

# Mydin transformation focus: leadership and organizational change

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# Mydin transformation focus: leadership and organizational change

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You won't go wrong shopping at Mydin Wholesale store,  
Where you can spend much less and take home much more,  
Whether rich or poor, we have merchandise just for you,  
We have the off brands and the name brand too

(Poem dedicated to Mydin).

From a small family business to emporium, it is now going into the hypermarket chain system. MYDIN is not just an ordinary competitor to all local retailing companies. Other big players in the local retail industry are owned by foreign entities such as Carrefour, Jusco, Tesco and Giant. These foreign-owned megastores cannot treat the existence of MYDIN lightly, and has to accept that MYDIN is an aggressive and progressive local retailer that is slowly eroding their market share in the retail industry. Today, MYDIN is known to Malaysians not only for its value for money merchandise, but has a premium brand amongst customers as well as local manufacturers. The local manufacturers have found a conducive and appropriate avenue to channel their products. What or who have made MYDIN into what it is today? What are the factors that over the years have transformed this hawker business into a retail chain that is to be reckoned with by the big boys? Who drives this transformation process?

## Company history

The company started with a humble beginning. Well before the independence of Malaya in 1940, a hawker by the name of Mydin Mohamed started a small business in Penang selling merchandise and toys to customers in the nearby neighbourhood of Georgetown. Sensing an opportunity in the east coast resulting from inflow of goods from the neighboring country Thailand, Mydin moved to Kelantan to set up his very first shop in the year the country achieved its independence, 1957. While the business was steadily growing, there was little to be proud of as Mydin was only able to operate and maintain one outlet.

## The era of pre-Mydin Mohamed holdings: a prelude to a long trail of migration to success

### *The first migration*

It was not all rosy for this family operated business in its early years. Since setting up the first hawker business in Penang in 1940 to the decision to forge ahead in a foreign land in Kelantan, it has become the focal point upon which important decisions were made by Mr Mydin and his sons later on. Being the eldest child in the family, the visions that Mr Mydin's late father had shared with him and his younger siblings had also encouraged him to be a visionary entrepreneur, taking challenges upon his stride in order to improve his family's finances. Thus, the stage was set for the migration to a new land – Kelantan. He left behind the hawker business to his younger brothers to takeover, sacrificing everything he has worked hard for to start all over again together with his family in Kota Bharu.

Disclaimer. This case is written solely for educational purposes and is not intended to represent successful or unsuccessful managerial decision making. The author/s may have disguised names; financial and other recognizable information to protect confidentiality.

In the early years, life as a general retailer in Kota Bharu, life was tough as Mr Mydin had only a bicycle for transportation of his goods. He had to cycle all over town in the scorching heat and heavy rain to order goods and make deliveries to his many customers. During the times that he had to make out of town deliveries, he had to travel by bus. Business slowly prospered and he was able to purchase a van for deliveries. Ten long years in the small-retail business did not deter him from becoming a successful wholesaler. So it was, in the year 1957, that Syarikat Mydin Mohamed, a sole proprietorship company was formed in Kota Bharu, Kelantan. Close proximity to Thailand means that Kota Bharu is the best transit for business transactions between the two countries. The heavy traffic of goods to and from Thailand has facilitated Mr Mydin's business to expand and achieve popularity among the local residents.

### *The second migration*

History seems to repeat itself.

The year 1979, 20 years after Syarikat Mydin Mohamed was formed in Kota Bharu, Kelantan by Mr Mydin Mohamed, his eldest son, Tuan Murad Ali went on to start up a branch of Syarikat Mydin Mohamed in a neighboring state of Kuala Terengganu, marking another milestone in the family business' expansion plan. For the community of Kelantan and Terengganu, MYDIN has established itself to be a reliable and trustworthy brand, which is close to their heart, offering a variety of merchandise at affordable prices. Despite having two branches in two different east coast states, MYDIN remained widely popular only in the east coast. It took another ten years before they decided to venture to a more crowded metropolis in the west coast state.

### *Third migration: the critical move of a leader's heart and soul into the entrepreneurial world*

In 1989, MYDIN opened its third branch in Jalan Masjid India, Kuala Lumpur. It was a momentous departure in terms of a shift in location competitive dynamics as Mydin venture beyond its familiar background of the east coast to prove its mettle against larger retailers in the growing metropolis. Beyond this, it also marked another crucial milestone, an emotional return of Mr Mydin's prodigal son, Dato' Ameer Ali who had never shown any interest in the family business back into the family fold, but had carved a niche for himself in the banking industry all these while.

### *Dato' Ameer Ali Mydin*

We will grow. Now our sales are over one billion and in three years, we will gain five billion. We got eight hypermarkets which will be opened in the coming years, two in Kota Bharu, Port Dickson, Kucing and several other places [ . . . ] (Dato' Ameer, September 2008).

Visionary statements of Dato' Ameer towards expansion of MYDIN to transform itself, from just an emporium to a gigantic hypermarket [ . . . ].

Under the reins of Dato' Ameer Ali, MYDIN expanded from being a retail merchant to a hypermarket in addition to its mini-marts and convenient stores at that time. Apart from being a risk taker, he is also known as someone who is very determined and a motivator to his staffs in the working environment. He likes to attribute MYDIN's success to his two brothers – whom he fondly refers to as "chefs" – Tuan Murad and Sallem. Long time MYDIN suppliers in Bangkok agreed that both brothers are important figureheads in the company. The combination of experience and knowledge possessed by these three brothers brought Mydin to the forefront of the local-retail industry.

As a young man, fresh graduate from university, and eager to carve his own niche in the big world, Dato' Ameer refused to be directly involved in the family business. He felt that it was demeaning to work in the small family-run business. He took a different path and worked in the banking sector instead. Within ten years of working in the banking sector in one of the merchant banks, he rose the ranks to become a manager. Working in the banking industry had gained him access to innumerable business acumen and thus, laying the foundation for his success as a corporate individual in that sector. In spite of not being directly involved in the family business, he still kept a watchful eye on the growth of his family business in the retail industry.

On occasions, his father, Mr Mydin, never fails to impart the wisdom of working for the family business instead of working for others. It finally dawned on him one day that the knowledge and experience gleaned from the banking industry would help him in the expansion of his family business. In 1989, he quit his job as a manager. In trying to be a good son to his father whom he regards as a great entrepreneur as well as mentor, he finally relented and got himself into the thick of the family business.

In 1989, after quitting his job in the banking industry, he spearheaded the project of opening the third branch of MYDIN at Jalan Masjid India, Kuala Lumpur. It was a move that deeply rooted MYDIN's presence amongst its customer base in the Klang Valley. Dato' Ameer Ali never regretted the decision which he took. This brave move also marked a turning point for the expansion of the family business. The journey to the top had made him more determined than ever and that there is no turning back.

Dato'Ameer Ali has come a long way to achieve this extraordinary accomplishment. His unconventional path to success was inculcated since the early years when the family business was first set up in Kota Bharu. Being the second son in the family, Dato' Ameer Ali often tagged along on the many occasions that his father – Mr Mydin – had to deliver goods by bus to his many customers from Kota Bharu to Kuala Krai, Rantau Panjang and Tumpat. Waiting in the sweltering heat, most times he had to guard the merchandise which his father had instructed him to, until his father returned from taking orders or making his deliveries to one of the many customers in that particular area.

It was on those occasions that he unwittingly picked up the interest as well as the talent to be an entrepreneur – by observing his father manage his business – accumulating values, business principles as well as philosophies that has been in the family for generations, by observation, direct and indirect learning. His father had inculcated values, entrepreneurial skills and knowledge as well as shaping his experience as an entrepreneur since childhood, by involving him in the family business. From time-to-time, his father entrusted him with the responsibility of serving the customers and undertaking other regular jobs in the store. From there he learnt to develop networking through close interactions with customers and suppliers.

The journey through his adolescent years was filled with much curiosity, creativity and hard work, which fueled his ambitions. All these experiences have made him stronger and more determined to be different from his siblings. In comparison to his brothers, he felt that he was more driven towards furthering his studies overseas because of the difficulties that his father faced along his business route to success, since the family business was the only lifeline for the family. He felt that his decision to quit was the turning point of the family business as they were stepping into a new era of business management skills unlike the pre-Mydin Mohamed early business years.

For Dato' Ameer Ali, it has never been an easy route to success, as there were many painful challenges and pitfalls along the way, attitudes and qualities that needed molding over time. Developing leadership qualities by example or role modeling, and following his father's visions and determination to succeed had led him to be where he is today. According to Dato' Ameer Ali, " This is my dream: that, coupled with effective management, this family business can be expanded." Now, what he had dreamt of has become a reality.

### **Current operation**

Coming on board the family business in 1989, Dato' Ameer Ali started the third branch of MYDIN in a rented 600 square feet shop lot in Jalan Masjid India. Armed with a loan of RM 200,000 and merchandise worth RM 100,000, he focused his attention to the purchasing power of the mostly Moslem community in that area. He sold mostly leather and decorative goods as well as products that catered to the daily needs of the Moslem community. His ideas and decision-making ability reflects his managerial skills in the retail business. However, his decision to expand the business to a bigger facility did not get his father's blessings initially. Mr Mydin cautioned him to be financially prudent, and would not want to see money flushed down the drain from expanding the shop quickly. Fortunately, he was a very persuasive man,

and was able to convince his father and siblings to embark on an innovative change for the family business. In 1991, due to the escalating business turnovers and rapid expansion in size, the family run business was converted from a sole proprietorship to a private limited company. In February 2000, the company officially registered its name as MYDIN Mohamed Holdings Bhd., with Mr Mydin Mohamed as its Chairman and all his four sons as the board of directors.

Mr Mydin had an inspiration, that is, to do business the wholesome way by embracing the concept of Halal (permissible) products. According to the teachings of Islam, nothing is Haram (forbidden) unless it is explicitly declared as such by the *Qur'an* or Prohetic Sunnah. Visiting any one of the MYDIN emporiums, consumers will find themselves walking single file along jam-packed shelves and shelves of merchandise, with so much variety and brands that one can easily get lost in.

MYDIN's major obstacle is the often-narrow definition and labeling of "Muslim Goods". It needs to break away from the stereotype and encourage non-Muslim consumers to purchase goods in a "Muslim" store. The name MYDIN, itself, denotes a Muslim outlet. Rarely does one see a non-Muslim consumers shop in MYDIN. This perception alone hinders MYDIN the opportunity to broaden their target market. With purchasing power resting mostly on non-Muslims (mostly Chinese minorities), MYDIN had to break ranks with religious and racial barriers inherent in Malaysia's culture. Today, MYDIN Holdings is the proud owner of several buildings in Jalan Masjid India that houses the store. Anybody shopping there will include MYDIN as their favorite shopping destination.

Over the years, the small family trading company has evolved into a giant retailer with revenues reaching RM 1 billion in 2007. They have a loyal customer base consisting of the various races that exist harmoniously in this country and who see MYDIN as their alternative-shopping destination for their daily necessities. This remarkable result will not have materialized without the aptitude, management and the proficiency of Dato' Ameer Ali from his years of working in the banking sector, thus paving the way for him to be a leader in the retailing industry.

At the start of 1983, Mydin had 200 employees, annual sales of MYR 40 million and profit of less than MYR 1 million. The business has been growing tremendously as now the employees are more than 6,000 and it is profit increased to over MYR 50 millions in 2007 (see Table I and the Exhibit, Figures E1-E7 for a ten-year summary of financial operations of the company and Table II for details of the chain growth).

The company's stated mission was "to serve, better than anyone else does, our customer need for quality, basic merchandise at the lowest everyday price." In Dato' Ameer Ali's confident words:

**Table I** Ten-year financial information, 1998-2007

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Net sales	334	404	402	432	448	670	574	625	843	1063
Net income	7	14	15	18	21	36	34	50	43	61
Inventory	63	66	60	55	51	66	68	109	234	259
Current asset	82	103	88	89	129	135	162	212	510	663
Fixed asset	71	61	59	60	67	94	94	139	181	307
Total asset	153	164	147	149	196	229	256	351	691	970
Total equity	7	30	30	45	45	45	45	60	60	60
Long-term obligation	10	16	12	8	9	18	14	58	78	66
Company owned stores	7	7	7	8	9	18	14	58	78	66
Franchise stores	1	1	1	2	2	2	4	7	8	6
ROA	0.05	0.09	0.10	0.12	0.11	0.16	0.13	0.14	0.06	0.06
ROE	1.00	0.47	0.50	0.40	0.47	0.80	0.76	0.83	0.72	1.02
Inventory turnover	5.30	6.12	6.70	7.85	8.78	10.15	8.44	5.73	3.60	4.10

Note: Ringgit Malaysia in millions

**Table II** The growth of Mydin's chain by years

Years	Emporium	MyMart	Convenience store	Hypermarket
1983-1993	2	0	0	0
1994-2004	7	0	0	0
2005-2008	20	5	9	2
2009-2020 (forecasted)	20	5	60	26

Being a wholesaler, our stores were competitive and offer product that has value for money. People realized that they could buy a lot of things for very little money.

Ever since Dato' Ameer Ali held reigns, MYDIN has expanded into three different categories of retail: hypermarkets, emporium and 24-hour-convenience stores, called MyMart. The fourth category is a mini-market, which is called MYDIN-E. The decision to embark on the different categories is no accident, as he said:

The idea of this hypermarket does not come by accident. I was on the flight to China and I happened to read a book about Kmart. It triggers me that Mydin need to change. I called my brothers and told them, if we continue doing what we are doing now, we will be like Kmart. For Kmart, their stores were urban stores and located in big town. In that sense, how can you be wrong, as you are located in town? So, we have to change, and we decided to change and we have to go out. I am sure we can manage change successfully. If you may see, our marts exist in almost all towns.

His knowledge in expanding MYDIN business into different formats was due to his love of reading and his inclination to developing good attitude. As he noted:

[ . . . ] if you don't read, five years from now, you will be the same person except for two things; what you read and those people that you met. Otherwise nothing could happen. So, reading is very important.

Dato' Ameer Ali understands that MYDIN is able to sufficiently meet the needs of the Malaysian consumers, and that is what makes him believe that serving the local market is more important than expanding into the international market. Another interesting fact about MYDIN is that, its shops have become major-shopping destinations for different customers from different nationalities. For example, the shop located in Sinar Kota is mainly visited by Nepalese, the majority of shoppers in Klang are Indonesian, and the outlet in Jalan Masjid has become the center for casual meeting and get together among Bangladeshi origins.

Like other retailers who have achieved economies-of-scale, MYDIN purchases in bulk (a strategic advantage) to enjoy lower prices. Its business philosophy of wholesale pricing is thus fulfilled through the reduction of cost. MYDIN sources merchandise both locally and abroad, from countries such as Bangladesh, China, France, Hong Kong, India, Indonesia, Korea, Pakistan, Singapore, Taiwan, Thailand, Turkey, United Arab Emirates and the UK Promotional Strategies.

MYDIN's emergence as a retail hypermarket has posed stiff competition to local major players such as Carrefour, Giant, Tesco (and soon, Wal-Mart). Offering a variety of similar range of products as the international hyper-mart, MYDIN is still able to undercut prices by a reasonable percentage. Their loyal customers, En. Hassan and his wife Pn. Sharifah, were bought over by the hypermarket's aggressive low-price promotion when they first moved into the outlet's neighbourhood. The exuberant couple stated:

They seem to undercut prices of other hypermarkets by an average of 10%, which really is cost-saving for a family.

But how aggressive is MYDIN in promoting their store as compared to their competitors? So far, MYDIN is seen only to respond to promotional materials of their rivals, by setting up corresponding billboards and by purchasing similar advertisement placements in the newspapers as and when the need arises. Their confidence in maintaining their market share

probably stems from their shelves of Islamic products – inclusive of Islamic artifacts, prayer rugs, ihram attire (for prospective pilgrims) and other “Islamic” props, tools and accessories. MYDIN’s competitors have yet to add this range of Islamic items to their shelves.

Additionally, Mydin’s emphasis on bulk-buying and bulk-selling also have a positive impact in their favor. Hypermarkets have a notorious reputation of displacing small-time businesses from all international markets. In Malaysia, small grocers, hardware stores, stationery shops, clothes boutiques and other medium scale enterprises play an important role in spurring entrepreneurship activity. MYDIN’s philosophy in supporting these local businesses, through their pricing schemes, adds promotional value to MYDIN’s social responsibility in solidifying the spirit of entrepreneurship.

### **The driving force of Mydin Mohamed holdings success**

Compared to his father’s era, Dato’ Ameer Ali audaciously opened the third branch which did not focus on the Malay community only, unlike what his father early businesses in Kota Bharu and Kuala Terengganu. In this different market environment, MYDIN has become the supermarket of choice deeply embedded in the customer’s heart, largely due to the value-for-money products.

He started his business in a rented 600 square feet building in Jalan Masjid India, and later buying the building. The decision to buy the building was bitterly opposed by his father. Being an extremely frugal man by nature, Mr Mydin Mohamed did not want his son to make a financially unsound decision, as the building that his son wanted to purchase would fail to attract customers due to its non-strategic location. However, Dato’ Ameer Ali was adamant and very determined to swim against the tide, and he told his father, “I will make them walk to this site so that they will come and shop in my store”. And that he did indeed; customers walked quite a distance merely to shop in his store.

In 1998, as Malaysia was caught up in the turmoil of financial crisis, MYDIN benefited tremendously and became the choice of many customers as they became more price conscious due to the inflated prices of consumer products at that time. With the business tagline “why pay more”, MYDIN successfully positioned itself in the market place.

Reminiscing upon the challenges and hurdles that he had gone through while managing MYDIN, he humbly admitted that it was not easy to get financing for the hypermarket since the bankers were reluctant to finance MYDIN Mohamed Holding hypermarket. They doubted as to whether MYDIN would be able to compete directly with the big, more competitive international hypermarts such as Giant, and with that remark, Dato’ Ameer had posed them this question:

Why do you think people in the upper market will not come to MYDIN? People will actually do that for at least one good reason [ . . . ] better price. So, if you want to open a business, where is the better place to open besides opening it near your competitor? By doing that, there are plenty of free advertisements that MYDIN is able to get. Most importantly, you must have confidence to compete in the market.

With great confidence, he opened MYDIN wholesale hypermarket in USJ 1, Subang Jaya on 19 August 2006, next to its closest business rival, Giant. To the surprise of many people including the bankers, this hypermarket was making RM 20 million for two years whilst its close competitor only managed to rake in around MYR eight million. The outcome of his bold decision to diversify really paid off, and that is what earned him the respect of employees, friends and foes alike. With the development of its first hypermarket, the bankers saw the success and gained more confidence on Dato’ Ameer Ali’s leadership style. In this way, MYDIN’s search for financiers were over, as there are many investors who are ever willing to buy a share of MYDIN, since many of them have the confidence to invest in the company.

Acknowledging the good response that his family business had received earlier from the citizens of Terengganu in the 1980s, Dato’ Ameer again made another significant decision to open the second MYDIN hypermarket in Kuala Terengganu on January 2007, less than a year after the opening of its first hypermart in Subang Jaya. As what he had forecasted before

making the smart move, the hypermarket received an overwhelming response from the local customers ever since.

Referring to MYDIN's hypermarket's success, Dato' Ameer Ali attributes the overall success to the uniqueness of its business format; a format that is primarily (if not entirely) focused on the price structure. Consumers today are very sensitive to price fluctuations and they want products that have value for money. This effective marketing strategy reflects his competence in being a market-driven leader who understands consumers' needs and wants, and obliges to satisfy them using MYDIN's strategic marketing approach.

According to Dato' Ameer, today's leader must be willing to change and adapt to the current needs and requirements. In this sense, Dato' Ameer strongly believes in making change as effective as possible. For him, business must change with time. He said:

You cannot live in a cocoon nest and people who have not change, they failed. Now, it is different. People will not come to MYDIN because there are other stores nearby, for example in Kota Bharu. Therefore, I have to change my business strategy. Meaning that, I have to go there to cater for their needs, as they will not come to KL just to buy MYDIN's goods. Furthermore, in Masjid India, there is always traffic jam and people find it difficult to go. As a result, we will lose our customers.

In order to change, he takes time to listen to the views of his staffs. In relation to the pricing of goods, they know better about which items are not making any profit. Knowing the customer is the key to MYDIN's success, as the business offers an arraying assortment of products to cater to the differing needs. As a market-driven leader, he actively applies marketing philosophy in his daily business activities. His marketing charisma can be clearly observed from his excellent communication and public relation (PR) skills while entertaining visitors, suppliers and customers from a multitude of backgrounds. In addition, one can notice the strong cooperation and collaboration among the departments and this is a manifestation of MYDIN's effective internal marketing strategy among the employees from different units. Hence, with the support of his employees, this philosophy is successfully transformed and embedded in the organizational daily working culture.

Dato' Ameer is very adept at deploying his competency and capability in marketing, which is demonstrated through his managing experiences. To Dato' Ameer, MYDIN knows its customers very well and focus on the lower and middle-income groups. Customization and flexibility in offering merchandise exists in MYDIN. For him, his motto is everybody can buy at MYDIN, and his business tagline called "why pay more" effectively positioned and anchored MYDIN's business strategies. With reference to MYDIN's consumer, Dato' Ameer did stress on the importance of selecting the right target market. In order to cater to different market segments, i.e. lower to upper class consumer, different customer groups, different ethnic and nationalities, he had come up with a portfolio of different business formats such as the hypermarkets, emporiums, convenience stores and mini-markets, that proved to be extremely successful. Each business format is customized and focuses on satisfying a distinctive segment of customers throughout Malaysia.

Dato' Ameer exhibits the good qualities of a leader such as honesty, humility and integrity; which he claims he had inherited from his father. In one instance, he talked about his father's reaction when a supplier mistakenly sent extra goods to their store. His father immediately asked them to send the goods back to the supplier, as this is not Halal (not allowed or permissible in Islam). These Islamic qualities of honesty cannot be ingrained in his children unless these values are shown in practice through leadership-by-example. In this case, his father had proven to be a very effective mentor and supervisor to him and his brothers.

In MYDIN, Dato' Ameer emphasizes greatly on accountability. He has instructed all of his employees bring a 2" by 4" small notebook whenever and wherever they go. The purpose of the notebook was for them to jot down anything and everything related to the operational issues of the company. Though old-fashioned, the use of this notebook is more practical especially when things need to be done or fixed immediately because every single detail has to be manually recorded as a reminder for further course of action. By practicing this, the top-level management will be able to obtain fast and accurate information regarding any pertinent issues relating to MYDIN's operation.



Apart from honesty, humility and integrity, another secret recipe for his success is his attitude towards self-discipline, responsibility and punctuality. All these qualities formed important individual characteristics that shaped him as a business leader. For years, he has been developing and polishing these values in himself and inculcating these values to his staff. He often observed his staff when it came to prayer time. To his astonishment, the employees often came for the Zohor prayers irrespective of when the prayers are due. To him, this is a poor reflection of discipline and there can be no compromise. Disciplinary action needs to be taken against such negative attitude. Another example of a lack of discipline that he quoted is arriving late for meeting. As illustrated by Dato' Ameer in relation to this issue:

If we say the meeting starts at 9.00 am, you must be here 10 minutes before 9.00 am and if you come exactly at 9.00 am, you are considered late.

As Dato' Ameer reiterated, a good leader does not take credit for him/herself; but instead, he or she will take the blame upon themselves. Needless to say, his leadership qualities are largely shaped by his distinguished family values. This combination of skills that his father and brothers possesses, coupled with his management and financial competency, the business has flourished tremendously. As a result, MYDIN stands successfully as a local giant retailer today.

As he mused, Dato' Ameer attributes the success of today's generation of MYDIN, to his father's perseverance and determination to achieve the ladder of success in his time. As an entrepreneur, his father clearly portrays his role as a religious figure that lives by his faith and beliefs through his daily practices. For example, he strongly complies with what the prophet Muhammad had iterated in one of the hadiths where Muslims are encouraged to migrate (hijrah) for the betterment of their lives, as migration to a new place will open up more routes to success to the believers. Mr Mydin's good values, behaviors and attitudes have very much influenced his sons and these significant qualities have gradually transformed the organizational culture of MYDIN today.

In sum, under Dato' Ameer's towering leadership, MYDIN has continuously experienced impressive growth. Agreeably, through his close encounter and personal experiences which he had undergone, direct and indirectly during his childhood years, as well as his father's strong willed determination and interminable hardships, had created a great impact on his life and molded him to become what he is today.

### **Human resource as an asset**

The success of a company, besides its leadership is also influenced by the workforce it is comprised of. Dato' Ameer affirmed that:

The employees are important as they are the eyes and ears for the company. They will tell you what the customers' complaints are.

Having brilliant financial planning and business ideas have helped the company to be firmly established in the business arena, and this has been attributed to the strong support of its human resource strength. The values that he has accumulated for decades has been well blended with clear vision, proper execution of plan and efficient management of employees who agreed to comply with the business culture that he has ingrained in himself, and later gradually transformed into daily business operations. Indeed, the key to an organizational success does not rely on the leader alone but the people surrounding him. They also play significant complementing roles in shaping the success of MYDIN's business expansion.

### ***Discipline***

As a disciplined leader, Dato' Ameer imposed rules and regulations to every individual who works in the organization, irregardless of his/her position. It applies to his family members as well. He quoted an example of how his nephew and his brother had to comply with the company rules like any other employee in the organization on issues such as of business travels without bringing along their spouses and the abuse of paid/unpaid leaves. To the human resource staff, Dato' Ameer reminded:

All regulations must be followed by everybody [...] regardless of who they are, even my own brother, cut his pay [...].

The underlying reason for this decision is to ensure the organizational business culture and values will be carried out by every individual in the organization for generations to come, upholding MYDIN's effective human resource management strategy. According to him any single flaw in action will have a great impact on future generations' leadership success.

### *Personal relationship*

Apparently, as a humble and caring leader, Dato' Ameer tries his best to have close and personal relationships with all his subordinates in order to develop good rapport, which will subsequently lead to higher personal and organizational performances.

Apparently, as a humble and caring leader, Dato' Ameer tries his best to have close and personal relationships with all his subordinates in order to develop good rapport which will lead to higher personal and organizational performances. One of the scenarios that reflected his caring attitude is quoted below:

If somebody passes away, for example of what had happened to one of my managers when his son passed away due to cancer, or a husband to one of our staff passes away due to accident, we will pay a visit to that family. If any of our staff is admitted to the hospital, my wife or I will go and visit them. But we did not go to every wedding [...].

Relationships between employer and employees can be well developed through close interaction via communication. Communication is very crucial in any organization and according to Dato' Ameer, "Jack Welch, the GM CEO spends time talking to his employees and he managed to solve 20 per cent of the company's problem." He has also taken that into practice, by taking the opportunity to attend department meetings as well as other informal occasions with his employees such as during the breaking of fast events in the Ramadan month. Even though he encourages the open door policy, he will not overrule his management decision and policy especially when the managers are asking all sorts of nonsensical requests. With the open door policy practices by MYDIN, Dato' Ameer makes himself accessible to his employees or any interested party. He added:

I'm open to everyone; you can come and see me any time I am in the office [...] only that the secretary, who act as gatekeepers make things difficult [...] but it is part of their jobs.

Apart from that, in order to maintain good relationships with his staff, Dato Ameer tries his utmost best to be a good listener to them. He allows them to present their ideas and to avoid criticizing their ideas without trying to understand the whole story first. In many cases, he listens attentively to his staffs' suggestions and even follows up on some of their suggestions. He recognizes the contributions and scarification of his staffs to the organization:

I think I have a lot of loyal staffs and I also think we have a lot of staffs who are willing to die for us.

### *Rewards*

Congratulation to Rawang Branch for their good job [...] I love the way they display the products and the pricing is being listed very well [...] I consider this is the best branch at this moment [...] they have achieve my standards [...].

In terms of rewarding the employees, Dato' Ameer does not agree with monetary rewards. He believes and practices non-monetary rewards like recognition and compliments for a job well done. This way, according to him, will boost their morale. The above statement is Dato' Ameer's speech to all the MYDIN's staff during one breakfast occasion.

Despite not practicing monetary rewards system in managing human resource, Dato' Ameer still allocates a certain sum of monetary incentives to any employee, who may experience fatal injuries or hospitalization, the least is RM 500.00 per person. However, joyous events such birthday parties, are celebrated on a group basis and Dato' Ameer and his wife will make it compulsory to attend such events.

Employees are encouraged to get themselves involved in recreational clubs, which is internalized in the company. They can have karaoke activities, family day, etc. During the month of Ramadan, every staff who works during the night shift will be provided with free meals paid by MYDIN, and the hypermarkets would be closed earlier than usual, which is at 6.00 pm only to re-open at 8.30 pm until 10.00 pm. This practice is carried out as a manifestation to the good Muslim way of life in MYDIN.

### **Training**

[. . .] Discipline is important, punctuality also is important, but how you lead your employees is more important. We have to be stern in managing our staff. What we usually do with the staff is that we train them, about 20-30 people in one training session. The training is more on coaching. It is about the corporate culture, especially on what are the do's and don'ts in the company (Dato' Ameer).

Effective management of human resource is very crucial in MYDIN. Employees need to be fully equipped with substantial knowledge and skill. Upon having sufficient exposures to the company's working culture and procedures, they may be able to perform better.

Like other prominent leaders around the globe, Dato' Ameer also believes that adequate training, employee's participation in decision making, proper mentoring and good compensation schemes as well as sufficient fringe benefits are among the most important human resource management strategies that are required to enhance job commitment among employees and improve work relationships between employer and employees.

Training programs takes place continuously in the organization as he advocates motivating his staff to teach other staffs about the business practices. According to Dato' Ameer, by doing good deeds, employees will not lose anything and instead they would be able to improve their interpersonal skills and individual performance.

### **A swift decision maker**

I don't have problem in making fast decision. And I told my staff not to be scared to make a decision. You just hope 9 out of 10 decisions are right. I also made decisions which I consider [. . .] not a good one but I never regretted it. For example, purchasing a building in Chow Kit for RM 4 million and did not get any income out of that.

The success of MYDIN as seen through its business expansion and different-business formats, would not be a reality if top-level management is hesitant in making decisions. One remarkable thing about Dato' Ameer is the way he makes the decisions concerning MYDIN Mohamed Holdings Bhd. He is a man of confidence and determination. He has no fear of making unsuccessful decisions, conferring on the same point, he admits that a few of his decisions do not contribute to making any profit at times. Taking calculated risk in decision making is something that an entrepreneur requires to do.

One example of him failing in making the right decision is when his brother, Tuan Murad, suggested that they should sell dangling brooches but instead he declined. His decision of not taking his brother's suggestion to sell the product at that point in time, was for him, a mistake as those items turned out to be in high demand by consumers. Upon realizing the mistake of not selling the item early enough as compared to other competitors, he then ordered the accessories to be added into the current list of product assortments. However, it was already too late. They had missed the boat in reaping the profits early on.

In making important decisions, Dato Ameer depends greatly on his intuition and to his diverse experience in life. In one instance, he said, "You can actually smell the success. It is ingrained and developed over the time. You must trust your instincts. If your instinct feels wrong, then you should trust them".

According to Dato' Ameer, he categorizes his decision into two conditions. One is the decision, which involves routine work, and the other decision involving critical matters. For routine decision such as buying merchandise, he will do it quickly and most of the time, he will rely on his intuition; and he is always right in most cases. On the other hand, for critical

matters, Dato' Ameer practices the concept of *musyawarah*, whereby opinions from more knowledgeable people or experts will be consulted before any decision is taken. Apparently, for critical matters, no *ad hoc* or quick decision can and will be made:

When we have to make any major decision, we have an "Exco" and counselors meeting before any action are undertaken. These people are the key persons who will give input to you. As your company is growing, you need people for advice and at the same time you must also believe in your guts.

For any decision undertaken, he is always ready to bear the consequences. To him, making a good decision is a product from the knowledge of the subject matter related to what we have to decide on. According to Dato' Ameer, making decision on expanding MYDIN into different business formats such as hypermarket is not merely by chance. He had the knowledge and had anticipated the outcome of his decision to open hypermarkets in Subang Jaya and Kuala Terengganu. This, according to Dato' Ameer, is due to the strong marketing base that MYDIN has built throughout the country. The best example is Kuala Terengganu. The success of the Kuala Terengganu hypermarket is due to the special bond and fondness towards the brand, as MYDIN had been operating and serving the local residents for many years. As a result of many years of passionate dedication in selling their products in Kuala Terengganu, the locals supported MYDIN's business greatly. To that, Dato' Ameer described the opening of hypermarket in Kuala Terengganu as an excellent decision and it meant a lot to the local customers who were already familiar with the brand. For the Subang Jaya branch, he felt that he has invited a multitude of people from as far as Shah Alam, to shop at MYDIN. When he had made the decision to pit the two MYDIN hypermarkets next to Giant, he had great confidence that MYDIN could stand up to the challenge of competing for the sales. Sounds very adept and smart at analyzing the opportunity, Dato' Ameer has his own reasons for that:

MYDIN will get plenty of advertising as customers who went to Giant would also like to see what MYDIN is offering. Other than that, our digital billboard in which we have invested RM 100,000, can counter Giant's advertisement quickly as it is done digitally from our office.

The selection of location for business operations is another critical strategic decision that he needs to make to remain competitive in the business market. From the perspective of marketing strategy, the right location has been regarded as the most crucial distribution strategy for a business organization. Based on MYDIN's current performance, Dato' Ameer has successfully chosen the location for its business operations by locating its business premise in every town, and established its hypermarket in Kuala Terengganu and Subang Jaya. This demonstrates his capability in selecting strategic business location that is capable of attracting different types of consumers.

In addition to location, Dato' Ameer's decision to focus on several different target markets simultaneously such on the middle-income market segment, mini-market, market vendors and wholesale retailing to other mini-markets, was another brilliant decision that can adds on to the current strength of MYDIN. On top of that, demographics shows that Moslem consumers accounts for almost 95 per cent of MYDIN's total customers and the 100 per cent Halal products sold in the store has made this segment of consumer more confident in MYDIN's quality.

### ***Great leader of the retailing industry***

Dato' Haji Ameer, a name that truly reflects a great persona of a Muslim business entrepreneur, has indeed gained nationwide popularity among Malaysian retail consumers today, particularly among the Malays. This fascinating success story of this legendary Muslim business tycoon in Malaysia can be traced back to several decades of his life.

Dato' Ameer was recognized as "Malaysia's Master Entrepreneur of the Year". He was the driving force of the enterprise's heads-on competition with large foreign players. MYDIN has emerged as one of the largest in terms of retail trade among hypermarkets in Malaysia because of all the hard work he has put in. In retrospect, the early years of his life have been an uphill struggle, full of sacrifice, perseverance, tolerance, love, faith and trust in one another in the family of Mr Mydin Mohamed. MYDIN had become an exceptional name. It has turned

out to be a popular household brand that became the envy of the of the larger foreign competitors.

Mr Mydin Mohamed is hailed as one of Malaysia's outstanding fathers, who had been a great mentor and business role model to his four sons. They are now his business successors that he has proudly claimed as the "glittering diamonds" of the MYDIN dynasty.

In tracing back through the family history of success, one may realize how grateful Dato' Ameer and his three brothers are for being blessed with a disciplined and determined father who is ever ready to share his passion for business and guide them in charting their career paths and experiencing life's ups and downs.

The history of MYDIN Mohamed Holdings can be best illuminated by dividing it into two distinctive eras namely the pre- and post-Mydin Mohamed Holdings eras; eras that have been filled with heartwarming stories and experiences that binds the family members closely to one another. The strong bond with his family in fact has both directly and indirectly molded Dato' Ameer to become a renowned business entrepreneur in Malaysia today.

Great leaders possess in-born traits, which requires years of honing, peppered with cultural sense and good values. Values normally passed on from one generation to the next via the process of socialization that takes place within a family. Having said that, Dato' Ameer had been raised in a loving family who upholds good values such as discipline, hardwork, determination, honesty, generosity and humility. These values are derived from Islam and are religiously taught, trained and nurtured to him from the day he was born. The values that he carried for years have been transformed into real practice and inculcated in MYDIN's organizational culture. As recalled by one of his employees, Jasveen:

From day one, I always have been reporting to Dato'. If you asked me about Dato', I would say that he is a very disciplined person, hardworking, and generous. I am happy staying here.

Values alone are not enough without the combination of certain individual characteristics that had transformed him into a successful entrepreneur. It is definitely not easy to manage 6,000 employees throughout Malaysia under one single brand name, MYDIN. Whether it is accidental or destined, the name of MYDIN itself reflects the Arabic meaning "the way of life", and MYDIN has its own formula in expanding the business – the MYDIN way. The name Ameer, in Arabic is known as the leader or Caliph who has vast and challenging responsibilities to lead all mankind. Had his father dreamt of him becoming a leader by giving him that special name?

Dato' Ameer indeed is a leader, who powered the impressive growth of MYDIN. The good values that have been nurtured in him and his siblings clearly transformed them to be responsible, humble and determined leaders, and this is already fated as such. The high hopes that his parents have pinned on him can be observed when they made the critical decision to move to Kota Bharu after he was born, to start afresh. The move from Penang to Kota Bharu was a big decision and a huge sacrifice on the part of his father; and this had become the turning point for MYDIN to expand its wholesales business nationwide.

As a leader who foresees the importance of human love and caring society, Dato' Ameer is also actively involved in social works. Corporate social responsibility has been practiced by MYDIN Mohamed Holdings Bhd. in order to enhance its image to public, including to those less-fortunate people such as the single mothers and orphans. Many events have been conducted by the organization such as free meals and free gifts for orphans such as clothes (bajuraya) during Ramadhan.

As a responsible Malaysian entrepreneur, he occasionally gives motivational talks to students and young entrepreneurs in order to guide them with knowledge on how to be successful in business arena. In doing so, Dato' Ameer presents himself as a humble leader, one who cares about others and this is also reflected in its organization's caring philosophy to the public. As a result to this kind of activities, he defines himself as a successful leader who is sincere in trying to make others feel good about themselves and ever willing to spare some of his invaluable time to share secrets of his success to those who are interested. His good attitude reflects his corporate social responsibility to the public. By involving himself in the local

community activities, MYDIN Mohamed Holdings Bhd. can strengthen its corporate branding. With that, gets even closer to winning the battle of outperforming its business rivals.

In addition to the aforementioned activities, MYDIN Mohamed Holdings Bhd. is aggressively helping the government to educate the Malaysian consumers on how to become smart consumers. The company has distributed 50,000 booklets that listed 200-300 everyday items with their retail-selling price. In this way, the consumers would be able to bring the booklet whenever they go shopping and is able to compare prices before buying. By taking part in this kind of activity, MYDIN has further portrayed the image of a company that emphasizes on corporate social responsibility to retail consumers.

It is the role of the leader to be charismatic, having the ability to get people to buy his or her ideas or thinking. For him, the ability to persuade others and to gain their respect is important and he also believes that he has obtained the respect of his employees. The following is one of his experiences:

Last Thursday [...] due to festive session, we have inadequate staff especially the cashiers. I pity them for being blamed, because customers will not understand our problem. I told myself that I have 600 staffs working on Sunday and Saturday, but what about others? Especially, managers and head of department. So I call for a meeting. I asked them one question; "Can we sacrifice our weekend this time to work extra hours to help our cashiers? The money that you earn comes from the cashiers' hard work as well". It turned out that most staffs were willing to help out, and only a number of them had several acceptable excuses [...] I said [...] it's ok [...] but I will remember you [...].

#### *Future direction of MYDIN holding under Dato' Ameer Ali*

MYDIN Mohamed Holdings Bhd., under the management of Dato' Ameer Ali, has many expansion plans to execute. Amongst them is a plan is to build eight more hypermarkets, which will be spread all over the country. This is one of his corporate visions. Even in the state of remarkable expansion, he has not given thought of listing MYDIN in the stock market at the moment as he wants to keep on enlarging the business to enable it to command a bigger premium once it is listed. Under Dato' Ameer's administration, MYDIN Mohamed Holdings Bhd. is a family business, however, none of the outlets are run by any family members and many of the key positions are held by employees. He strongly believes that having the company run professionally and with his family members at the helm in the HQ, centralized decision-making powers is the only way to ensure MYDIN's growth and thus enabling higher performance. As the key man behind MYDIN Holding's success, he believes that this will be the main practice for many years to come.

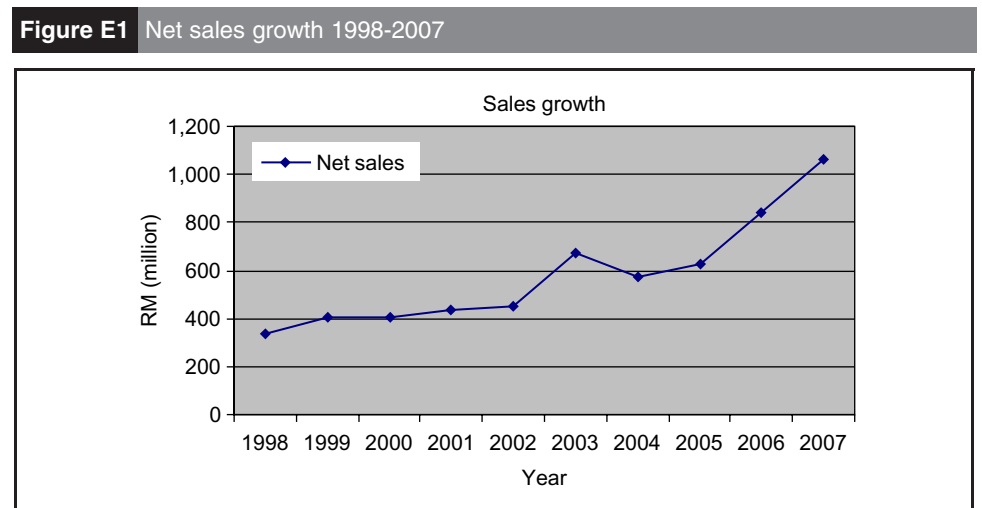
#### **Questions**

- Do you think that a budding entrepreneur needs to have a mentor or business coacher in order to be more successful?
- What are the kinds of hurdles that a budding entrepreneur will face during the initial stage of the business?
- Identify problems that could have negative impact on a leader who does not have business mentor or coacher.
- What courses of actions that the leader takes as he progresses from the initial phase to maturity?
- Based on the financial information, what can you derive from the information given in terms of the organizational performance?
- From your point of view, do you think that the leader has made the right decision of not joining his family business but instead he was pursuing his own career in the banking sector?
- Did joining the banking sector help him to transform into a successful entrepreneur? Why or Why not? (This would be embedded in question 6.)

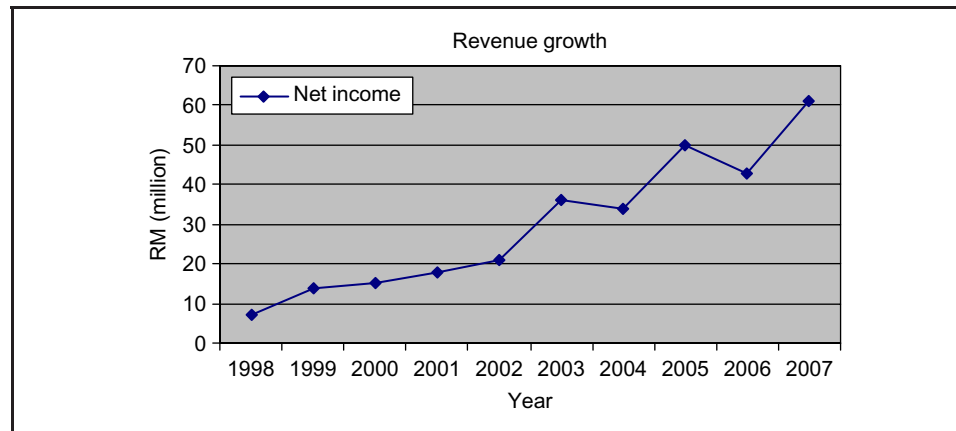
- What are the leadership styles adopted by the leader in transforming the business?
- Do you think that leader's decision-making styles were truly developed while he was in the banking sector? Justify.
- Do you think that the values and skills of leaderships and decision-making have been ingrained since his childhood? Justify.
- What are the best qualities or characteristics of a good leader?
- How do the decision-making styles of the leader contributed to his good leadership practice?
- Does a good leader require certain key values to be successful?
- What are other actions undertaken by the leader in order to acquire good leadership skill?
- Determine the knowledge, experiences and competencies, which are required for a good leader who has a transformational program at his company.
- What do a leader needs to have and gain before transforming his business organization successfully? Would that be possible for the leader to only depend on his knowledge or experiences or competencies before transforming his business?
- In transforming the business, his marketing competency or marketing strategy has been aggressively applied by the leader. How does he implement the strategy in the company?
- How does a good leader influence others to accept his idea on the business transformation?
- What are the key functional competencies demonstrated by the leader in the case study?
- How effective is the leader's human resource strategy?
- Which is more significant in a leader – the soft skills or the technical skills of running a business? Discuss.

*Keywords:*  
 Leadership,  
 Decision making style,  
 Transformation,  
 Retail business,  
 Mydin Mohamed Holdings,  
 Organizational change

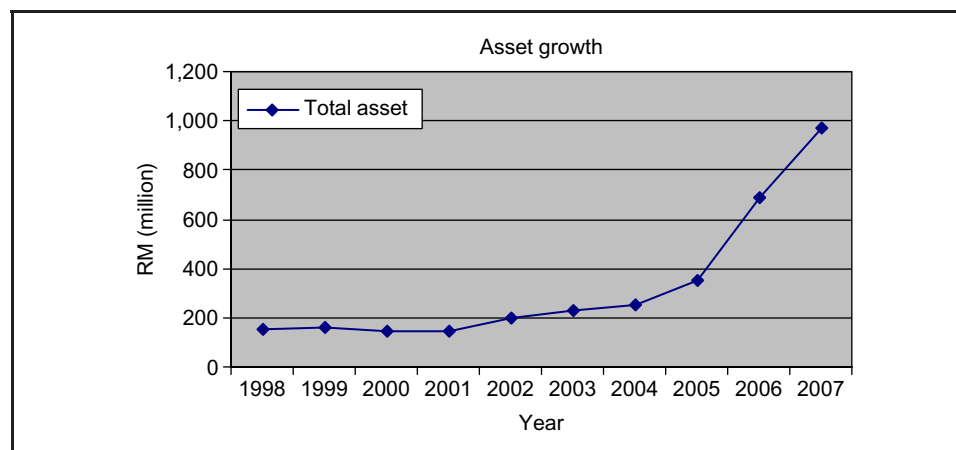
Exhibit: MYDIN's financial performance (1998-2007)



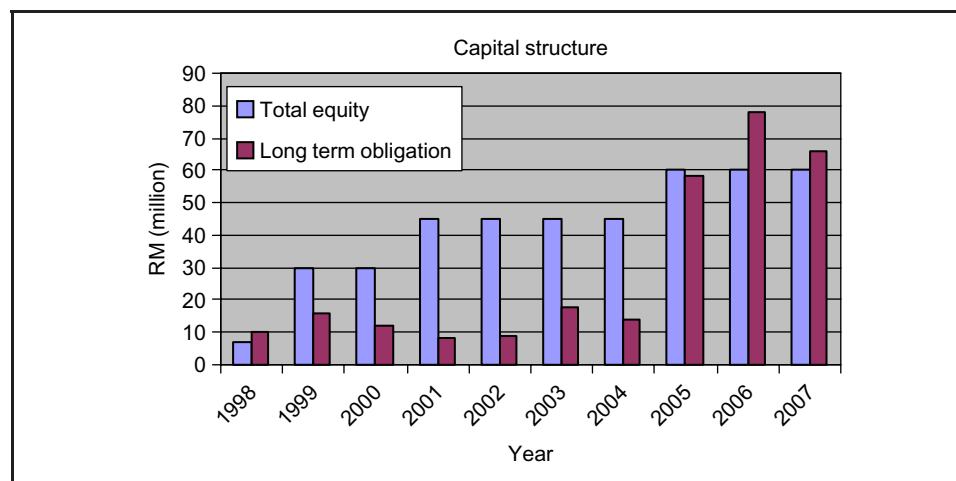
**Figure E2** Net income growth 1998-2007



**Figure E3** Total asset growth 1998-2007

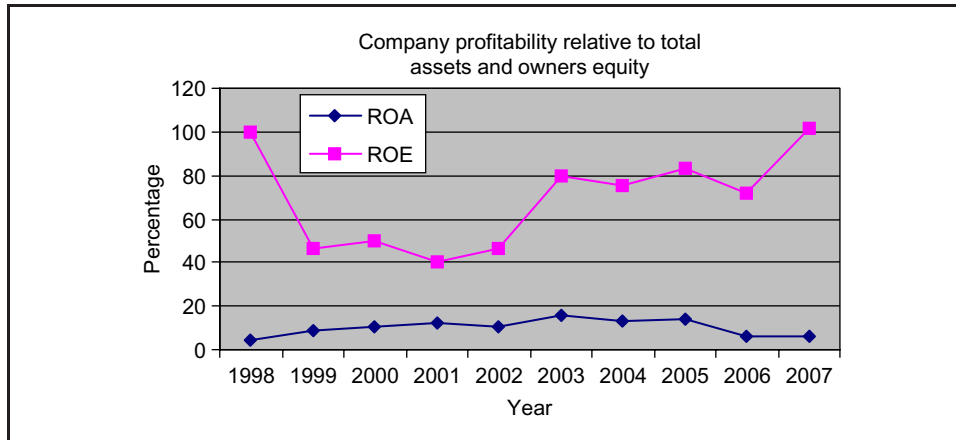


**Figure E4** Capital – equity v. obligation 1998-2007

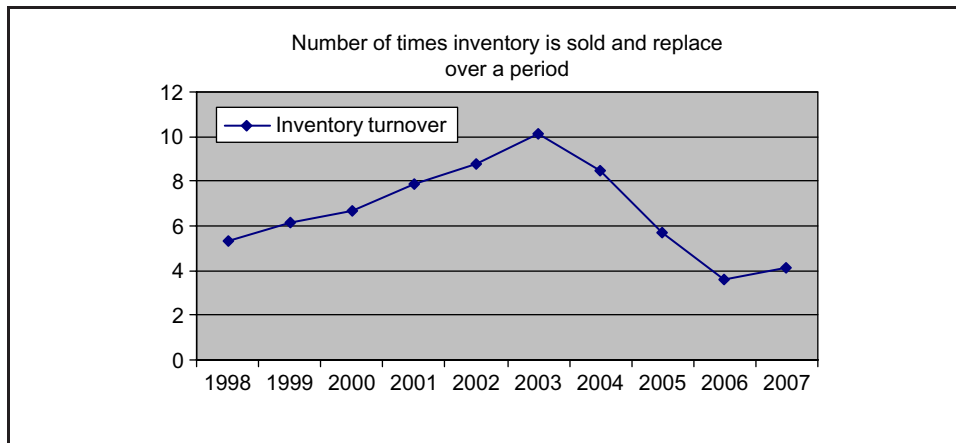




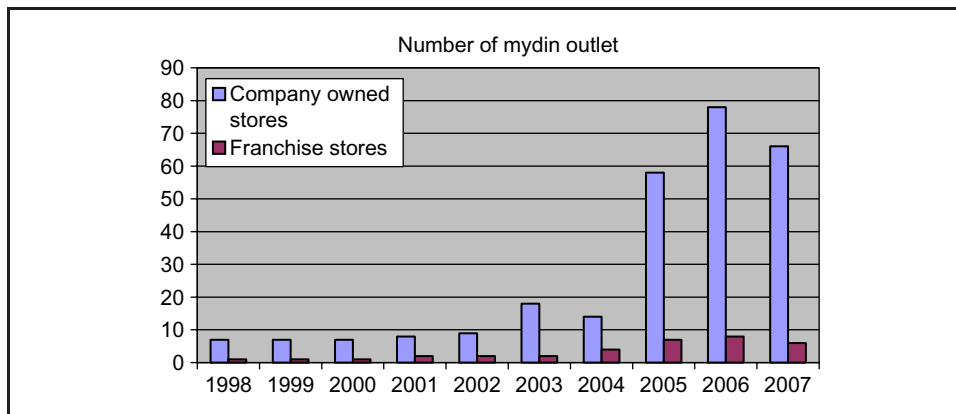
**Figure E5** Return on assets v. return on equity 1998-2007



**Figure E6** Inventory turnover 1998-2007



**Figure E7** Mydin outlet growth 1998-2007



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