moneylenders - more than 90 per cent of Mariwasa's financial requirements, in fact.

Tough as the moneylenders' conditions were known, Mariwasa was a good paymaster. So good that eventually the moneylenders lowered interest charged on loans taken by the company.

In two years, Mariwasa was debt-free and beginning to save some money to expand its production line in Kuala Kangsar. Over time it continued growing as it expanded usage of new technology and consequently its product lines.

When it first started, Mariwasa was somewhere number 14 in the medal-making market. After emerging from the difficult time, the company was the market leader and a stable one at that.

Still Megat Wahab had some unrealised dreams. A lover of fine arts, he also grew up fascinated by the application of mechanisation to the production of fine arts.

He spent many hours of his early days drawing bank notes, and they were so good that even he was surprised of his ability. But his mother would not have any of that and he was often dismissed as a daydreamer.

On his evening walks in the industrial areas of Shah Alam during his teaching days, Megat Wahab never failed to take a glance at the then Kilang Wang, the only coin mint owned by Bank Negara Malaysia. "If only I could own this mint," he often thought to himself.

Having stabilising Mariwasa, Megat Wahab also inched closer towards making his dream a reality. He began to study the minting operations and business. He made contacts with other mints overseas and gained more details about the business.

Minting is an old business. The oldest mint in the world is about 1,200 years old and it is still in operation now, Megat Wahab says.

Later, having garnered enough confidence in getting the minting business off the ground, Megat Wahab made a proposal to Bank Negara for the Kilang Wang to be privatized.

Although the central bank had not yet thought of giving away the minting operations at the time, it studied his proposal anyway, Megat Wahab recalls. And then out of nowhere, the big break came.

Prime Minister Datuk Seri Dr Mahathir Mohamad paid mariwasa a visit as by then the company had already been known for the quality of its metal handicraft works. The Prime Minister was, among others, briefed on Mariwasa's engraving technology - probably the best in the world despite the company being in a small town north of Ipoh.

Its moulds and dies were of exceptional quality, so much so that the technology involved in making them can also be used for minting.

Mariwasa

was also having all the expertise needed to mint, from blanking to packaging of coins.

In early 2000, the world finally opened up to Megat Wahab when he was asked to take over Kilang Wang from Bank Negara in a privatization exercise. At the time, the mint had about 20 staff, and Megat Wahab had to commute daily from Ipoh to Shah Alam to put the mint on a proper business foundation.

Newer equipment were brought in and new departments were formed, including a research and development section to expand the business. Within its first year of privatization, The Royal Mint as it was now known, managed to increase productivity by 100 per cent.

Bank Negara orders the quantity of circulation coins every year and The

Royal Mint produces them. The company charges a fee for producing the coins and that essentially is how the mint derives its revenue.

Because of his obsession with the minting business, Megat Wahab saw what

others did not. Even in minting, he realised there were other spinoff potentials that could be tapped.

Among the first created was a supporting industry in coin packaging and the sale of other numismatic products produced by the mint.

Megat Wahab said circulation coins now contribute the most to the company's revenue, which he did not want to disclose. Last year, revenue from the minting of numismatic coins was a commendable RM1 million.

By the end of next month, he said, there should be about 150 outlets nationwide distributing the numismatic coins minted by The Royal Mint and about 30 stockists of circulation coins.

"By the end of 2004, we hope 50 per cent of our yearly revenue will be derived from numismatic coins.

Megat Wahab foresees that the world will soon go back to coins as the favourite mode of payment for small purchases. Notes don't last long, only

about eight months, and then they have to be destroyed and new orders have

to be placed, he said.

But notes are more expensive to produce, while the lifespan of a coin is estimated to be about 20 years, he added.

Megat Wahab, however, acknowledged that the present Malaysian coins, such as the RM1 coin, have not been so popular. "That particular coin is heavy," he said.

Megat Wahab now has various samples of new coins, minted using new

materials. He has not yet submitted the new design proposals to the authorities but they are all beautifully crafted and much lighter than the present coins.

He said the mint is still conducting tests on the new coins to ensure they can withstand the Malaysian climate.