

The soft-spoken president and group CEO of one of Malaysia's leading conglomerates talks about how he moved UMW Holdings Bhd towards a more exciting direction and the foundation he's building for greater success

MAN ON A MISSION

Datuk Abdul Halim Harun is one man who does not subscribe to the ethos of 'doing business as usual'. To the president and group chief executive of UMW Holdings Bhd, moving forward by way of constantly improving and innovating is a crucial aspect of an organisation's success. And if that organisation is a conglomerate such as UMW Holdings – whose core businesses are in the automotive (as assembler and distributor of Toyota and Perodua vehicles), equipment, manufacturing and engineering, and oil and gas industries – then what's also required are exceptional ideas and a willingness to think outside the box.

'In my annual speeches I've always said I don't want business as usual because falling into the mindset of doing business as usual may result in the decline of a company,' he says, adding that at UMW Holdings there is no room for lackadaisical management.

'I tell my people we have to move forward and do things differently, and that there has to be a quantum leap in terms of financial performance and service in whatever we do. Just because we sell equipment does not mean we will always sell equipment... there is a need to think of how to increase revenue as well as sales.'

In the driver's seat of the group since 2001, 59-year-old Abdul Halim has not wavered from his goal of taking the company to greater heights. The decisions he has made have not only raised eyebrows but also shaken things up and, as Abdul Halim describes, 'woken the sleeping giant' that is UMW Holdings – a company whose history

dates back to 1917, when founder Chia Yee Soh started an automotive repair shop called United Motor Works in Singapore's Orchard Road.

A chartered accountant by training, Abdul Halim began his career in an accounting firm, and over the years has worked in various capacities at various organisations within the administrative, accounting and financial fields.

Prior to joining UMW Holdings, Abdul Halim was the managing director of Klang Port Management Sdn Bhd and Klang Container Terminal Bhd. His experiences have shaped his management style – he focuses on setting the direction and while he doesn't micro-manage, he's particular about being hands-on and following

up with things. He's also no stranger to streamlining an organisation and putting it on the path to growth.

As such, when Abdul Halim assumed the helm of UMW Holdings, the first thing he did was review the various business units with the aim of streamlining the group's operations. From nine business units, Abdul Halim whittled it down to three – automotive, equipment, and manufacturing and engineering. He also shut down some of its operations in the Philippines and the Solomon Islands.

Energy boost

Having streamlined the group's operations, Abdul Halim further upped the ante by proposing to add another core activity – oil and gas. 'It was a new industry to us, but I felt we needed another core activity to help spread our risks and reduce our reliance on automotive, and I saw the potential of the energy sector.'

Focusing on upstream activities, UMW Holdings made its foray into the oil and gas industry in 2002 and has not looked back. Today, the oil and gas division manufactures transmission and drilling pipes, fabricates inshore and offshore structures, and provides oilfield services. With investments in India and China, the group recently landed a project in Oman.

Abdul Halim's satisfaction with the progress made by the oil and gas division is palpable, but beyond the fact that this is his legacy to the group, the calculated move has paid off. Despite the challenging economic environment in 2009 – which saw sluggish car and equipment sales in the first quarter – the oil and gas division recorded





improvements in both revenue and pretax profit for the nine months ended 30 September 2009 compared with the same period in 2008.

For Abdul Halim, running a conglomerate such as UMW Holdings means placing importance on the bottom line and management. Like any good leader, his task is to set the group's direction – and Abdul Halim, named Malaysia's CEO of the Year in 2007 by *Business Times* and finalist in Asia Business Leaders by CNBC Asia for 2007, does it in his own inimitable style.

Recognising that moving and motivating an organisation with a staff strength of 105,000 is a mammoth task, Abdul Halim starts with the management level through the group's annual business plan kick-off session. Held towards the end of every year, some 60 to 70 members of the group's senior management attend the session, first introduced in 2003.

'This is when I will give my "State of the Union Address",' he quips. On a more serious note, he stresses that

* WHAT HAS ACCA DONE FOR YOU?

ACCA challenges you to learn, to know more and be one step ahead. Preparing for the ACCA qualification challenges you to look beyond the surface. You have to anticipate, innovate and use your instincts. In a way, it provides the conditioning to meet life's challenges.

the sessions give the team a chance to determine the goals for the coming year. It is in this manner that he has successfully steered the company to success. Under his leadership, UMW Holdings's performance has risen from about RM3.4bn turnover in 2001 to about RM12.8bn turnover in 2008.

'For the last eight years, six of these were record-breaking years,' he says with a measure of pride.

What's more, going by the group's third quarter results for 2009, it appears UMW Holdings has emerged from the global and local economic slowdown largely unscathed. For the third quarter ended 30 September 2009, pretax profit stood at

RM288.2m, a significant improvement over the RM185.5m recorded in the second quarter of 2009. And while Abdul Halim concedes that the full-year results will not be as buoyant as 2008 – a record-breaking year by all accounts as the group surpassed the RM1bn mark in pretax profit – the retreat is not as bad as expected.

Human touch

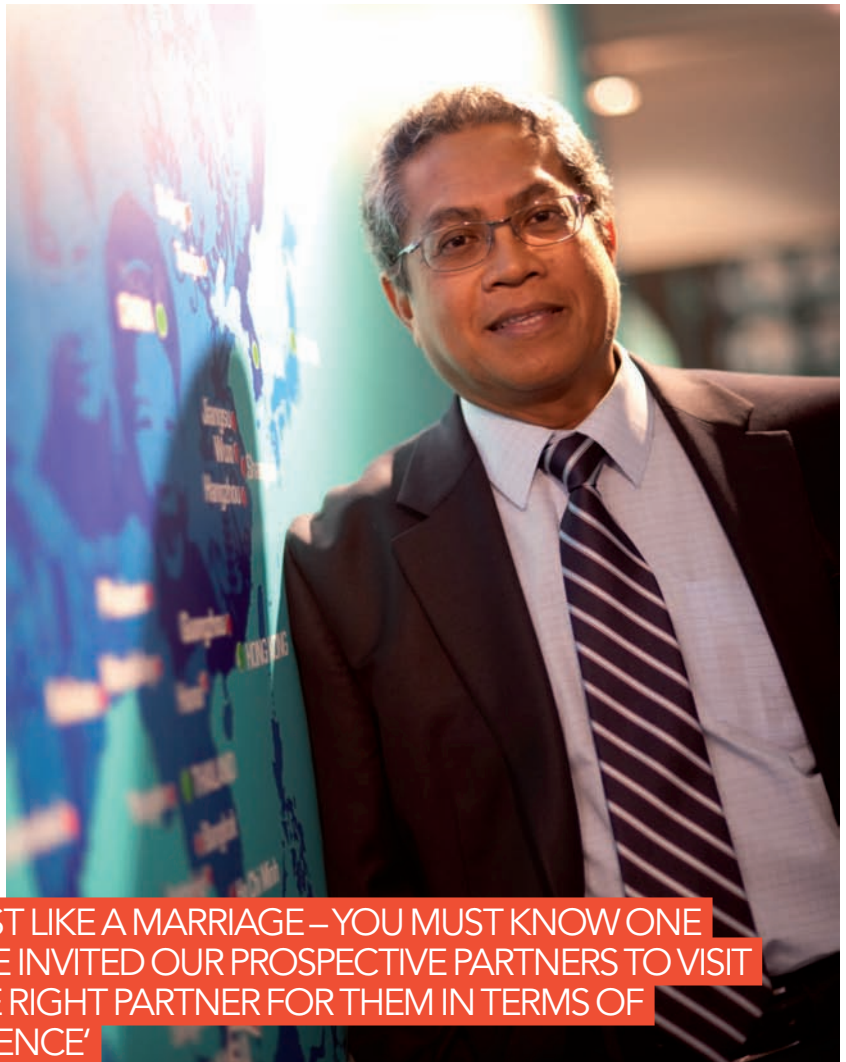
Beyond the foresight displayed in streamlining the group's operations and the visionary decision to venture into a new core business, Abdul Halim's strength also lies in his ability to motivate the people within the organisation. 'You need to have the

'I'VE ALWAYS SAID I DON'T WANT BUSINESS AS USUAL BECAUSE FALLING INTO THE MINDSET OF DOING BUSINESS AS USUAL MAY RESULT IN THE DECLINE OF A COMPANY'

people on your side,' he says, adding that this was a lesson learned during his stint at Klang Port Management, then a newly privatised entity.

'You cannot take your people for granted. There has to be that human touch.' It's no surprise Abdul Halim's style of leadership has had an impact; although it has been almost a decade since he left Klang Port Management, he is still in touch with former employees and even receives wedding invites.

It's evident Abdul Halim takes pains to nurture relationships, which is one reason why the group has been successful in making inroads into China,



'HAVING A PARTNER IS JUST LIKE A MARRIAGE – YOU MUST KNOW ONE ANOTHER. THIS IS WHY WE INVITED OUR PROSPECTIVE PARTNERS TO VISIT US – TO SEE IF WE ARE THE RIGHT PARTNER FOR THEM IN TERMS OF KNOW-HOW AND EXPERIENCE'

he reckons. 'When we decided to venture into China, many tried to discourage us, pointing out the bad experiences of other Malaysian companies.'

Undeterred, Abdul Halim employed that 'human touch' and explains that 'having a partner is just like a marriage – you must know one another. This is why we invited our prospective partners to visit us – to see if we are the right partner for them in terms of know-how and experience, and in turn we took our board members to meet them.' As a result of this approach, UMW Holdings has seven investments in China to date totalling US\$252m.

Within UMW Holdings, Abdul Halim also created a CEO award to reward the top-performing companies within the group. 'I want them to compete amongst themselves,' he says acknowledging that it is this spirit of competitiveness that has led to the group's record-breaking results.

Abdul Halim is also a believer in honouring promises made, notwithstanding the economic climate.

A case in point is the promise of an incentive trip to South Africa for the Toyota sales team if they managed to hit sales of 100,000 vehicles in 2008. 'We sold 101,000 vehicles, and although we feared 2009 would be a bad year we kept our word.'

And he does not discount the fact that the group's brand revitalisation exercise – which saw a new logo and tagline "Beyond Boundaries" unveiled in January 2008 – has played a role not only in the group's success but also in cushioning the impact of the economic slowdown in 2009.

'Thanks to the new rallying call, there has been a change in our people's thinking. Now everything they do embodies the values of the organisation – namely honourable, vibrant, unshakable and pioneering.'

Going forward, Abdul Halim is confident the group will be able to match 2008's pretax profit of RM1.2bn in the current financial year. His optimism stems from the oil and gas projects that will be coming onstream

and contributing to the group's bottom line. With the economy improving and with the government stimulus measures, vehicle sales and demand for industrial and heavy equipment is also expected to improve.

Abdul Halim is not about to rest on his laurels. 'We're laying the foundation for bigger things. By 2013, I want to see a profit of RM1.7bn.' With Abdul Halim at the helm, anything is possible.

Sreerema Banoo, journalist

* FAST FACTS

Born: Kepala Batas, Penang

Lives: Shah Alam, Selangor

Family: Married with two children and three granddaughters

Activities: Golf (handicap 22) and bowling

Last family holiday: Egypt

Currently reading: *A Thousand Splendid Suns*, by Khaled Hosseini

Music: Keroncong