

**Asian Business Leadership: Planning for the Future**  
**Dusit Thani Hotel**  
**March 3, 1996**

I am honoured to be here tonight to address some of the top CEOs and presidents from around the region. This is the first forum that I can think of that has drawn senior Asian company executives together to share views and insights. I believe that Asians have a great deal to learn from one another and I welcome other Dialogue programmes that focus on the dynamic companies and leaders of Asia. The importance of this event is underlined by the re-scheduling of a previous engagement to attend ABL. Tonight I would like to speak on the roadmap for Asian business leadership and planning for its future.

Asia is a complex environment in which to do business. Each country has its own unique history and culture. In addition to these characteristics, the politics and economic development in each country has greatly influenced the business structures, which have developed. Successful companies such as the Birla Group, Sime Darby and SGV, however, were early pioneers that focused on the similarities in this diverse region to develop their regional businesses. Managing and operating as a regional business rather than a national company is an important factor in their success. I believe Asian companies will increasingly look to similar Asian companies as a model to develop or enhance their regional businesses. These successful Asian companies will also change how Asian companies are organised, managed and will plan for the future.

As international trade barriers are eliminated, Multi-National Corporations (MNC) and regional players will increasingly try to identify markets where they have a competitive advantage. Asian companies have the ability to develop as competitive businesses as any MNC. The key to success is to ensure the management and organisational structures are developed to respond to the unique opportunities and challenges in Asia. San Miguel is an excellent example of a company rising to this challenge. As San Miguel has discovered, an Asian company can become a major player in the global beer market. A large regional consumer market has made it possible for Asian companies to develop comparable market volumes to truly global companies, by staying focused solely on Asia. Imagine what could happen when that focus shifts to global arena.

Asia is often viewed as a region where companies need to court political favours to be successful, but multi-lateral trade organisations are changing how business is conducted in Asia as well as other parts of the World. Asian companies must begin to explore key management issues as the means to get ahead. Companies must rely more on their ability to manage resources and people rather than count on political favour for their competitive advantage today. Our goal should be to develop world class market leaders that are as common in Asia as they are in the US or Europe. The forum over the next few days offers an excellent opportunity to

learn from some of the best strategists and management-thinkers in the world and bring this vision to reality.

Asian companies have three distinct competitive advantages. One of the greatest advantages Asian companies have over other large companies such as MNCs is flexibility. This trait has allowed many companies to grow and flourish, and has even enabled many smaller players to compete successfully with larger MNCs. Many companies that develop into large market-leading companies become too complacent and even risk-averse, focusing on asset maintenance rather than growth. Asian companies should learn from this and strive to maintain flexibility as they prosper.

Another advantage of many Asian companies is the family-owned business structure. The ability of these companies to focus on the long term without outside investor pressure is a key competitive advantage. As family-owned businesses grow and expand regionally, a transition from family-owned and family-managed to family-owned but professionally managed is occurring. The challenge to family-owned and managed businesses is the retention of qualified management; professional managers will not stay long in family companies where decision-making is based on family status. The balance between family-owned but professionally managed companies exists to a high degree in Korea. This can be used as a model on which to propel family-owned businesses into the global arena.

Asian companies are less likely to be weighed down with outdated technology. The ability to leapfrog generations of older technology without the burden of replacing older units, is also a competitive advantage. In addition, as technology becomes less of a factor in companies maintaining market leadership and as the lead times to develop new products is reduced, the availability of technology becomes more like a commodity.

These three competitive advantages are just a few of the factors transforming business organisations in Asia. So where does this leave us in terms of looking at some of the challenges ahead for the leading companies in Asia?

There are some key challenges facing Asia's business leaders, which require us to continue to change and adapt our organisations and practices in order to respond effectively or face being left behind. In making these changes in our organisations, in order to compete in the future, it is my hope that we do not discard some practices, which have served us well and are common across the region.

In Asia, the biggest challenge facing business today is that of human resources. The lack of qualified and well-trained executives has the potential to de-rail our progress, more than any other single factor. While infrastructure projects are basically a one-time expenditure, education requires a continual investment. It is clearly an issue that needs attention. A shortage of skilled middle and upper management already exists. To develop a long-term solution, we must turn our attention to academic institutions.

The Malaysian Minister of Education expressed it best when he said, "We have been recipients of knowledge from the West. The time is ripe for us to be originators of it." The global thought leaders who have one to Bangkok to share some of their insights, come mostly from business schools in the West. They have useful insights, and through extensive study and research have contributed to the field of management. How many executives could name the Minister of Education for any country including their own? Business leaders must take leadership to improve education and to develop regional talent. The business leaders need to be part of a solution. Companies profiting in Asia should give back to society in the region.

There is a need, for leadership within the business community for work across the region. The scope of business research conducted is focused on local issues, however, not at cross-border issues, which Asian companies face. Business leaders should unite and promote the development of funds to develop projects that focus on relevant cross-border issues.

If our business schools are unable to adequately undertake such research, the fund could be used to undertake joint co-operative research with researchers from Western institutions, thus helping to upgrade university students' research skills. A commitment of US\$25,000 from one hundred companies will go a long way to attract talented academics back to Asia and also help us to understand what business practices work best in Asia for the long term. As business leaders, you not only help yourself but also take one small step towards addressing this major problem faced throughout Asia. The challenge of business leaders is to show vision and commitment to develop our own role models and management gurus.

While there are other challenges faced by companies in Asia, I think one of the most formidable is the shortage of middle management and human resources in the region. While we have our national business leaders, we also need regional business leaders to step forward. I hope this has perhaps made a few people think about one small thing they can easily do. If it has made one person begin to think about their role and responsibility to the region in addition to their country or company, I think this will be a healthy development in our corporate development. Avoiding the natural nationalistic tendencies for companies that dominate one market is important.

The only other challenge I would like to discuss is the building of lasting organisations. This requires developing and instilling core values within every member of the organisation. This value system will help organisations get beyond owner-dependent personalities. It should be our goal to fill Asian companies' corporate annual reports with quotes from Asian leaders and legends, rather than the quotes by Western figures as currently seen in so many corporate annual reports.

Thank you for your attention. I hope I have left you with enthusiasm and the

knowledge that you have the opportunity to influence and lead the direction of your organisation and contribute to the future of the region. It is easier to shape the future than to react to it!