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COVER STORY

NOT ALL GLOOMY FOR THE TOURISM INDUSTRY

by Dr Ghaz

It can be assumed that the tourism industry in Malaysia began in 1972 with the establishment of the Tourist Development Corporation (TDC). Over the years, the various unique features of its natural resources and multiracial/multicultural society have combined to develop competitive advantages for the Malaysian tourism industry.

In its quest to develop tourism products and services, the Government has acknowledged the contribution of small and medium enterprises (SMEs) in the tourism industry. Along the way, various financial and non-financial programmes have been established

F&B service (14.8%) and accommodation (14.3%) while travel agency contributed only 1.6% of total value added of tourism.

Indeed the current climate of economic uncertainties poses numerous challenges to SMEs in the tourism and hospitality industry. According to the *National Transformation Programme Annual Report 2015*, tourist receipts dipped by 4% to RM 69.1 billion from RM72 billion in 2014 while tourist arrivals recorded a 6.3% decline to 25.7 million last year from 27.4 million in 2014.

The drop in tourist arrivals and receipts can be attributed to the global economic slowdown and challenges



to increase the business longevity of tourism SMEs as well as to enhance their capability and role as the backbone of Malaysia's tourism industry.

Tourism products which attracted the participation of SMEs range from accommodation, transportation services, food and beverage (F&B) services, retail trade, recreational industry and travel agencies, among others.

Based on the Gross Value Added of Tourism (GVATI) for 2014, retail trade has the highest share with 43.1% followed by

such as natural disasters, i.e. floods and the earthquake in Sabah, the haze issues, security issues in the coastal areas of the south-eastern coast of Sabah as well as the lingering effects of the MH370 and MH17 incidents.

However, the weaker ringgit seems to offset the setback from declining domestic consumer spending on luxury and non-necessity expenditures. It has encouraged foreign tour operators to initiate attractive packages that entail longer stay with quality accommodation.

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While not essentially good news for importers, the depreciation of the local currency against the greenback in recent times has made Malaysia a more attractive holiday destination with visitors able to stretch their tourist dollar further.

On the domestic front, economic conditions due to implementation of the Goods and Services Tax (GST) and a rise in consumer price index (CPI) have also resulted in a prudent spending trend among domestic tourists. In March 2016, the CPI for restaurants and hotel increased to 4.6% – a worrisome sign which runs parallel with the decline in the Malaysian Institute of Economic

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**Perspective**

AN ABUNDANT OF OPPORTUNITIES IN TOURISM BUSINESS

by Hamdan Mohd Habibollah

That various types of tourism are being promoted in Malaysia spells business opportunities for tour operators regardless of their sizes. The most common would be recreational tourism where visits are made to beaches, shopping complexes, theme parks or even city outskirts, i.e. experiencing homestay in a traditional village and getting indulged in a wide array of daily routines of the village folks.

This aside, other forms of tourism that are synonymous with Malaysia include:

- **Cultural and Heritage Tourism:** Malaysia has distinctive multicultural heritage with strong Malay/Islamic, Chinese, Indian and Western influences which made it into a little Asia.

Cultural resources in Malaysia are quite varied; this includes performing arts, archaeological/ historical sites and handicrafts. As manifested in the *Malaysia Truly Asia* tagline, heritage tourism has being

identified as one of the niche products to be developed extensively vis-à-vis the use of relevant ethnic cultural and heritage assets to attract more tourists.

- **Eco-tourism:** Malaysia's diversity extends to its natural landscapes, notably its rainforest which is 60% virgin forest that has not changed for millions of years. Malaysia is home to over 15,000 species of flowering plants and almost 300 species of mammals. Additionally, there are over 150,000 species of invertebrates including marine life and insects and approximately 4,000 different species of fish.

Its rich array of flora and fauna has made the country one of the world's leading eco-tourism destinations.

- **Medical Tourism:** Also known as health tourism, it has a great potential to generate foreign currencies. Towards this end, the

continue from page 1

Research's (MIER) Tourism Market Index to 90.0 points from 116.5 points in the fourth quarter of 2015.

Nevertheless, there is a shift among domestic tourist in terms of choice of accommodation with hotels, apartments and homestays having grown significantly in 2014 to 27% from 19.1% based on the Domestic Tourism Survey conducted by the Department of Statistics in 2015.

While global economic matters may well be outside the control of business owners, there is a need for every SME in the industry to live up to other challenges that come their way. Top among the challenges is the lack of management skill which prevents business owners from marketing their product successfully.

This often leads to the issue of weak and poor management which would ultimately result in their inability to adequately establish or clarify their business objectives before and after starting up a business.

When this happens, business owners tend to over-estimate their sales while under-estimate their operating cost and apply





government has taken proactive measures to market Malaysia as a preferred health tourism destination. Competitive medical fees and modern medical facilities are two vital factors that make Malaysia as popular destination among medical tourists.

The medical tourism industry is expected to contribute a revenue of RM1.3 billion to Malaysia this year, according to Health Minister Datuk Seri Dr S. Subramaniam. Malaysia's share of the medical tourism market has steadily increased in the last few years. In 2014, it reached out to 770,000 patients, generating a revenue in excess of RM700 million, while last year revenue rose to about RM900 million.

• **Education Tourism:** This is another type of tourism that has been closely considered. The flow of international students to Malaysia has increased

steadily since 1996 when higher education reforms were introduced to make Malaysia a center of regional excellence in education and facilitate the entry of international students into higher education institutions.

Malaysia is on track to achieve the target of attracting 200,000 international students by 2020 in line with the country's aim of becoming an international and regional education hub, according to Second Education Minister Datuk Seri Idris Jusoh.

As of end-December 2014, Malaysia had 135,502 international students from about 160 nations studying in public and private higher education institutions as well as international schools. One of the main attractions Malaysia holds for foreign students is the affordability factor. The major cost considerations when it comes to a foreign education are

course fees and living expenses.

• **Halal tourism:** Malaysia is also highly rated as a Muslim-friendly holiday destination alongside other more popular Muslim countries such as Egypt, Turkey, United Arab Emirates and Saudi Arabia.

Studies conducted by international bodies such as Thomson Reuters, Mastercard and Crescentrating have named Malaysia as the number one destination for Muslim travellers given the country's ability to cater to the growing number of Muslim holidaymakers who seek *halal* or Islam-compliant food and hospitality services.

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inadequate cost control mechanism. Lack of business objectives affect marketing activities while poor market research may lead to the failure to respond to customer's need and demand.

Additionally, resistance to change or refusal to accept external advices consequently affects the performance of businesses. Over reliance of foreign workers with cheaper labour cost can also have repercussion in view of the government's current tightening on the levy for foreign workers as well as in meeting the minimum wage requirement standards.

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There's Light At The End Of The Tunnel For Tourism Sector

by Raja Shahrizan Raja Harun Al Rashid

The tourism sector is Malaysia's sixth largest contributor to the national economy with a contribution totalling RM161 billion or 14.9% of the country's Gross Domestic Product (GDP) in 2014. This sector is vital in providing sustainable development to the Malaysian economy as it also contributed to the development of other related fields, i.e. the hotel, retailing and food sub-sectors.

South Korea registered positive growth with an increase of 3.1%, 4.0% and 9.2%, respectively. Chinese tourist arrivals to Malaysia posted a 4% growth in 2015 while tourism receipts from the market went up to RM5.74 billion, a 16.1% increase from the previous year. Countries that recorded negative growth during this period were India (-6.2%), New Zealand (-9.8%), Iran (-10.0%), Saudi Arabia (-12.4%), Japan (-12.6%), Australia (-14.8%), United Arab

In April 2016, Emirates and Malaysia Airlines enhanced their codeshare agreement resulting in new routes which cover Langkawi, Penang, Johor Bahru, Kuching, Miri, Bintulu, Sibul, Kota Kinabalu, Sandakan, Tawau, Labuan, AlorSetar, Kota Bharu, Kuantan and Kuala Terengganu. The signing of the agreement is expected to further boost the tourism sector.

In terms of domestic tourism, there are some sign of recovery primarily due to the weaken ringgit which makes overseas travelling expensive. Based on the recent Malaysian Association of Tour and Travel Agents (MATTA) Fair (held from March 11-13) figures, a total of 23,973 domestic travel packages worth RM6.6 million were sold to the public during the fair.

This was an increase of 48.2% in terms of the total value of sales as compared to RM4.4 million at the MATTA Fair in March 2015. The sale of the domestic travel packages had surpassed Tourism Malaysia's target of 17,896 packages and RM4.65 million total sales.

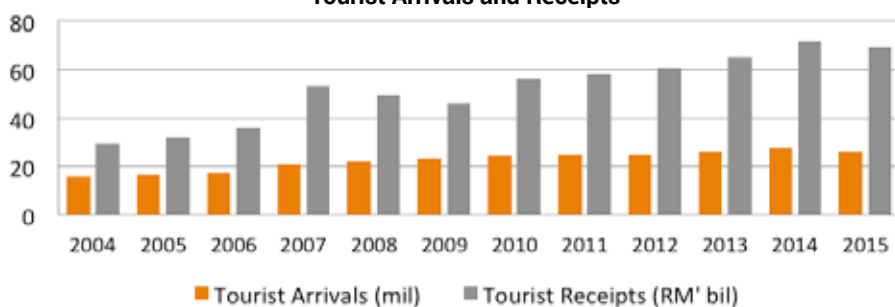
Participants from Kedah recorded the highest sales with RM1.7 million, followed by Terengganu (RM1.05 million), Pahang (RM1.01 million), Johor (RM855,524), and Selangor (RM495,747). Island destinations such as Langkawi, Perhentian, Redang, and Pemanggil, as well as the Pahang National Park and the Desaru Fruits Farm have also received an overwhelming response during the MATTA Fair.

The positive indicators on the revival of domestic tourism are also expected to improve hotel occupancy which was affected by lower arrival of foreigners, slowdown in bookings from the government sector as well as more competition from Airbnb, guest houses or home stays. It is expected that the weakened ringgit has made resort hotels at beach vicinities a bargain for the foreigners.

Perhaps, hoteliers should consider offering more activities or competitive rates/discounts for long stay as part of their strategy to woo travellers or guests can be offered a room upgrade upon arrival in attempt to boost occupancy rate.

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Tourist Arrivals and Receipts



Source: Tourism Malaysia

However, 2015 has been a challenging for the tourism sector. According to Tourism Malaysia, Malaysia welcomed a total of 25.7 million tourists and RM69.1 billion tourism receipts in 2015 – a decline of 6.3% and 4.0%, respectively from 2014. The reduction was primarily due to the three aviation tragedies and the negative publicity by foreign media on security issues – particularly in eastern Sabah. The regional haze phenomenon in late August until October also affected travel to Malaysia. In addition, route rationalisation has led to Malaysian Airlines, the national carrier, ceasing its flights to destinations such as Frankfurt, Istanbul and Brisbane.

Despite a challenging environment, tourist arrivals from Taiwan, China and

Emirates (UAE) (-20.2%) and Kuwait (-23.9%).

As for 2016, the tourism sector is envisaged to rebound, particularly with tourists from China and South Asia following the introduction of e-visa as announced in Budget 2016. According to Tourism Malaysia, preliminary figures indicate that the number of visa applications received at the tourism centre in China has doubled in this first quarter of this year. It has also been reported that feedback received from industry players such as airlines, tour operators and hoteliers with regard to the first quarter of 2016 is showing continued rising trend in terms of tourist arrivals.

Similarly, new destination routes offered by several airlines also seem to be steering the Malaysian tourism sector to the right direction. For example, China Southern Airlines started to offer services between Guangzhou and Kota Kinabalu with three flights a week beginning December 2015 while Air Asia provides four weekly flights between Guangzhou and Langkawi beginning January 2016 as well as started flying from Taipei. In addition, Jin Air and Eastar Jet are also increasing their frequency from South Korea to Malaysia.

	Country	Number of Tourists
1	Singapore	12,930,754
2	Indonesia	2,788,033
3	China	1,677,163
4	Thailand	1,343,569
5	Brunei	1,133,555
6	India	722,141
7	Philippines	554,917
8	Australia	486,948
9	Japan	483,569
10	South Korea	421,161

Source: Tourism Malaysia



Sales Strategies for Tough 2016

..... by Hanzo Ng

Part 2

In our quest to create that wholesome, all-weather and universal sales person who is capable of withstanding challenges of sorts, I have shared four out of eight workable sales strategies in Issue 3 of BizPulse. They are (i) Change; (ii) Staying Focused; (iii) Mindset, and (iv) Motivation.

We shall resume our journey with three other strategies, namely, (i) Partnerships; (ii) Value, and (iii) Results:

PARTNERSHIPS: Resolve to think outside the box by seeking partners outside the norm based on mutual trust and gain whereby a win-win situation prevails at the end of the day. I have a participant who sells office lights and electronics products for an established German company. I suggested that he works closely with personnel of embassies and chambers of commerce because they know which new company is coming to town.

He said he has always been partnering staff of chambers of commerce but never embassies, hence thought the idea was worth a shot. Sales Ninja partners event companies because they

organise kick offs and product launches. Who else can you connect with for your referral generation?

VALUE: Resolve to sell value and not throw price. According to world renowned investor Warren Buffet, "Price is what you pay; value is what you get". Are you always throwing price to sell? Don't!

If you don't sell value, you are killing the brand, your skill, your margins – and above all else, the industry. Before you offer the excuse that your competitors will do so if you don't, let me tell you a story. It's a simple story but you will get the point.

I love to go to my favourite Indian barber around my mum's house. There are many purchase reasons, i.e. convenience (because I visit my mum very often) or I can have my hair cut at night (as I'm always on the move) but the biggest reason of all is value. I am paying RM15 for the haircut but the value I get is the attention to my hair and the massages I get from the barber.

Value comes from four areas which I single out as "PPSC":

- **Product** – What is the differentiation factor between your product and that of your competitors that customers wouldn't mind paying more for? Could it be quality? Technology? Reliability? You have to define those factors in details so that potential customers will switch to you.
- **People** – How about you as a sales person? Do you understand the client's industry better than your competitors? Do you have stronger rapport and relationships with your customers better than your competitors? Focus

on other areas of differentiation as well.

- **Service** – Do you go the extra mile for your customers? Is your inventory always available compared to your competitors? Do you provide an excellent training for your customers that you get testimonials from other product users? Are you fast in response?
- **Company** – Is your company the go to brand to buy? Is it like Coke of the industry or Apple of the industry? How can you build a brand that people just want to buy whether on a business-to-business (B2B) or business-to-customer (B2C) basis? Is your company's financial stronger than your competitors? Does your company boast better research and development (R&D) compared to your competitors?

- **Results:** Resolve to produce results no matter what. In business, results are the best scorecard. Talk is cheap but results speaks everything. Are you a results-oriented person or are you the all talk and no action type? I have fired countless sales people who can talk well but can't produce results. If you want to survive or thrive in tough 2016, do whatever it takes to produce results. That is your ONLY choice.



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BUSINESS ALERT

..... by Corporate Planning, SME Bank Malaysia

OIL, GAS AND ENERGY



RECENT DEVELOPMENT

- Oil prices jumped more than 10.0% in March 2016 – the best quarter since mid-2015 – although some analysts anticipate the rally could fade soon as an output freeze plan by major crude exporters fails to alleviate worries of a glut. A weak US dollar and data showing a drawdown in crude stocks at the US futures delivery hub helped oil settle steady to firmer at the end of March 2016. Brent crude for May delivery settled up by 34 cents or 0.9% to US\$39.60/barrel while US crude (the West Texas International) settled at US\$38.30, rising 2 cents or 14% in March 2016.
- Petroleum Nasional Bhd (PETRONAS)** is set to become a global leader in offshore enhanced oil recovery (EOR) services following the success of its pioneer project in Terengganu. With EOR technology, PETRONAS was able to increase production of its Tapis oil field in offshore Terengganu to 10,000 barrels/day from 2,000- 3,000 barrels previously. EOR is a process of extracting stranded oil from an oil reservoir using certain methods, including thermal recovery, gas injection, chemical injection and low-salinity water flooding.

OUTLOOK: NEGATIVE

- The Malaysian Investment Development Authority (MIDA)** is optimistic on the outlook of the oil and gas (O&G) sector, especially in downstream activities such as maintenance, repair and overhaul (MRO), well intervention services and engineering, and consultancy. Based on the market indication and the stabilisation of oil prices recently, prospects are bright for the industry.
- RAM Rating Services Bhd** expects global oil price benchmark Brent to average US\$40/ barrel and US\$45/barrel for 2016 and 2017, respectively as the pace of global production slows amid relatively resilient consumption. Industry analysts also anticipate that the significant oversupply gap of about two million barrels per day (bpd) as of end-2015 will narrow slightly by mid-2016 and more significantly in the second half of 2017 as the pace of global production slows against relatively resilient consumption.
- US Energy Information Administration (EIA):** US crude production will fall to its lowest since 2013 next year (2017) as battered shale drillers idle rigs to conserve cash. Producers from Texas to Alaska will pump 8.19 million bpd in 2017, down from 8.67 million bpd this year and less than the 8.46 million bpd previously forecast. The forecast for 2016 crude output of 8.67 million bpd was also lower than 8.69 million bpd estimated in February 2016.

TOURISM



RECENT DEVELOPMENT

United Overseas Bank (M) Bhd: Travel spending by Malaysians rose by 9% to more than RM700 million in 2015 from 2014. This was one of the highest percentage increases across all spending categories, which included insurance premium, retail, petrol and groceries. The growing affluence among the Malaysian middle class and increased connectivity through the rise in the number of regional low-cost airlines have made travel popular among Malaysians. The data was mined from the spending patterns of all UOB Malaysia personal credit card members in 2015.

Tourism Malaysia Perak: The Perak state government is hoping to attract 6.5 million local and foreign tourists in conjunction with Visit Perak Year 2017 (TMP 2017). Perak has many products that can attract tourists, especially the Movie Animation Theme Park (MAPS) and many other activities in and around the Kinta Valley as well as the Royal Belum (in Gerik), Taiping and Pulau Pangkor.

OUTLOOK: POSITIVE

Malaysia Airlines Bhd and the Malaysia Convention & Exhibition Bureau (MyCEB) will jointly bid for business events to be hosted in Malaysia. In the collaboration, the national airline would offer special airfare rates to business travelers when they fly with Malaysia Airlines under the strategic partnership agreement with MyCEB. The collaboration in the area of cooperative sales and marketing is aimed at achieving mutual beneficial business opportunities as well as promoting business tourism.



COMMUNICATIONS CONTENT AND INFRASTRUCTURE



RECENT DEVELOPMENT

Bank Negara Malaysia: The adoption of retail credit transfers comprising Interbank GIRO (IBG) and Interbank Fund Transfer (IBFT) gained momentum in 2015. Both IBG and IBFT recorded double-digit growth rates of 31.2% (2014: 36.2%) and 76.7% (2014: 67.8%), respectively, reflecting the accelerated migration of cheque users to more efficient fund transfer services. The total number of cheques issued per year declined by 27.8% to 148 million in 2015 from 205 million in 2011, while e-payments per capita increased 67.2% to 82 from 49 over the same period.

OUTLOOK: NEUTRAL

- Gartner Inc:** Global smartphone sales are expected to grow in single digits in percentage terms for the first time ever while PC shipments are forecast to decline in 2016. Sales are expected to grow only by 7% to 1.5 billion units in 2016 from 2015, stunted by flat sales in the crucial China and North America markets. Meanwhile, the PC market is expected to decline to 284 million units in 2016 compared with 289 million in 2015, before rising to 306 million by 2018.
- Industry analysts predict by end-2021, 85% of the 9.1 billion global mobile subscriptions will be for mobile broadband 3G (3.2 billion), 4G LTE (4.1 billion) and 5G (150.0 million) which will be commercially deployed by then. They will generate monthly mobile data traffic of circa 50 expanded basis (EB), a 10-fold increase from 2015's level with majority coming from smartphone users. By application, video will be the mainstream driving traffic volume to grow by 14 times to account for 70% of overall traffic by 2021, up from 50% in 2015 and this is followed by social networking traffic.

HEALTHCARE



RECENT DEVELOPMENT

KPJ Healthcare Bhd (KPJ) will be spending up to RM1.29 billion building eight new hospitals nationwide between 2018 and 2019. The new hospitals are the Bandar Dato' Onn Specialist Hospital in Johor Baru, KPJ Klang Bayuemas Specialist, Melaka Specialist Hospital and Port Dickson Specialist Hospital. KPJ Healthcare will also open two new hospitals this year, one each in Pahang and Perlis costing RM182 million.

CCM Duopharma Biotech Bhd (CCMD), a maker of medicine and pharmaceutical products, is planning to build new manufacturing and warehousing facilities in Klang, Selangor for a total cost of RM140.8 million. The construction of the new facilities is to keep up with its growing current operations vis-à-vis the expansion of its production capacity by 40% to 50% as well as its current portfolio into specialty products.



OUTLOOK: POSITIVE

Ministry of Health: The government is aiming to generate RM1.3 billion in revenue from the medical tourism industry this year. For the year 2015, Malaysia earned RM900 million from medical tourism with an estimated 850,000 patient arrivals, including from Indonesia, Singapore, India, Japan and China. The government through the Malaysia Healthcare Travel Council (MHTC) is trying to promote and lift the medical tourism industry as an internationally recognised healthcare tourism destination.

WHOLESALE AND RETAIL



RECENT DEVELOPMENT

The first **IKEA** store in the northern region will open in Penang by the 3Q2018 as the work at the Batu Kawan site had started and plans were now underway to prepare a 24-acre plot for the development. Ikano Pte Ltd had teamed up with Aspen Group to develop the Aspen Vision City (AVC) where the IKEA store would be located. The long-term development plan for AVC includes condominiums, office towers, an international school, a Columbia Asia Hospital and a 24-acre park to be included as a new metropolis in Batu Kawan.

Retail Group Malaysia (RGM): Malaysian retailers are expecting a 0.4% contraction in sales in the 1Q2016, after growing by a mere 1.4% in 2015 - the worst performance since 2010.

- The total retail sales turnover for 2015 was RM96.2 billion, a growth of 1.4% (but below the estimation of 2%). The report highlighted that the year-end school holiday and festive season did not lift the buying spirit of Malaysian consumers. On the other hand, the higher cost of overseas travel and the weak ringgit had not encouraged more domestic spending.
- For 2016, RGM maintains its growth rate forecast of 4% for the Malaysian retail industry. RGM opines that the 3% cut in the Employees Provident Fund (EPF) contribution (employees' portion) from March 2016 is not expected to contribute significantly to the overall retail sales in 2016.



OUTLOOK: NEUTRAL

CIMB Research: The private consumption expenditure determinants continue to point towards further cutbacks in spending - more retrenchments, lower household income and a decline in credit growth on the back of the already high household debt and rising cost of living. However, the second and third payments of BR1M (1Malaysia people's aid scheme) together with the lower EPF contribution would help to arrest the slide in consumer spending.

Analysts expect subsidies rationalisation to continue after the elimination of electricity tariff rebates and subsidy on flour. Other subsidy spending that have yet to be announced are cooking oil stabilisation scheme and rice. With the BR1M payout in 2Q2016, the government is expected to announce several other subsidy cuts or reductions apart from the ones already planned earlier.

Ministry of Domestic Trade, Co-operatives and Consumerism: The Malaysian e-commerce market is projected to reach almost RM4 billion this year. The market is also expected to grow by over 18% per annum over the next five years. A recent study by Google Malaysia shows that there are approximately 7 million Malaysians purchasing products online monthly. Meanwhile, Trend Micro reported that eight out of 10 local online users now prefer to shop online.

BUSINESS SERVICES



RECENT DEVELOPMENT

- Passenger movements in local airports under **Malaysia Airports Holdings Bhd (MAHB)** grew by 6.9% year-on-year to 6.92 million in February 2016 with international and domestic sector rising by 9.2% and 4.8% to 3.4 million and 3.6 million, respectively.
- International Air Transport Association (IATA): The global passenger traffic results for February showed a continuing strong demand growth for domestic and international travel. Total revenue passenger kilometres rose by 8.6% compared with the same month last year.
- February's international passenger demand rose by 9.1% compared with February 2015 which was an increase over the 7.3% yearly increase recorded in January with airlines in all regions recorded growth.
- Domestic travel demand rose by 7.9% in February compared to previous year - an increase over the growth of 6.9% in January.



OUTLOOK: NEUTRAL

Multimedia Development Corporation (MDeC): Malaysia's data centre operators are set to generate a revenue of RM1 billion by 2017 and RM2.4 billion by 2020. In 2014, revenue generated by Malaysia's cloud services and data centre industry grew by 26% to RM795 million from RM630 million in 2013. Data centre is an economic enabler and a catalyst for a digital economy as they will be moving up the value chain.



People Management Made Easy

..... by Shahrir Amran

PROVIDE MORE FEEDBACK THAN YOU THINK IS NECESSARY

80% of employees claim that they do not get enough feedback whilst 80% of managers claim they give enough feedback.

Informal or impromptu feedback is one of the strongest drivers of a high performing culture, especially when your feedback relates the employee's performance with your business goals and the employee's personal aspirations.

BE PERSISTENT

The lack of interest and persistence of Line Managers is the primary cause of failed change. Change applied without intense Line Managers' interest simply won't work.

Your interest in your people, your processes, your customers and your persistence reinforcement of your business priorities will ensure you achieve the results that you seek.

THE RIGHT AMOUNT OF PLANNING

Planning is an essential part of running your business or your projects. Your challenge – as the leader – is to find the right balance between too much and too little planning.

- The old adage "A failure to plan is planning to fail" still remains true; too little planning will result in a poor outcome for your business or projects.

- However, you will also find that the absence of over planning will lead to a successful outcome. Over planning will bog down a new idea and will ensure that the progress of a new project will stall. Requesting further planning is a great way for managers to avoid committing to an initiative or making a decision.

At the start of all projects or initiatives, it is worth spending time to determine the appropriate level of planning for that project or initiative.

RESOLVE ISSUES BEFORE THEY ARE ISSUES

Amazing leaders look for ways to improve systems and processes proactively in an effort to head off issues before they arise.



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SEMBANG USAHAWAN bersama

Dato' Syed Mohd Razif Al Yahya

Pengarah Urusan

Nama Syarikat

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Sri Sutra Travel merupakan sebuah syarikat pelancongan untuk tujuan perniagaan dan percutian yang telah memenangi pelbagai anugerah. Syarikat ini memahami sepenuhnya keperluan perjalanan untuk kedua-dua tujuan tersebut berbeza dari segi perkhidmatan, pengalaman dan kemudahan. Ditubuhkan pada tahun 1988, Sri Sutra Travel telah berkembang menjadi salah satu syarikat perunding pelancongan terkemuka di Malaysia.

Baru-baru ini, Dato' Syed Mohd Razif Al Yahya, Pengarah Urusan Kumpulan dan Ketua Pegawai Eksekutif Kumpulan Sutra Travel Management berkesempatan untuk berkongsi pengalaman, pengetahuan dan pendapat beliau dalam dunia keusahawanan dengan **BizPulse**.

S: Apakah yang mendorong anda untuk memulakan perniagaan dalam industri pelancongan?

Saya telah didedahkan dengan dunia perniagaan sejak kecil kerana ibu saya mengendalikan perniagaan kedai makan. Perniagaan tersebut bermula secara kecil-kecilan sebelum berkembang setelah mendapat beberapa *tender* dan kontrak termasuklah daripada hospital dan maktab perguruan di sekitar Ipoh. Dari situ, secara tidak langsung saya belajar bagaimana menghadapi cabaran dalam dunia perniagaan di samping menjaga keuntungan.

Ibu bapa saya pernah menyarankan kepada saya agar mengambil alih perniagaan mereka tetapi saya tidak berminat kerana ingin melihat dunia luar. Saya kemudian berhijrah ke Kuala Lumpur untuk bekerja di kedai batik milik bapa saudara saya sebelum memohon untuk menjadi pramugara. Setelah berjaya dalam beberapa sesi temuduga, saya gagal kerana ketinggian saya kurang satu inci!

Pada suatu hari, saya terbaca sebuah iklan jawatan kosong di sebuah agensi pelancongan. Bermula dari situlah pada tahun 1983, saya mula menceburi industri pelancongan. Sebagai seorang jurujual, saya banyak belajar perihal produk pelancongan selain daripada bergaul dengan orang ramai. Dalam masa yang sama, saya juga berpeluang

mengembara apabila syarikat penerbangan menjemput syarikat tempat saya bekerja dan memilih saya untuk terbang ke destinasi baru sebagai promosi.

Setelah bekerja selama 10 tahun dan berbekalkan minat mendalam untuk berniaga, saya dengan sokongan modal daripada abang ipar saya telah membeli syarikat Sri Sutra Travel pada tahun 1992. Bermula dengan lima orang pekerja dan jualan tahunan sebanyak RM300 ribu, kini Sri Sutra Travel mempunyai 80 pekerja dengan jualan tahunan sebanyak RM70 juta.

S: Bolehkah anda berkongsi lanskap industri anda?

Industri ini telah menjadi sangat rapuh dan sensitif. Apa-apa yang terjadi dalam dunia seolah-olah memberi impak kepada seluruh industri.

Oleh kerana itu, saya sentiasa bersikap sensitif dan proaktif. Apabila berlaku insiden seperti serangan pengganas dan epidemik, saya akan menjangka pasaran mana yang harus diberi tumpuan. Selalunya, bila terdapat satu bencana, kita mestilah pandai mengenal pasti peluang selain hanya menyuarkan kerisauan. Lantaran inilah ketepatan sumber maklumat dan pemahaman pasaran amat penting. Kita mestilah peka kepada perkembangan ekonomi, politik dan

keselamatan dunia.

Bila kita sentuh tentang landskap industri, kita juga harus melihat perniagaan atas talian (*online*). Darpada laporan yang saya perolehi, perniagaan online dianggarkan bernilai RM60 billion pada tahun 2014. Sebanyak 30% dari pembelian online ini adalah untuk pembelian pelancongan dan perjalanan. Apa yang kami buat sekarang adalah untuk meneroka pasaran ini dengan membangunkan sistem kami sendiri.

S: Bolehkah anda berkongsi penglibatan anda dalam ASEAN?

Bercerita mengenai ASEAN, adakah anda tahu mengenai *Go ASEAN*? *Go ASEAN* adalah satu daya usaha untuk mempromosi rantau Asia Tenggara sebagai destinasi pelancongan.

Go ASEAN yang diuar-uarkan Perdana Menteri Dato' Sri Najib Tun Razak semasa Malaysia menjadi pengerusi ASEAN pada tahun 2015 bermatlamat mempromosi kandungan pelancongan 10 negara anggota ASEAN dari sudut populasi, makanan, kegiatan riadah, alam semulajadi, fesyen dan sebagainya.

ASTRO telah dipilih untuk menyiarkan *Go ASEAN* melalui saluran 737. Sri Sutra Travel pula melengkapkan pakej pelancongan dengan membolehkan para penonton yang berminat melancong ke pelbagai destinasi dalam ASEAN.

Berdasarkan fakta sebanyak 100 juta pelancong dicatatkan untuk pasaran ASEAN. Jika diambil 1% daripada jumlah itu dengan anggaran perbelanjaan RM1,000 seorang, maka jumlah keseluruhan sudah mencecah RM1 billion. Itulah potensi pasaran ASEAN.

Selain itu, saya menubuhkan syarikat usahasaan berasaskan teknologi dengan salah sebuah syarikat pelancongan terbesar di Indonesia.

S: Apakah strategi perniagaan anda?

Industri ini boleh dibahagikan kepada empat teras utama – (i) pengangkutan; (ii) penginapan; (iii) industri sokongan, dan (iv) agensi serta pengendali pelancongan. Teras-teras utama ini boleh dipecahkan kepada bahagian-bahagian tertentu untuk membentuk produk pelancongan. Sebagai contoh, pengangkutan boleh dibahagikan kepada udara, air dan darat di mana pengangkutan udara boleh dibahagikan kepada khidmat penuh, tambang murah dan sewaan.

Saya juga merancang perniagaan saya berasaskan teknologi. Kami mempunyai anak syarikat berasaskan teknologi untuk membangunkan sistem *end-to-end travel solution* kami. Kami mensasarkan lima pasaran iaitu B2B, B2C, B2E, B2G dan OTA (*Online Travel Agent*). Integrasi perniagaan kami menjangkau lebih 50 pembekal global termasuk *aggregator* hotel, penerbangan, kereta api, restoran dan pelbagai lagi.

Kami telah membelanjakan RM5 juta dalam tempoh empat tahun bagi tujuan ini di tiga lokasi iaitu Kuala Lumpur, Cyberjaya (untuk para pelanggan bertaraf MSC Status) dan sebuah pejabat satelit di Karachi, Pakistan.

Secara jujur, pemahaman saya tentang teknologi adalah amat cetek. Namun demikian, saya sangat memahami citarasa para pelanggan serta kaedah untuk memenuhi keperluan mereka.

Hotel Industry To See Uptrend In 2016

by Hayati Abu Seman

The tourism industry is made up of several business activities that include accommodation, transportation services, food and beverage services, retail trade, recreational industry and travel agencies.

In 2014, there were 4,072 hotels and other lodging places. The total number of hotel rooms grew 25.1% to 262,021 in 2014 from 209,527 in 2013 and are projected to further increase to 278,663 by 2020.

Of the hotels rated by the Ministry of Tourism and Culture, Kuala Lumpur has the highest proportion of luxury hotels, followed by Sabah and Pahang. Meanwhile, Malacca has the highest number of budget hotels, followed by Sabah and Sarawak.

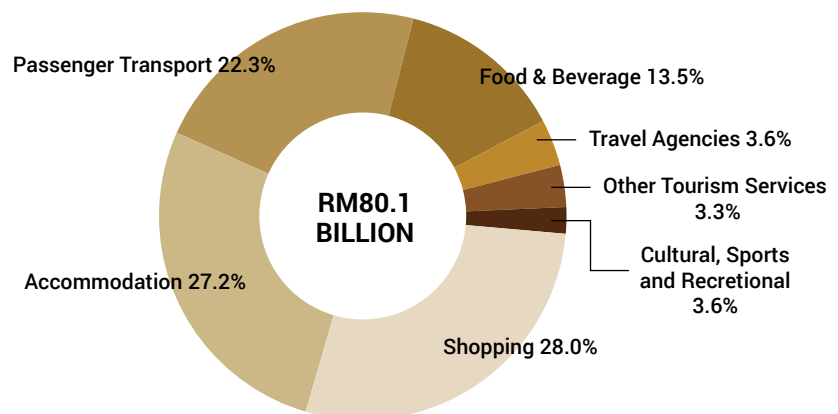
As of October 2015, four and five-star hotels accounted for 23.0% of the total number of hotels, while two and three-star hotels made up 52.0%. Based on rating of hotels, there are currently 68,432 four and five-star hotel rooms available in Malaysia. By 2020, 37,000 additional four and five-star hotel rooms are required.

The overall national hotel occupancy rate declined marginally in 2015 to 61.9% (2014: 63.6%) after a trend of increasing average occupancy rate up to 2014. This is in tandem with the decrease in international and domestic tourists arrivals. Pahang recorded the highest occupancy rates at 81.1% with the Federal Territory of Kuala Lumpur and Selangor recorded the second and third highest occupancy rates at 69.7% and 68.2%, respectively.

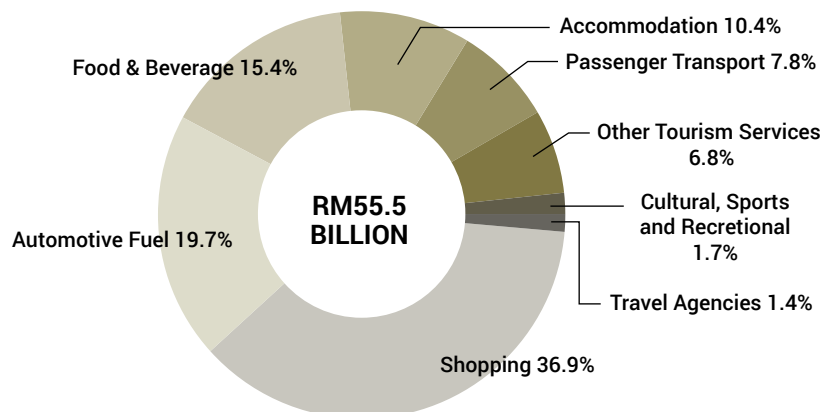
SMEs In The Hotel Industry

SMEs represent 69.2% of the total hotel establishment in Malaysia with a total of 2,817 establishments according to the SME Census 2011 reported by the Department of Statistics. Micro operators represent 51.4% of the market share whereas the remaining 48.6% is operated

Inbound Tourism Expenditure

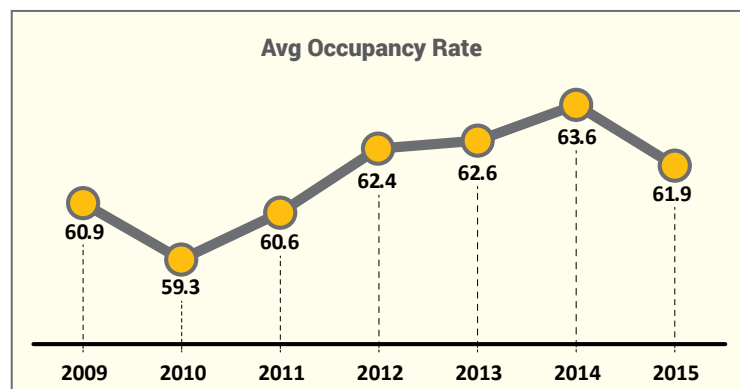


Domestic Tourism Expenditure



Source: Tourism Satellite Accounts, DOSM, 2015

Avg Occupancy Rate



by small and medium operators who contributed 89.2% of the value added worth RM873 million to the industry. Value added of micro hotel operators reached RM106 million despite making up 1,448 establishments nationwide.

Small and medium hotel (SMH) operators are important contributors to the development of hotel industry in Malaysia with the proportion of SMH to be approximately 70% of the total number of hotels in Malaysia. SMHs are commonly defined as hotels with a three-star and below rating with a 50-room and below accommodation. Typical establishments include budget hotels, motels, backpacker inns and homestay businesses.

Challenges

The current economic challenges provide mix results for the hotel industry. The weakening ringgit seems to offset the setback of declining domestic consumer spending on luxury and non-necessity expenditures. According to the National Transformation Programme Annual Report 2015, tourist receipts decreased by 4% to RM 69.1 billion in 2015 from RM72 billion while tourist arrivals recorded a decline of 6.3% to RM25.7 million last year from RM27.4 million in 2014.

The drop in tourist arrivals and receipts can be attributed to the global economic slowdown and challenges such as natural disasters, i.e. floods and the earthquake in Sabah, the haze that enveloped the country, security issues in the coastal areas of the south-eastern coast of Sabah as well as the lingering effects of the MH370 and MH17 incidents.

Nevertheless, the weaker ringgit has encouraged a lot of foreign operators to book rooms in advance which will significantly reduce their selling prices. Spending levels are being driven in part by the weaker ringgit, thus enhancing Malaysia's attractiveness as a holiday destination with visitors' able to stretch their tourist dollars further.

Outlook

Data from Tourism Malaysia which showed an increase in the average length of stay, spells further good news for the industry with the average trip lasting 6.7 nights compared to just five in 2015. Based on a report published by BMI Research, Malaysia's hotel market outside Kuala Lumpur is relatively under-developed when compared to established tourism markets such as Thailand.

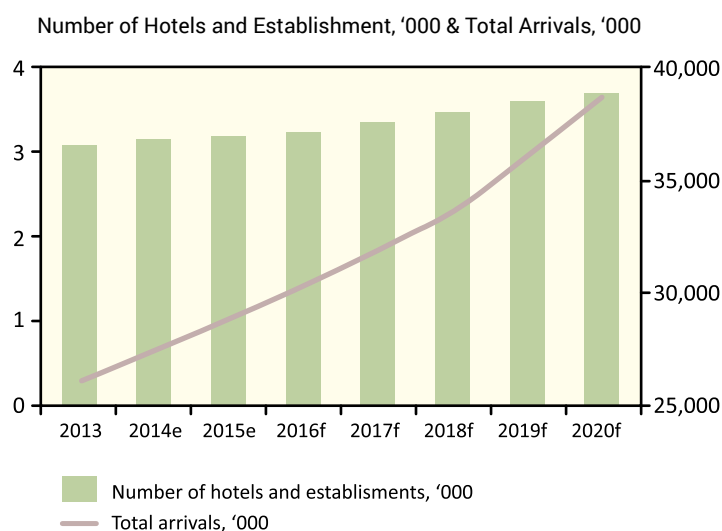
As inbound travel increases, barriers to foreign investment will see an easing with stronger domestic economy resulting in more travel within the country's borders. BMI Research expects the number of hotels and establishments to grow by 2% to 4% between 2016 and 2020. The total number of establishments is forecasted to reach 3,750 by 2020 with the number of hotel rooms expected to exceed 249,860.

As both the number of tourism arrivals and the number of hotels increase, BMI Malaysia expects that the occupancy rate to remain around 63.8%. The strong occupancy rate and expected increases

in inbound travel mean Malaysia represents an excellent opportunity for long-term returns on investment in the hotel sector. The average length of stay which is relatively long – at 6.8 nights – is expected to rise further as does the increase in visitor count.

Such opportunity is further demonstrated by the expected increase in the overall domestic hotels and restaurants industry value. BMI Research expects this to be reflected in strong growth of 8.1% in 2016 to reach RM33.9 billion (US\$8.5 billion) and RM49.5 billion (US\$13.1 billion) in 2020.

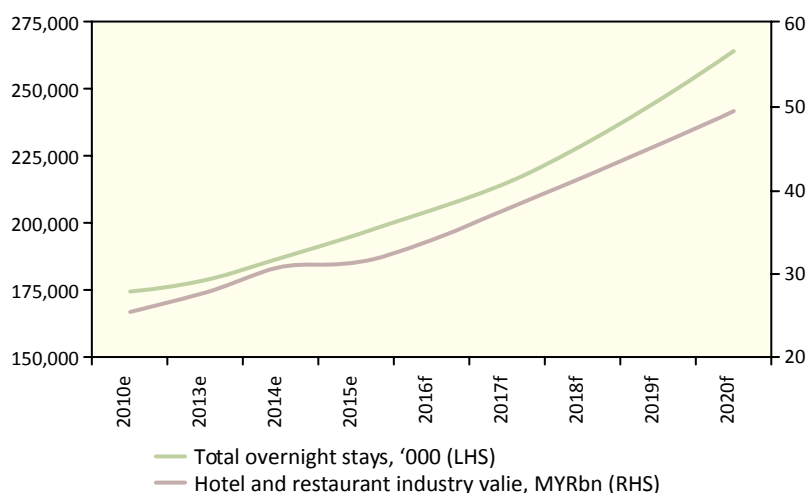
Solid Growth Ahead



Source: Malaysia Tourism Report, Q2 2016, BMI Research

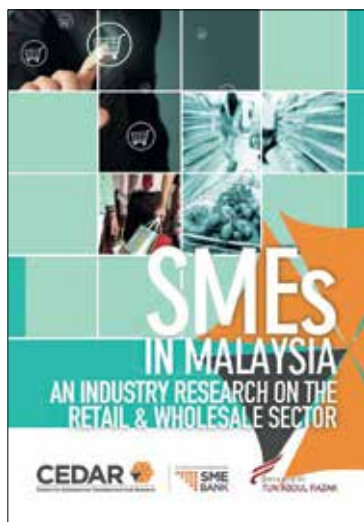
Overnight Stays and Industry Value

(2012-2020)



Source: Malaysia Tourism Report, Q2 2016, BMI Research

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**Project****Coordinator** : Sheikh Ghazali Abod, PhD**Project Leader** : Shamshubaridah
Ramlee, PhD**Hardcover** : 106 pages**Publisher** : Centre for Entrepreneur
Development and
Research (CEDAR)*Reviewed by Ahmad Azuar Zainuddin*

Tourism is an important sector to Malaysia's economy. In 2015, the sector's direct contribution to the country's gross domestic product (GDP) stood at RM60 billion or 5.7% to the country's GDP. For the same period, the overall contribution of the sector to the country's GDP exceeds RM160 billion or 14.9%. The sector also supports 725,000 direct jobs and 1.7 million overall jobs.

Discover Issues And Opportunities In The Tourism Sector

Recognising the significant role SMEs in this sector, the Centre for Entrepreneur Development and Research (CEDAR) in collaboration Universiti Putra Malaysia took the initiative to publish the Industry Research on Tourism & Hospitality sector as part of a six-title collection of pertinent research findings focusing on National Key Economic Areas (NKEAs) which includes Wholesale & Retail; Education; Healthcare; Oil, Gas & Energy; and Green Technology.

The objective of the study is to explore and investigate the business activities of the SMEs in the tourism and hospitality industry focusing on its external and internal environments as well as the identifying the drivers and barriers affecting their business successes and failures. Five subsectors, namely chalets, small hotels (two and three stars), travel agencies, tour coaches and ferries were selected for the study and the samples of the SMEs operators were obtained from tourist hotspots such as Langkawi, Perhentian Island, Malacca and Kuala Lumpur.

The book comprises eight chapters, which among others, look at the overview of the Malaysian tourism and hospitality industry; SWOT analysis of selected study areas, and SWOT analysis of selected subsectors.

Among the important findings uncovered by the study is how most of small operators in this sector choose to utilise their personal savings and funding from family members to finance their start-ups and gradually expand their business using retained earnings from their business operations. In contrast, larger SMEs are more inclined towards obtaining financing from financial institutions for the larger capital outlays. A key factor contributing to this scenario is the negative perception small operators have towards applying for bank loans which they see as rigid and cumbersome to fulfill. If not addressed, the implication of this current scenario is the loss of opportunity for the smaller SMEs in expanding their business to cater for higher demands during peak season.

To purchase the SMEs in Malaysia research series, call 03-2615 3082, e-mail to nanthakumaran@smebank.com.my or log on to www.cedar.my.

Ahmad Azuar Zainuddin is a Senior Associate at the Centre for Entrepreneur Development and Research (CEDAR), a wholly owned subsidiary of the SME Bank Malaysia. He can be reached at ahmad.azuar@smebank.com.my.

ENTREPRENEURS' EVENT CALENDAR

28
May**MALAYSIAN
ENTREPRENEUR
CONVENTION****Venue:**
Connexion@Nexus, Kuala Lumpur

The Malaysian Entrepreneur Convention (MEC) provides a platform for like-minded intellects to gather and exchange ideas, knowledge as well as valuable insights of their respective industries whilst building networks with over 1,000 entrepreneurs under one roof.

www.entrepreneurinsight.com.my12-14
Jun**BUSINESS MODEL
ACTION PLAN (BMAP)****Venue:**
Menara SME Bank, Kuala Lumpur

The Business Model Action Plan (BMAP) is a unique programme designed especially for entrepreneurs with the goal of developing a full set of business proposal for financing application. The programme combines 2 days of masterclass and 4 touch points of business coaching delivered by experienced bankers and certified business coaches.

www.cedar.my14-15
Jun**YOUNG
ENTREPRENEUR
PROGRAMME (YEP)****Venue:**
Menara SME Bank, Kuala Lumpur

The YEP is a specially designed 3-day programme provides young entrepreneurs with essential skill-sets for success from generating ideas to financial projections. The programme will also help entrepreneurs to develop a full set of business proposal for the Young Entrepreneur Fund (YEF) financing application.

www.cedar.my