

Looking at the Big Picture

Encorp's flamboyant chairman aims high

By Steven K.C. Poh / Kuala Lumpur

MALAYSIAN ENTREPRENEUR AND POLITICIAN Effendi Norwawi is a man who clearly loves to make a splash. His investments are, if nothing else, high-profile. Consider his choices: a project to assemble and market Cadillacs, a luxury residential development that will draw on the world's top architects and a new university set up with the help of Prime Minister Mahathir Mohamad.

They are not the easiest ways of making money. For instance, status symbols though they may be, big Cadillacs seem ill-suited to Malaysia's congested roads. Effendi, 50, is also planning to launch a national television station in a small but crowded broadcasting scene. And his exclusive development outside Kuala Lumpur is being sold just as the property market may be entering a glut. But says Effendi: "I want to make a statement, especially as a newcomer." Despite the risks, the suave, politically well-connected businessman remains unfazed: "I have no fear of failure."

Perhaps that attitude stems from a fast-track career in the public sector. Though raised in Johor Baru, Effendi is a Melanau, one of the indigenous peoples of Sarawak. He was fortunate to find an early ally and mentor in the state's powerful chief minister, Taib Mahmud. In 1981, Taib made him head of the Sarawak State Economic Development Corp. (SEDC) -- Effendi was only 34. "I felt really big," he recalls.

The Sarawak SEDC became one of the most successful such enterprises in Malaysia. By 1990, Effendi added another job title: chief operating officer of Bank Utama, a Kuching-based bank controlled by Taib's relatives and associates. Though he had no banking experience, Effendi says he "helped turn the bank around." But it was not enough. In mid-1995, Effendi left to set up his own company, Encorp, and "put my business acumen to the test for myself." Besides, he "wanted to be there while the ride was still high [in the Malaysian economy]." He says he relied primarily on bank borrowings, though it is widely believed that Taib helped bankroll his ventures.

That is not to say Effendi has set aside his political ambitions. He sees "synergy" between private enterprise and politics. He remains Member of Parliament for Dalat, a remote constituency, as well as treasurer for Taib's PBBS (United Sarawak Bumiputra Party). Effendi is among those tipped to succeed the 61-year-old chief minister when he retires. Still, Effendi bristles when asked how political links have furthered his business career: "The term 'political patronage' suggests that businesses have benefited in an inappropriate manner." That is not so, he says. The government is "a facilitator of business and industry." That, Effendi says, is the spirit of Malaysia Inc.

Political connections come in handy, nevertheless. For three years, Effendi tried unsuccessfully to get the Massachusetts Institute of Technology (MIT) to collaborate with him in setting up a new research-driven university -- until Mahathir came in. "It needed someone like him to convince them. And he did," says Effendi. He persuaded the PM to make a personal visit to MIT. Classes at the new Malaysia University of Science and Technology in northern Selangor begin in September. The project undoubtedly furthers Malaysia's plan to be at the technological cutting edge. And there is an added benefit: it enhances Effendi's standing with federal leaders, who are likely to influence the political scene in post-Taib Sarawak.

For now, business appears to hold much of Effendi's attention -- as perhaps it should. Analysts predict property prices will soften because of oversupply, a warning sign for his residential venture. Effendi concedes there may have been overbuilding in the office and retail sectors. But, he argues, his palatial homes are targeted at the very top-end, which is less cost-sensitive. One customer snapped up two lots without even checking the price. Over two-thirds of the 117 lots in the first phase, selling from \$1.5 to \$2.5 million each, have been taken, he says. The 200-hectare site is to hold about 317 units.

Cars might be a tougher sell. Malaysia's well-wheeled like sleek marques such as Mercedes-Benz and sporty four-wheel drives. The Cadillacs, priced at \$170,000 each, may seem old-fashioned by comparison. Effendi's car subsidiary, EN Automotive Industries, would have to move thousands to recoup the investment. Still, he insists: "Malaysia is ready for the Cadillac."

On the TV station, which will operate out of sleepy Kuching, he shows a rare note of caution. Malaysia already has three national stations, as well as two pay-TV networks. Effendi wonders if "there will be enough advertising expenditure to go around." Then his irrepressible confidence takes over: "I am optimistic our station will be very competitive." It is to start at the year's end with 12 hours of broadcasting, and later add six more hours. Then, he says, "we'll see where we go from there."

The same could be said of Encorp. Effendi hopes to turn his two-year-old company into an "innovative" property and media conglomerate. But aside from its embryonic housing, car and TV station projects, Encorp's only other venture is a \$13-million recording and post-production studio called Synchronsound. Studio CEO Robin Lo sees his boss as a man who refuses to settle for the ordinary. "Pioneering exercises have a long gestation period," Lo says. It could be a while before Effendi's big ideas become hard reality.