

SYED MANZUR ELAHI - 2002



Chairman of Apex
Group

Envision this – you have just walked into a Marks & Spencer outlet in London to buy a pair of shoes; you select one you like and, curious of the place of origin, turn the shoe to see the tag. To your utmost surprise, you see a “Made in Bangladesh” tag! Shocked? Delighted? Possibly very proud. The man whose efforts have made this possible is none other than Syed Manzur Elahi.

Elahi is not only a well-renowned persona in our business community but also a much respected one. He is one of the rare first-generation entrepreneurs who has demonstrated that it is possible to create a successful business house in Bangladesh that can transcend national boundaries and excel in the export market – and that too in the dynamic, highly fashion-sensitive, and most importantly, unprotected industry of leather. He took his chance of a lifetime 30 years ago when an entrepreneurial career did not possess the glamour it does today, at a time when the word “businessman” was associated with smugglers and black-marketeers.

Elahi was born in a well-to-do educated family in Calcutta in 1942. His father Syed Nasim Ali, then chief justice of Calcutta High Court, passed away when Elahi was only four. He was subsequently brought up by his eldest brother in an environment that can essentially be characterised as “plain living, high thinking.” Educated in Bishop Westcott Boys School, Ranchi,

and St Xavier’s College, Calcutta University.

Elahi proceeded to complete his Masters from Dhaka University with first class in economics. Coming from a predominantly civil service family background, he was expected to follow this tradition in making his career choice; but only in the year 1954, the civil service exam was held before the university master’s finals preventing Elahi and batchmates from appearing in them – it was this sheer chance of fate that led Elahi to interview with and join the erstwhile Pakistan Tobacco Company after graduation. He worked in his first and last place of employment for seven years at the Chittagong, Karachi, and London offices.

Despite receiving phenomenal salaries and perks, Elahi was bored. He was looking for a chance to venture out of corporate life and that opportunity appeared in the form of a Frenchman he met at a dinner. This man, who was basically a trader, offered him an interesting proposition – to represent him as an agent in Bangladesh. His job would be two-pronged: source leather from Bangladesh for export to Paris and sell the leather chemicals that are imported from Paris to Dhaka. Despite any prior knowledge of leather – without even knowing the difference between hide and skin – he took this opportunity to leave a secure job in 1972 and face the challenges and uncertainties that came with self-employment. In starting his own business after private service, he broke his family tradition for the second time and that too by engaging in a socially stigmatised field – the self-admittedly “dirty and obnoxious” industry of leather. Success soon followed in this simple but lucrative niche and, delighted by his performance, Elahi began contemplating big business.

In 1975, the government started privatising the loss-making tanneries – the first unit to be sold was one Orient

Tannery which had nothing in terms of assets other than a piece of land and a tin-shed. Elahi, in partnership with Md Rahmatullah, bid for this unit, luckily won, and hence entered mainstream leather manufacturing to create the name we are so familiar with today – Apex. He had the right contacts, he brought the necessary equipment, the timing was perfect – all factors combined, Elahi did not have to look back. Starting with wet blue leather, he later moved two stages up into crust leather production which was capital intensive and required expensive machinery; to garner the additional capital, Apex went public in 1982. Forward vertical integration eventually followed into footwear in 1990.

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Today, Apex Tannery and Apex Footwear are worth Tk 600 million and Tk 161 million in terms of capital – employing over 2,000 people and exporting Tk 2.3 billion annually to markets in Italy and UK. But it has not always been smooth sailing – Elahi has endured a fair number of obstacles in both local and international contexts. Locally, labour skilled enough to operate sophisticated machinery has been scarce while the volatile nature of international leather prices has led Apex to near bankruptcy as many as three times.

As a leather exporter, Elahi outlines the two advantages Bangladesh has going for itself: (a) the goat skin available is one of the best in the world; and (b) cheap labour. But the disadvantages are a handful: not only are the cowhides one of the worst in the world, but, more seriously, the

nation suffers from weak product development and a severe image problem that make international buyers wary. Just like in the RMG category, customers lack confidence in Bangladeshi manufacturers to consistently deliver quality products and, hence, offer below-average prices.

To emphasise the severity of the consequences, Elahi cites a few statistics, “In 1991, both Bangladesh and Vietnam had about 11 leather companies; today, we have around 7 whereas Vietnam has shot up to over 600.” Furthermore, competitor countries like India have moved way ahead in this field by investing in know-how; a Central Leather Institute in Chennai employs 40 PhD-holders to work towards solving problems of the industry and improving related machinery and formulas.

By his own admissions, the only way to stay abreast of the latest trends in this sector is through technology – Apex has repeatedly sourced and upgraded its equipment straight from the gurus in leather technology based in Tuscany, Italy. Italy, historically, has been the homeland of famous shoemakers like Prada.

Elahi has steadfastly believed in investing in the best machines and chemicals as they always pay off in terms of productivity, quality, and accurate product development. Other keys to his success have been a loyal customer base, diligent participation in international leather fairs, and undiluted hard work.

He strongly advocates taking a long-term perspective as a requisite for people involved in export businesses – whether it be in dealing with customers or choosing new lines of business. His management style is founded on the concept of power sharing; “I believe in finding the right kind of people and creating the environment for them to stay.”

Retrospectively, Elahi appreciates the understanding role public shareholders have played in weathering the hard times when Apex

had been unable to declare dividends. Personally, he acknowledges the support his wife, Nilufer Manzur, displayed in encouraging him to leave his corporate job and pursue new aspirations.

Looking into the near future, he is optimistic about the fate of Bangladeshi leather. “Considering the extent of manual labour that goes into shoemaking, it is no longer possible for European countries to afford to make shoes that sell in the low-price category”, he explains. “Factories operating in this segment have increasingly been closing down and relocating to Asian locations.”

The good news for Bangladesh is that they are interested in reducing their dependency on China and are keen to expand their sourcing options. However, a positive outlook has not caused him to grow complacent about maintaining competitiveness – anticipating eventual restrictions on exports.

Elahi has already invested in a new tannery plant in Shafipur which started operating seven years ago with state-of-the-art environment-friendly technology and water recycling facilities. He has also diversified the Apex name into the pharmaceutical business with the creation of Apex Pharma.

In the past, he had been an advisor to the caretaker governments in 1996 and 2001 as well as president of MCCI and Bangladesh Employers’ Association.

In terms of local value-addition, leather ranks very high as an industry – importing only 10 percent of the total cost of goods sold. In that sense, Elahi no doubt has contributed a significant percentage towards our foreign currency earnings. But his unique contribution has also been in demonstrating to the future generation of entrepreneurs that hard work, enterprise, and bold initiatives into uncharted business waters do pay off.

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