

“...downstream businesses should be encouraged because it's stable even in an economic crisis”

Strategy Regional Centre. In his role as Chairman of the UCSI Group, Dato' Peter is now committed to continuous growth fuelled by new and innovative ideas according to the Blue Ocean Strategy framework. Future plans for the Group include construction of five major projects; namely, a hospital in Bandar Springhill, Seremban with 400 beds in Phase 1, three 4-star hotels and resorts in Kuala Lumpur, Seremban and Kuching respectively, and an international school with a highly accredited international curriculum. These projects will provide additional opportunities for the Faculty of Medical Sciences and the Faculty of Hospitality and Management to expand and train its student population.

MANAGING DIRECTOR OF MM VITAOILS SDN BHD

Mazlan Muhammad

AT THE HELM OF MM VITAOILS SDN BHD, Mazlan Muhammad is a living testament to the *Malaysia Boleh!* slogan. Ingrained with an entrepreneurial spirit, he was a regular entrepreneur at a very young age, selling burgers and importing and distributing T-shirts at Petaling Street during his school days. When he entered the work force full time, he dabbled in several industries from publishing to fashion, until he started his own company. It started off as a trading company, exporting Malaysian agricultural commodities, mainly palm oil, cocoa, rubber and timber in 1999.

In 2002, he decided to focus on palm oil, in particular the downstream of the palm oil industry. “I felt that the food industry, even though it produces only a small margin, it's recession-proof.” He continues, “I was aiming on a Made in Malaysia product that is high quality and can be offered at a competitive price. I also realised that there was not much focus on the downstream side of palm oil. The big boys were engrossed in plantations and even if there were products, they were only a few. So I wrote to the Malaysian Palm Oil Board (MPOB) to relay my interest in learning

about the downstream palm oil industry.”

As a new player in the industry, he rolled up his sleeves and learnt everything and anything to do with palm oil from understanding the basics of what palm oil is, to the processes that are involved in manufacturing, etc. “Everyday, I visited MPOB, spoke with the experts there, did my own research, and at the end of three months, I understood what it was all about. I also signed an agreement with MPOB to collaborate and produce trans-free products. Ten years ago, we were the only company who even spoke about trans-free and today it's the ‘it’ word.”

Within a mere four months, Mazlan managed to set up a factory in Shah Alam to manufacture and export quality palm oil products. “I got the oil and fat machine from UK by striking a deal with the supplier. It was a huge challenge. We were all rookies. We learned everything along the way through trial and error. But to safeguard on the quality, I took in a retiree from MPOB with a doctorate to be in charge of the technical advisory.” At the end of the first year of operations, the company generated RM28 million in revenue, shares Mazlan, who was a shortlisted candidate in 2008 for the Master Category in the Ernst & Young Entrepreneur of the Year Award. Today, MM Vitaoils Sdn Bhd is one of Malaysia's major exporters in value added palm oil-based products. The products like the Serimas cooking oil and Blossommm margarine have won two international awards, namely the Medaille D'Excellence 2008 from the Speciality Commodities Organisation in France, and Superior Taste Awards 2008 from the International Taste & Quality Institute in Brussels respectively. The wide range of products has an extensive export market covering 76 countries, where all of the products are registered. “We currently market 99 per cent of our products overseas. Europe is the biggest market with 30 per cent followed by Africa and Asia, with 25 per cent each, followed by Russia, Middle East and Australia.” In Malaysia, only some of their products are available because of subsidy quotas.

Due to the higher price of crude palm oil today, to sell controlled products like cooking oil, the company needs to receive a subsidy quota from the government as the market price for palm olein (cooking oil) is much higher than the ceiling price of the cooking oil in Malaysia, ie RM2.50/kg. “Even as the largest Malaysian manufacturer of packaged products, we are only given a very small quota of 145 metric tonnes per month. Before, our products were stocked in all major supermarkets but now we only sell at the kiosks the products that are not subsidised by the government such as solid fats.” He adds, “To be honest, I don't think it's fair for new industry players. The policy that is in place today is from 20 years ago and times have changed. The downstream sectors by the big players were taken over by foreigners. We on the other hand are really focused on our niche so I think we should also be given the chance here as well. We have invested RM42 million so far. When we were distributing in Malaysia, we made 33 per cent of our gross

income from the domestic market. We should not be only focused on the export market but we should also maximise our potential.”

Due to the setback, the company has been fully export-oriented which perhaps resulted in a good outcome because it required them to accommodate to European standards. The products are even approved by the US FDA, making them world-class. In the environmental aspect, the factory has installed environmental friendly processes such as the output water that is being recycled for reuse. Rainwater is used for cleaning purposes, and solar energy and water are used for electricity. In return, the company has reaped the benefits by saving up to 50 per cent on utility bills in the last two years. “We have very high standards and are focused on accreditations – we have ISO 22000:2005 and Good Manufacturing Practice from SGS (M) Sdn Bhd among others.”

To increase the margin in the next few years and also accommodate clients who are becoming choosy and wanting more variety, the company also invested RM25 million on a new machine so they can expand to produce more products, a total of 70 more products. “My target is to have a turnover of RM300 million in the next five years.” In 2009, the company achieved RM102 million in turnover.

Another target he hopes to achieve is for their products to be a household name. “Our products are already distributed around the world. What's important is we continue to ensure the quality of our products is consistent. I believe word of mouth works. Now that we've proven that we follow world standards – big countries who buy from us trust our quality – I believe others will follow.”

Even though he takes a subtle approach, Mazlan believes that one of the weak points of Malaysia is marketing. “With all the rich resources that we have from oil, rubber, cocoa, we have been taken over by other countries. Even with the halal industry, our country is the halal hub but last year, Thailand beat us as the exporter of halal products by 40 per cent. We've been taken over by Indonesia for rubber. We even have to buy the water hose that the firefighters use from overseas and we are rich in rubber. It doesn't make sense.” Businesses that are proven to be long-standing

THE PROVEN TRACK
Mazlan Muhammad is proud of Malaysia's rich resources and set out to take Malaysia's palm oil to world-class status

