



Latifur Rahman (right) accepting the Oslo Business for Peace Award at the Oslo City Hall.

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Latifur Rahman (second from left) at the ILO annual conference in Geneva as president of Bangladesh Employers Association (BEA).

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A magician who transformed the business scene in Bangladesh

This is an abridged version of a cover story published by the Star Weekend magazine of The Daily Star on May 25, 2012. It's the story of Latifur Rahman, chairman and CEO of Transcom Group, who passed away on July 1, 2020. He single-handedly built one of the biggest business conglomerates in the country, proving once again that ethical business is not an oxymoron, that a successful businessman is like a magician and two of his wands are his intelligence and entrepreneurial skill.

AHMEDE HUSSAIN

IMMEDIATELY after his country broke free from the shackles of Pakistani rule, a young man in Dhaka landed in a crisis that no one his age would have wanted to find themselves in. W Rahman Jute Mills, the first of its kind to be owned by a Bengali in erstwhile Pakistan, and one of the two sources of bread and butter that his family had in the turbulent days of 1972, was nationalised along with other privately-owned industries.

The family owned some tea estates in the north-eastern Bangladesh. But all was not well on that front either. Even though tea did not fall under the guillotine of wholesale nationalisation, the locally produced brew, which was consumed only in the West Pakistan, was literally rotting in independent Bangladesh. At the fag end of 1972, some foreign buyers showed interest in Bangladeshi tea, and there were some distressed sales. "It cost Tk 5 to grow a pound of tea, but the selling price hovered between one and two. If you were lucky, it might cross the taka-three threshold," says the businessman, who was 27 years old in those forlorn days.

"To run the office, I rented some furniture from a shop at the back of the court building in the old part of the city. I brought some ceiling fans from my home to use them in the office," he says. His father was not well, his sister was studying at the university, and the young man, who only a few years ago was driving his own Fiat 500, had to worry about his family's day to day expenses. "I had my car and the house, but cash was hard to come by. Sometimes I didn't have even Tk 100/200 at home. Yes, I was in a desperate situation," he says.

From scratch he slowly but steadily built a business empire, which later became the first Bangladeshi business organisation to take over a multinational, and that too companies as big as Smith, Kline & French (SKF) and Philips.

Rising from the ashes

For the head of a company the turnover of which is USD 350 million, his office is a rather modest affair. A velvety off-white carpet takes you inside the brilliantly wood panelled room, where, flanked by his computer and some office stationery, Rahman sits at his desk in an upholstered chair.

Latifur Rahman is no stranger to business; his family has been dealing in tea since 1885. So when things fell apart and the going got tough, Rahman never lost hope. "I could have fallen into despair, thinking that everything was lost, and I thank Allah that I didn't take that path," Rahman says. Lady luck winked at him within a few months. "On a puja vacation in the early days of 1973, we took Mr Berner, a Swiss family friend to our tea estates, and he was appalled to see the state of the green leaves. There were stacks waiting in vain for the buyers, as we regularly had to pluck the leaves, otherwise the plants would have died," Rahman says.

A few days later, Rahman got a letter from him, which showed a glimmer of hope in those dark days. Berner was from the Swiss firm Andre & Cie, which had been one of the top grain traders of the world. "Bangladesh's foreign exchange situation was precarious, to say the least, and Berner proposed that we

do private barter. I didn't know what it was, but I broadly understood the concept. I knew that no one in Bangladesh had done private barter, or counter trade as it was later called, before. But I was too desperate to ignore it," Rahman says.

The idea was simple. The government-owned Bangladesh Agricultural Development Corporation needed pesticides from Bayer, a German firm, and if Bangladesh entered into a private trade, Dolmar SA, Andre's parent company, would supply the pesticides from its German counterpart, and in return his firm would take the tea from Bangladesh.

"I went to MR Siddiqui, the then commerce minister, with a letter in hand, and he quickly wrote on it that the Ministry might examine the proposal," Rahman says.

For him the last one and a half years had been difficult though. Rahman had seen relative comfort a few years ago, and within a blink of an eye it was all gone. He was reduced to a one-man army; he was his own general manager, typist and peon, all rolled into one. "Government offices used to start at 8, and at 7.30 in the morning I would stand before the room of a deputy secretary or somebody coming in so that I could catch the person going into the office," he says.

It did take off soon. Pesticides and tea worth 6.5 million Deutsche Marks were exchanged, and the Tea Holdings Limited (THL), which Rahman owned, worked as the representative of Dolmar SA. The deal was done and the transaction was successfully carried out. The THL got a commission. "That was really the first start," Rahman says. It was the middle of 1973, and he was able to buy his own desk and chair for Tk 1,100.

The following year, he set up an office in Chattogram and came across some European tea buyers. The THL bought pounds of tea at auctions and exported them to different continents. In the eighties, Rahman set up Transcom, a holding company, which owned the shares of its subsidiaries, a novel concept for a Bangladeshi business. Counter trade, on the other hand, reached as high as USD 15 million each way at that time.

In the eighties, Rahman also became the sole importer and distributor of Nestlé products. There was no turning back after that. Around 10 years later, Smith, Kline & French, a US-based pharmaceutical company, had just merged into Beecham, a British company, and was planning to sell off their small plant in Bangladesh. Rahman bought it and renamed it Eskayef, becoming the first Bangladeshi company to buy off a multinational. But in the first year, business was not good, Rahman recalls. "The entire sales of Eskayef amounted to Tk 1 crore 30 lakh and the loss was Tk 1 crore 29 lakh. For every lakh sold, there was an equal amount of loss."

Given our corporate environment, it might sound quite strange an idea, but after taking over the Eskayef, Rahman decided to keep the company's management intact. "Of course, we lost money, and we kept losing money in the next few years, but I kept the management as it was, and I didn't change the management practises that Smith, Kline & French

used to follow," Rahman says. Eskayef did not break even in the next five years. "We were incurring losses at that time, but they were reducing losses for the sales were going up," Rahman says. Slowly but surely, his policy bore its fruit—Eskayef's total turnover now stands at Tk 689 crore.

On January 14, 1991, The Daily Star (TDS), where he is the majority stakeholder, was born. "After Eskayef, Ali bhai (Late SM Ali), my former colleague (AS) Mahmud and I had a talk about setting up the paper," he says, "The prime person was SM Ali and Mahfuz (Anam) was going to join him."

History, at times, comes full circle. Right from the design of the masthead to all the planning of the TDS, which would later become one of the most trusted papers in the country, was done in the two-storied building in 52 Motijheel, the very house from where Rahman had

for Latifur Rahman's brother. "Our ancestors hail from Cumilla, and our father's name is also the same, Mujibur Rahman," he says. They have never ventured into business together, but their friendship has been cemented over the last couple of decades.

"I used to know him as a businessman, but I really got to know about Latifur Rahman in the early eighties when he became the president of the Metropolitan Chamber of Commerce and Industries and I was the President of Dhaka Chamber," Mahbubur Rahman says. He has always admired Latifur Rahman's human qualities and the values he gives to life and ethical standards. "He is really straightforward, he will tell you the truth whether it is to your liking or not," Mahbubur says. He says that Latifur Rahman is a living example that business and ethical practises can

their jobs because of managerial stupidity," he says.

When a business goes bankrupt for bad management or unethical practises, people lose jobs and families are affected. Latifur Rahman says, "I have been saying this over the last 19/20 years that if we have management practises that are not sound or irresponsible, the company will go down the tubes."

Losing a job in Bangladesh, where there is no social safety net, spells disaster for an employee. "When people lose their jobs, their families are devastated. It is not only X losing a job. It might end in the daughter's marriage not happening; maybe the son's going to university will not be possible," Rahman says. "I believe that those of us who are privileged to be employers have some responsibilities."

After he took over the operations of two big multinationals, Eskayef and Philips, Latifur Rahman kept the old management intact. He believes that the professional management should be left to do what it can or is supposed to do. "It's true for all our companies," he says, "At the end of the day you can look at their yearly turnover, the targets and the objectives. That doesn't mean that you know nothing, you monitor the results, but on a day-to-day basis, I think the management should run the show."

Transcom is also the market leader in terms of salary and wage structures. "You need to pay, money is very important; no one is going to work here for altruistic reasons. At Transcom, by and large our compensation package is absolutely competitive with the multinationals," Rahman says.

He says that his workers are important to him. If someone is giving his best, there is no reason why someone working in GlaxoSmithKline will earn more than his Eskayef counterpart. "On the contrary, our local companies have an edge over the multinationals because not only is our senior management empowered, it also has entrepreneurial skills, whereas the people in the multinationals work in a box as their headquarters are 7,000 miles away," he says.

Unlike many industrialists in the country, Rahman believes that all industries in the country should have labour unions. He thinks it is important that every industry has an elected Combined Bargaining Association (CBA). "All our factories and companies have unions; every alternate two years they elect the CBA, you sit with them, negotiate their demands, of course you cannot meet all of them," he says, "Then you come to an understanding. If there is an issue, the CBA discusses it with the management. That Unions and CBAs are an enemy of the people or an enemy of the businesses is utter and absolute nonsense. Unionisation of labour is there across the world: this is a basic tenet of the ILO."

A family man

Latifur Rahman started his career as a trainee at the end of 1966 in his family-owned jute mills in Chandpur. Then he worked as an executive in the jute mills right up to 1971. His eldest daughter Simeen Hossain also followed her father's footsteps and started from the bottom. "When she started in our office at Toyenbee Circular road in 1991, there

was hardly even a ceiling fan. After putting in 16/17 years she became General Manager," Rahman says. "She put around 19 years to become Managing Director of Transcom Distribution. Her colleagues show full respect to her because she knows what she is talking about as she has not been supplanted from the top. She knows the business."

One of his favourite escapes is to go to his ancestral home in Cheora with his family. "This is where he is most relaxed," Simeen says, "He goes fishing with his grandsons and insists on cooking dinner every night for them. He and my mother spend a lot of time with neighbours and relatives there, inviting them over or visiting them."

As a parent, says Simeen, he has been a tower of strength: "He never gets fazed, no matter how difficult the circumstances; he always keeps a logical, stoical front no matter how much he may be hurting inside, so that we don't become weak and can draw strength from him." The brutal killing of his youngest daughter in 1998 has left a permanent burden of anguish for the whole family but Rahman has not let his life-long grief affect his work or his commitment to his family.

As a boss, says Simeen, now MD and CEO, Transcom Distribution Company Ltd, Rahman is an entirely different person. "When we first joined work he told us in very clear terms that we would not get any extra favours just because we were the chairman's children; we would get a salary and the ground rules would be the same as for any other employee of the company and we would be rewarded only if we deserved it."

When asked about their mother, Shahnaz Rahman, Simeen unequivocally states: "She has been the rock behind him. She has been supportive all throughout, morally, spiritually, as his partner and friend; he shares everything with her. Without her, he is incomplete."

Rahman met his wife Shahnaz in Shillong where they both were studying in different boarding schools. It didn't take long for Rahman to decide that Shahnaz would be his partner for life and the two married very young. They had four children: Arshad Waliur Rahman, Simeen Hossain, Shahzreh Huq and Shazneen Tasnim Rahman.

Global recognition

On May 7 (2012), Latifur Rahman was awarded this year's Oslo Business for Peace Award for his outstanding contribution in the area of ethical business. The award, considered by many as the Nobel Prize for business, was presented as part of the "Oslo Summit on Peace through Trade" in Oslo City Hall in the Norwegian capital. Rahman was selected out of 90 candidates from 60 countries by a panel of Nobel Laureates. Notable previous awardees include Ratan Tata (awarded in 2010) of Indian Tata Group and Jeffrey R Immelt (awarded in 2009), the CEO of General Electric in the US.

In a brief speech given at the Oslo Business for Peace Honourees Dinner, Latifur Rahman said, "I do not wish to comment on the moral values, but I just want to say that there is no contradiction in being "business-worthy" and at the same time achieving success in business, rather it is the sensible thing to do."



Latifur Rahman with his wife Shahnaz Rahman.

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started afresh his business ventures in the dark days of 1972.

Meanwhile, Rahman had set up Nestlé Bangladesh Limited as a joint venture, and when Philips was going through hard times in the nineties, the company decided to sell off its operations in some countries. Rahman was approached by the Philips management in Dhaka, asking if he would be interested to buy the company's operations in the country. He talked to the then ANZ Grindlays Bank and struck a leverage buyout deal, according to which the bank had funded the large part of the payment that Rahman had to make to buy Philips. The rest is history.

His philosophy

Those who do not know him well sometimes mistake Mahbubur Rahman, chairman of International Chamber of Commerce-Bangladesh,

go hand in hand.

In fact, throughout his journey as a businessman, Latifur Rahman has never entertained unfair means, not even in the bleak days of early seventies when the country's atmosphere was not congenial for business. "The last army-backed caretaker government employed 10/15 army men and three audit companies to look into his 15 companies, and they did not find one single case of deception or avoidance of tax anywhere, including his retail outlets," Mahbubur Rahman, who has been honoured with Lifetime Achievement Award in this year's Bangladesh Business Award, says.

Latifur Rahman says running business ethically and managing it well are integral to success. "I have seen business go down the tubes. Businesses collapse and people lose