

**SPEECH BY TUN DR MAHATHIR BIN MOHAMAD AT MELAKA
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“Mindset Change in a Globalised World”

1. I would like thank Persatuan Usahawan Wanita Bumiputra Malaysia for this invitation to speak an “Mindset Change in a Globalised World”. I hope what I have to say will be relevant.
2. The world is changing. In fact the world has always been changing. The only difference now is the speeded up rate of change which makes the change seem radical and extreme.
3. What has contributed to the rapid change we are seeing is the speed of travel and communication. Where Jules Vernes’ Phileas Fogg took 80 days to travel round the world, now it can be done in just two days or less. Where information takes days to reach the other side of the world now it is instantaneous; you see it as it is happening.
4. The speed of travel and instantaneous communication cannot but affect our ideas, our values and our way of life. Certainly they must affect our way of doing business, because business invariably involves communication between the provider and the clients.
5. The most important change is the enlargement of the market place. It is now possible for anything to be marketed worldwide. And being able to do so means that any business can be big, any businessman or woman can become rich, very rich catering to this huge world market.
6. I once took a walking stick made by a village wood carver to America. The buying officer of a big department store was impressed by the quality of the wood and the carvings. Immediately he wanted to make a sample order for 10,000 sticks.
7. Coming back I told the wood-carver about this huge order. He gaped and shook his head. Three or four a year – Yes. But no way could he produce 10,000 even over several years.
8. That was his reaction. He obviously had not adjusted to the mass market made possible by speed and ease of transportations. In his mind he saw only his village of poor people as the market. That the market had grown into a global market was beyond his comprehension. And so he missed a fantastic opportunity to produce large quantities perhaps through mechanised mass

production methods. He could be a millionaire if his mindset had changed to accommodate the changes taking place around him.

9. But the producer of keropok lekor is a different kind of person. She realised that she has a good product, which finds ready sale locally. Probably tourists from other states found her keropok delicious. As more tourists bought the keropok, she responded by increasing her production.

10. I don't know how she did it. But where before keropok lekor was popular only in Terengganu, now it is popular throughout Malaysia as tourists took home the product which they liked very much. Keropok lekor is now sold all over Malaysia.

11. Perhaps even foreign tourists would also like to eat keropok lekor. And so the market for keropok lekor grew and grew. Instead of one producer there will be many, if they adopt mass production methods.

12. With the increase in the number of producers, there will be competition. The smart producer, wishing to defeat his competitors will now think of improving his products. The improvement may be with the ingredients to improve the taste, may be in the shape and size and may be in the packaging.

13. Eventually a casual kampung product may turn into a food item liked by the world. The keropok lekor business can be big business, carrying well-known brands which command premiums.

14. There is no reason why this should happen only to keropok lekor. There are thousands of other food products which lend themselves to the same kind of marketing.

15. Research should help with ethically acceptable preservative so that the shelf life would increase and markets further away can be serviced.

16. Malay women now produce cosmetics, dresses, gift items, batik and songket materials and many more, beside good items of all kinds. But the market is still limited to Malaysia. Yet batik for example is popular in Sri Lanka and Africa. Of course the designs must cater to local tastes. Batik can really be big business. The hand-painted batiks are great but mass production would be almost impossible. I am sure there would be other ways of producing batik which would made mass production possible.

17. It is good to think big. But it is not good to just dream big. Nothing can be achieved without hard work and dedication and a willingness to face difficulties.

18. We know the story of Amazon.com. The means of immediate communication are there. Through the Internet everyone anywhere in the world can be reached instantly.

19. To the ordinary person, internet communication means ability to contact members of the family and friends living far away. It means an improvement in long distance telephony.

20. But the founder of Amazon.com saw an opportunity to sell books. He does not need to hold in stock all the titles. All he needs to know is where the books can be bought. Upon receipt of an order he can obtain the book and send by courier to the buyer. When the demand for a particular item is big he can carry stock so he can dispatch the item immediately.

21. But why stop at books. Mail order business is almost as old as the post office. With the internet the whole catalogue can be put on it for buyers to see and to choose. With the universal use of credit cards, a phone call is all that is necessary to purchase anything. Suddenly mail-order purchase has become more accessible to everyone. The size of the business can be huge.

22. A Malaysian lady living in the United Kingdom make use of the same system to sell ladies' hats and hand-bags. With no premises, operating entirely from her home, she now runs a substantial mail-order business.

23. The former Prime Minister of Thailand, Thaksin Sinawatra helped villagers to market handicraft products by putting the products on the internet. With good 3D illustration of the products the handicraft items can be examined by potential buyers from different angles. If they like them they can order by any one of the facilities offered by mobile telephones and computers and the goods can be despatched to them by courier.

24. The other business which has grown tremendously is the physical delivery of goods throughout the world. This is based on the speed of the jet aircrafts and the increasing cargo space they provide.

25. The motorised vans replaced the pony express. With that the area that could be covered by express delivery was enlarged. Now the airplanes have been added to the express delivery business, and they are able to cover the whole world with added jet speed. The express delivery has come of age. Anything and everything can be ordered from anywhere in the world and the goods, big or small, heavy or light can be delivered within a few days.

26. Imagine the number of new businesses arising from the speed and coverage of delivery and the classified information on product via the internet. You go to Yahoo and type in the name of the product and you can get more information about it than in any printed catalogue. The cost of advertising in the

Internet is much lower, considering its worldwide coverage than in any print media or TV.

27. Take the delivery system itself. The goods have to be collected by vans and delivered to the nearest airports. The express delivery company will operate the cargo planes to deliver the goods to any part of the world. Even the ordinary passenger planes have enough cargo space to carry goods to the destinations served by the airlines. Each step in the delivery of goods can become a business.

28. Globalisation was conceived by the rich countries so as to enable them to exploit the economic potentials of the world. They wanted their products to flow across borders without barriers, to reach national place. They wanted their capital also to flow across borders to finance acquisitions of banks and businesses, to invest in stock markets to push up share values and then to dump the shares and flee the country with their capital gains. They wanted easy access and easy exits so that they can flee to quality.

29. This is the view of the people who conceived the idea of Globalisation. We in the developing countries do not seem to know how the free flow of goods and capital could be used by us. We should look for opportunities for our goods but not our capital to make use of globalisation for our own benefit. If we do I am sure there will be opportunities galore.

30. Today the financial crisis is bankrupting many small businesses in Europe and America. These small businesses often have good technologies. Just as the Asian financial crisis enabled the capitalists in the developed countries to buy up the distressed banks and business in our countries at fire-sale prices, we should be looking at picking up some of the distressed technology companies in Europe and America. We should buy them lock, stock and barrel, inclusive of the technology experts so that we can acquire their expertise. We should then produce and supply their products to their former customers and new customers all over the globalised world.

31. What we are seeing today is a mass market. Almost any products can be sold in huge quantities in the mass market. The opportunities are many. But to cater to a mass market we must master the technology of mass production.

32. Today there are machines for the production of most of the hand crafted or home-made products, including food products. The machines are not too costly. But some skill is required to operate them. The supplier will train the buyers on the operation.

33. With these machines an increase in production to meet a mass-consumer market would be possible.

34. However, in marketing for mass-consumption attention must be made to consistent quality, packaging and shelf life. Information on the ingredients must be printed on the packaging. Neglect in doing this would be disastrous not only to the business but to the nation as well. Once a company gets a bad reputation for producing poor quality or inconsistent quality, the whole nation would get a bad name. We must guard our good reputation even if we have to accept less profit. Once we are recognised for our quality, there would be a premium for our products. This is what happened to Japanese products.

35. Production on a small scale is less problematic. But on a large scale there will be a lot of problems. Perhaps the most difficult would be the managing of employees. Again we have to accept the challenge of managing people, which is what big business is all about.

36. There are some products which do not change for decades and decades. Mars chocolate has remained the same for as long as I can remember. But there are not many of these. Mostly products change over time. They change in shape, in packaging and even in the brand logo. New products need also to be introduced in order to retain popularity.

37. Some products change almost every year. The designs and the technology also change or get upgraded. Even with small scale production it may sometimes require changes in order to remain on the market. But with the mass market, changes and new products must be introduced frequently. Fashion products such as clothings change every season.

38. The mindset of entrepreneurs and business people need to accept the changes that take place all the time in the marketing environment. Today the papa-mama shops have practically disappeared. Now we have shopping complexes which have grown from supermarkets and hypermarkets.

39. Usually small shops can be rented in these hypermarkets or shopping complexes. Even stalls can be rented in the shopping complexes. Franchised shops are found in all these places. A good approach to business is to become a franchise operator for well-known products or restaurants. If one gets a good site the sales volume can be very big. The restaurants at the LCCT in KLIA do extremely well. But be prepared to pay high rentals for good places.

40. Becoming a franchisor is now common in Malaysia. Such franchisors as Nelson, Mary Brown and Cosway have franchises outside Malaysia. They began probably with only one outlet but if the product is good growth through franchising can be very fast.

41. The world is your oyster. With globalisation there will be opportunities galore. With the advances in the technology of communication and speed of

travel, no place is too far for you to sell products. The internet is a good marketing media. You can display things in 3D for the world to see.

42. But without a change in the mindset, all these will go to waste. Our village has grown. The world is our village. It is mind-boggling. But it is real. The mind must accept this reality. If it accepts them, the SME Women will be literally on the top of the world in business.
