Passing the mantle

SARWAR AHMED

IT was time for departure. As our four-and-a-half-year son Yazdaan walked with me hand in hand, down the airport hallway to the car concourse at John F Kennedy Airport, New York, to join his waiting mother, uncle and aunt, I kept repeating, I'll be back soon. He kept on asking, how soon? Couple of days, I mustered to say. As soon as he got in the car, he dropped the window glass, reached out and grabbed my hand.

His inconsolable crying was sheer agony as was the attempt to pry my hand loose from his surprisingly strong grip. As his mother pulled him in and got the window up, the car pulled away. I had a glimpse of him climbing the backseat as he looked out frantically from the rear window. That one minute episode sealed my decision to leave 31 years of corporate life in Syngenta and its legacy companies and return soon to the love and affection of our son and family.

Life's priorities change. When you are in your fifties, the company of your family takes precedent over your corporate ambitions. Their love, affection and being together happen to take the number one seat. However, early on in my career, priorities were different.

1981: Having completed my MBA internship in Ciba-Geigy, I was immediately offered to join the company. Early in the career ladder, I used to work in a work environment conducive of creativity and fun, and the hours would swiftly fly by. Invariably and regularly late, I would come home to a lonely wife who would wait patiently, and over the years had become a habit for her.

My career progressed with the long hours. The passion for work was imbued by my managing director Georg Wyss, our managing director. He made work fun and enjoyable. We were at the nascent stage of building the agricultural chemicals industry which had transitioned from the public to private sector. There was so much to do. Along with the functional responsibility, Georg had sensed my passion for training and development. He made me head of training and took me abroad for training workshops which I replicated back in our local company.

1986: As spring turned to a hot and sultry summer, our eldest son was born, a joy for us. We used to live on the top floor of a five-storey building. Even in the 1980s, there was water scarcity and we had to collect water in buckets in the middle of the night, a ploy the landlord used to ensure that he had enough water while most of his tenants slept. There was no respite from the summer heat as we felt like toast on the top floor. To give space to my wife and son on the bed in the sweltering heat, I used to sleep on the floor. One night, I woke with a start as I found our son in my outstretched hands as he had rolled off the bed. It was indeed the work of angels who had made me stretch out my hands in my sleep.

Like a snakes and ladders game, with each year, I climbed up further in the career game, early on climbing the ladders to new responsibilities. The snakes too appeared in various forms over the years from challenging authority, politics behind your back, to outright fraud.

Early on, I did a stint in marketing communication, then financial planning and control, and went on to set up the HR department for the company.

By then, Georg had gone. The long hours took its toll on Georg as his wife left him, leaving him devastated. He never recovered from the shock, took to drinking heavily to drown his sorrows, and had to return back to Switzerland. That was a sobering effect as we realised the importance of spending time with the family. Georg passed away at an early age of 54.

1987: HR is a positive learning experience and is a critical function in an organization. This is where I had my first 'snake' experience -- a senior manager tried to frame me for an obscure wrongdoing which had not even occurred, all because I did not please him with a recruitment decision. I learnt fast -- you cannot please everyone and people will do their best to pull you down given any opportunity. So don't give any opportunity. Be transparent in your work.

SYNGENTA BANGLADESH

Syngenta introduced innovative marketing programmes like a simple and unique way of communicating with farmers.

1989: Our twin boys were born as I moved on to head crop protection marketing. An avid fan of Kotler, I tried to follow by the book. It took me several years to unlearn and realise the only way to succeed is when you talk and intimately listen to customers. We changed our whole communication strategy based on this realisation, which eventually led us to win a Syngenta global innovation award.

1991: I was made head of the agro business at the age of 34. I had several senior managers reporting to me, a cultural anathema. A fast paced drama unfolded during the announcement with the inevitable fall out of some leaving the organisation. It was during this period as head of the agro business when I got tested in several ways. The first introduction of VAT came into effect. With that, we could not affect price increase to cover the newly introduced VAT, leading to a loss and an alarming summon to our Basle head office.

Face-to-face with Peter Schatzle, responsible for Asia, he picked up a sheet of paper and waved it in front of me. Sarwar, this is your best friend in Basle, he said, as he waved the sheet. This is the income statement of your business. If you are in the black with the expected profit, no one will bother you. If it turns red … he kept on smiling and kept on waving the sheet as his voice trailed away. Lesson learnt. Fortunately, VAT on agriculture was withdrawn and the business was back in the black before too much damage was done.

The other major test came with the discovery of renal failure of a young colleague's wife. The company did not allow the kind of medical facilities we have today. We pooled in personal funds to help her with her weekly dialysis. Desperate for funds for a kidney transplant, I wrote to my senior colleagues in Basle. Their prompt humaneness in sending the funds led her to live with a transplanted kidney for the next decade and bearing two lovely children.

It was during this period we transformed into an IT enabled organisation with Noor Chowdhury setting up the software in running our business at the sales centre level. Each IBM PC at cost Tk 125,000 then. We bought internal modems that cost Tk 50,000 each. Unfortunately, we could never use the modems as the telephones then were difficult to dial in to Dhaka, and the crackling noise would drop the line easily.

1996: Ciba became Novartis. The first Novartis launch meeting of business heads was held in Bermuda. As we returned, I caught up with Dan Vasella, Novartis' CEO, at New York Airport to shake hands with our new leader. Two burly bodyguards moved in to make sure there was no mischief as they oversaw the chit-chat we had in the airport hallway.

2000: Our daughter is a year old when the formation of Syngenta is announced and so does the Bangladesh government's announcement to ban certain class of pesticides. Our business was hit as we lost 40 percent of our business with this announcement. We quickly focused on the remaining portfolio to bring back the business to a sustainable level by 2003. With Syngenta's announcement, I was made managing director in 2001. We introduced innovative marketing programmes like a simple and unique way of communicating with farmers, establishing an exclusive channel and consolidating the crop protection and seeds businesses which led to steady organic growth and has set a trajectory of further growth, well into the future.

Yazdaan comes in our life, unexpectedly in 2007. Sometimes, things happen which gives you a sense that there is a higher order which controls events, not us.

2009 saw the establishment of a learning and development centre in Bogra, a dedicated training facility to improve agricultural knowledge of our retail outlet owners, who are the first contact for farmers seeking advice for their crop problems. Their advice is improving the qualitative aspects of Bangladesh's agriculture, avoiding the misuse of agricultural chemicals and improving farmers' productivity.

As I did the rounds one last time, meeting our distributors around the country to say good bye and to introduce my successor, I did get to reflect on the 31 years of my life, being in the service of agriculture in Bangladesh. If Bangladesh today has tripled its crop yields since its liberation, I do feel we've played our part in this remarkable journey of ensuring food security, and that people do not go hungry.

It is indeed with a great sense of satisfaction that I pass on the mantle of leadership to my worthy replacement, Sazzadul Hasan. That I have a competent and dynamic successor has made it much easier to say goodbye to Syngenta and Bangladesh's corporate world.

The writer is the former managing director of Syngenta Bangladesh.

Petronas chafes at its role as Malaysia's piggy bank

REUTERS, *Kuala Lumpur*

STATE-OWNED oil company Petronas is tired of being Malaysia's cash trough. Its growing pique at the government flared into public view here in early June at the World Gas Conference.

Chief executive Shamsul Azhar Abbas took to the stage and declared that the government's policy of subsidising fuel was plain wrong. A murmur ran through the crowd -- his boss, Prime Minister Najib Razak, was sitting in the front row.

Moments later, Najib went to the podium himself to remind everybody that the subsidies -- for which Petronas foots the bill -- have "social-economic objectives."

The subtext of that rejoinder: Malaysians pay among the lowest electricity rates and petrol-pump prices in Asia. While the government has vowed to "rationalise" that, it's highly unlikely to happen before elections expected in a few months.

The polite but pointed disagreement was the latest sign of assertiveness from an oil company that prime ministers have treated as a piggy bank for pet projects since it was established in 1974.

Interviews with current and former officials and an examination of Petronas and government documents show that strains have been building behind the scenes over how much money the company hands over to the government in the form of fuel subsidies, dividends and taxes.

Financial data reviewed by Reuters show the government has increasingly relied on Petronas's payments -- a "dividend" to its sole shareholder -- to plug fiscal deficits that have begun to alarm ratings agencies and analysts.

REUTERS

The Petronas Twin Towers are pictured in Kuala Lumpur. Petronas is Malaysia's largest single taxpayer and biggest source of revenue, covering as much as 45 percent of the government's budget.

The data also show these payments grew over the past several years as oil prices soared, along with government spending. But Malaysia's official accounts do not show how the money is being spent -- and the government has steadfastly refused to disclose any details about that.

Petronas is Malaysia's largest single taxpayer and biggest source of revenue, covering as much as 45 percent of the government's budget. Unlike other oil-rich nations such as Saudi Arabia, Norway or Brazil, Malaysia runs chronic, large budget deficits that have expanded even as oil revenues increased. Last year's fiscal gap, at 5 percent of gross domestic product, trailed only India's for the dubious distinction of biggest in emerging Asia, and it may widen this year.

Subsidies account for a big chunk of the deficit. They have other downsides as well, Shamsul noted in his speech to the gas conference. "Subsidies distort transparency, reduce competition and deter new investments," he said, adding that Petronas paid between 18 billion and 20 billion ringgit ($5.75-6.35 billion) a year to subsidise gas consumption.

Malaysia isn't facing a fiscal crisis. Foreign investors eagerly buy Malaysian government bonds, confident the country's reserves of oil, gas and foreign currency are deep enough to ensure the debt will be repaid.

That faith will be tested over the next few months.

Falling oil and gas prices will likely constrain Petronas's 2012 profits, and a worsening euro-zone crisis may hurt the country's exports. Smaller Petronas payouts and slowing economic growth would pinch government finances.

Shamsul argues now is an opportune time to pursue foreign acquisitions on the cheap as Malaysia's domestic energy supplies deplete. On Thursday, the company announced it was acquiring its Canadian joint-venture partner, Progress Energy Resources Corp, for $4.7 billion. More may be in the offing.

"Mind you, for that to happen, we need cash," Shamsul said in his speech.

The trouble is, the government needs the cash, too.

Petronas, Malaysia's only global Fortune 500 company, towers over the Southeast Asian country -- literally and figuratively. Its 88-storey twin towers, once the world's tallest buildings, dominate the skyline of Kuala Lumpur.

Petronas's oil and gas reserves rank 28th in the world, according to data from PetroStrategies in Plano, Texas, ahead of some better known players such as Norway's Statoil and CNOOC, China National Offshore Oil Corp.

Unusual for a state-owned enterprise, Petronas's debt is rated stronger than the sovereign state's. The company had about $15.6 billion in total borrowing as of March 31 and counts US insurer Aflac Inc among the debt holders.

Petronas' CEO and board, however, serve at the pleasure of the prime minister. Over the years, prime ministers have tapped into Petronas funds to build their dream projects and bail out their mistakes. Political leaders were used to dealing with yes-men in the company, which on Malaysia's organisation chart is part of the prime minister's office.

Now Petronas is trying to say no.

Like all state-owned oil companies, Petronas is expected to pass along a share of profit to the government, just as a private sector oil company pays dividends to shareholders.

Those dividends gobbled up almost 55 percent of its net profits in the fiscal year ended March 31, 2011, well above the average of 38 percent paid by national oil companies around the world, Petronas figures show.

Including taxes, export duties and the dividend, Petronas estimates its total payments to the Malaysian government added up to 65.7 billion Malaysian ringgit ($21.10 billion) in that fiscal year.

Petronas has been pushing for a new dividend policy that would set the annual payout to the government at 30 percent of profits instead of the flat 28 billion Malaysian ringgit ($8.75 billion) it will pay this year.

A lower payout would preserve money to reinvest in global oil and gas exploration in order to compensate for declining domestic supplies.

A Reuters analysis of Petronas and government financial data shows Petronas would have paid close to 17 billion ringgit in the March 2011 fiscal year if the 30 percent dividend formula was in place.

A smaller dividend payment would have deepened Malaysia's fiscal deficit, swelling it to about 6.5 percent of gross domestic product. That's nearly triple the average among the world's emerging-market economies, according to International Monetary Fund data.

With less Petronas money under the new formula, Prime Minister Najib would have three unpopular options: cutting spending, increasing taxes or ramping up the deficit. Worsening public finances could unsettle foreign investors, who hold about 39 percent of the government's local currency debt, the highest share in emerging Asia.

TO BE CONTINUED