

CEO Richard Yu Tuan Chong Spearheads Strategic Direction and Thought Leadership in MTC

(Photos: MTC)

Asian Timber: Congratulations, Mr Yu on your appointment as MTC CEO. As the new CEO with extensive experience in strategic direction and thought leadership, how will you apply your experiences in ensuring progressive development of MTC?

Yu: Thank you. I intend to bring on board my experiences as well as the passion for work, inquisitiveness and tenacity among the team here. I always believe being passionate in what you do every day is very important. I want to inculcate the same passion that I have with the team here in MTC. Passion to me is like a fire that we need to keep aflame. I also believe it is important for one to be inquisitive, that is, wanting to know more. Generally, people always live by the phrase "think-out-of-the-box", while I recognise the phrase and I preach about it as well, I would rather encourage their own creativity and innovativeness. Next is tenacity. Always being prepared for future hurdles and challenges. This is important for the team in MTC. I believe at times, we do need to retreat and reassess the situation.

Earlier this year, I sat with the team to evaluate and strategise our business plans. For MTC to excel and be able to serve the timber industry, there are some values that I would like the team to embrace, which I have aptly coined as the 5Ds. They are Discipline, where we must be focused and committed in what we do; Diligence, where we are always mindful of what are the implications and ramifications of our actions; Dedication, Devotion and Distinction.

In the external dimension, MTC has to know how to further collaborate with our stakeholders which ultimately requires us to develop our operation excellence. We need to develop a relationship of intimacy such that we can build trust between MTC and the stakeholders to the extent that we



MTC CEO, Richard Yu Tuan Chong

can work hand-in-hand in jointly addressing challenges. MTC is open to feedback from

them on how we can be of assistance in our mission to bring the industry to the ever

higher level. It is important for MTC to work closely with the industry. For example, we recognise the fact that starting next year, there will be a full implementation of the Clean Air Regulation. There will be a lot of impact on the industry and MTC has risen to the occasion by liaising with the Department of Environment as part of the preparations to meet the requirements.

Likewise, we have been organising programmes to facilitate our members on the importation of raw materials, including seedlings for plantations, by defraying their freight charges. We are also working with the industry to encourage them to move into automation and mechanisation of some of their processes to improve the efficiency and optimisation thereby increasing productivity and reducing over reliance, to the extent possible on manual workers. We have also introduced programmes to provide incentives for the purchase of machineries.

With the right mindset, aptitude and attitude, MTC can play a leading role in changing the public's 3D perception of the timber industry from being "Dirty, Dangerous and Demeaning" to "Discovery, Delightful and Desirable". The reframing of the 3D perception will help to attract and retain talents to the timber industry. The first reframe perception is DISCOVERY. The industry needs to continuously find ways to discover and innovate. The manufacturers need to be creative in their packaging or design. Once customer "discovers" the

beauty of timber, how do we make the customer find it very DELIGHTFUL. And when they find it delightful, they will DESIRE to have it. To change the perception towards the industry will be on a long term basis but this should be everyone's aspiration and target. It is commonly known that the timber industry is often wrongly labelled as a sunset industry. MTC Chairman has always maintain, and I echo his statement that "After each sunset, there will be sunrise". Therefore, I have full faith in our timber industry. Furthermore, the sun always rise from the East so we in the East will always rise to the occasion.

I always believe in working closely with the industry. I believe team effort is very important, be it internally or externally.

Asian Timber: In 2017, MTC set up a regional office in Bengaluru, India. How have Malaysian manufacturers made good of the opportunity provided by MTC to expand their market share?

Yu: India is a very unique country with diversity in their languages and ethnicities. The India office was set up in recognition of the fact that there is great potential in the South Asia region. The office also covers India's neighbouring countries such as Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka and Maldives. There are a lot of opportunities to tap into in the region. Though the office has commenced operations not too long ago, we recognise

that, India ranks the top three timber importers of Malaysian timber and timber products. Admittedly, the export of timber products to India currently is more focused on the upstream sector (sawntimber, RM344.7 million). My hope for the India office is that we can work with our industry players to diversify the demand from upstream to downstream products.

With that said, MTC constantly engages and networks with stakeholders to promote Malaysia as the preferred supplier of tropical hardwood timber products.

Therefore, Malaysian manufacturers need to focus by offering new innovative products with competitive pricing to tap into the vibrant Indian market of 1.3 billion population. MTC has been organising marketing programmes for Malaysian companies to participate in, which offer solid interaction platforms with India's major timber importers, for them to explore potential business opportunities.

Asian Timber: Last year, MTC organised the Malaysian Wood Awards, the first-of-its-kind in Malaysia. Will MTC continue to organise the award under your management?

Yu: All our activities are thoroughly reviewed to ensure its effectiveness taking into account the feedback provided by our respective stakeholders. The same approach is adopted for the said award.

Asian Timber: What is the outlook on the timber industry in Malaysia in further promoting and boosting growth of the industry? What are some of the potentials for the industry in the next few years?

Yu: In September 2017, during the NATIP review session under the auspices of the Ministry of Plantation Industries and Commodities, the session deliberated at length on NATIP target of RM53 billion and felt that RM25 billion will be a more achievable number by year 2020. I personally think that this well within reach since we have as at Q4 of 2017, reached the RM23 billion mark. However, we still need to continue to address the needs and challenges of the industry. Firstly, I believe, the industry need to constantly assess the needs of their customers besides looking at new approach, new strategy or even new client profiling. In marketing, apart from addressing the needs of the industry, it would be brilliant if the industry could identify niche areas of need that only they can meet them. Looking at the success of big players outside of the industry, such as Microsoft and Apple, they succeeded by "creating" a need and hunger amongst



the consumers for the very services and products that only they are able to offer. Therefore, MTC continuously work with the industry players to understand the market, understanding challenges they face and how solutions can be implemented or applied.

When I first joined MTC in 2016, I was very interested in finding out how we can leverage off technology in the industry. For me, I believe technology is a strong enabler and mechanisation and automation are great opportunities to achieve better productivity and reduce labour dependency. MTC has undertaken two initiatives to facilitate the sustainable development of the Malaysian timber industry. Firstly, the industry needs to reduce over dependence on foreign labour (especially unskilled labour) and to improve production efficiency and increase output and consistency in product quality. For MTC's part, we have devised and launched our Financial Incentive for Purchase of Machinery (FIPM) programme in late December 2017. The FIPM initiative is MTC's effort to assist small and medium enterprises (SMEs) of the timber industry in embracing mechanisation and automation, which is key to weaning the industry's dependency on unskilled foreign labour in the long run as well as to steer the industry towards achieving greater efficiency and productivity.

Secondly, MTC has been having the off-shore sourcing programme for timber raw materials, that is, the Import Assistance Programme (IAP) since 2004. The IAP aims to encourage the development of SMEs that are involved in manufacturing value-added downstream products for both domestic and export markets. The programme facilitates local timber manufacturers to import raw materials by defraying part of the freight and handling charges.

Asian Timber: Is there any impact in the export of Malaysian timber products as a result of the ongoing trade war between the US and China?

Yu: The trade war between the US and China is still in its early days. The general perception of the effects of a trade war

includes an economic slowdown which will have negative impacts on not only the economies involved but also on their trading partners.

Within the industry, there are concerns about the potential number of job losses and possible flooding of China's goods into the country. However, there might also be a potential shift of manufacturing facilities out of China into South East Asia which will see Vietnam, Malaysia, Myanmar and Laos as the potential benefactors. This could mean new investments or ramping up of existing facilities to cater for such inflow which will then change the dynamics of the global supply chain.

While the real impact is still unknown, MTC is working closely with the industry players to continuously look at the potential impact of the situation. The industry players are worried but I believe this could actually translate into opportunities for Malaysian manufacturers as such to export to the US by filling the gap left by China. Moving forward, with our open economy policy, an increase of trade and relations with China and USA should be the policy focusing on attracting foreign direct investments from both countries.

Asian Timber: With the recent change in the Federal Government of Malaysia, are there new policy directions or focus areas as far as the export of Malaysian timber and timber products is concerned?

Yu: Policy directions for the industry have been clearly outlined by our the Minister of Primary Industries with more emphasis on intensifying research and development with a view of commercialisation, which will also improve the quality and standards of our products to ensure Malaysia's commodity industry remains environmentally friendly, progressive, robust and sustainable.

Among the focus areas outlined by the government are:

- Improving the ministry's services by making it more business and investor friendly
- Looking into the welfare of everyone involved in the commodities sector

- Improving the marketability of commodity products
- Exploring new markets and ensuring that there are more value-added products to fulfil international market demands by emphasizing on research and development

Asian Timber: At the Malaysian International Furniture Fair (MIFF 2018) and Export Furniture Exhibition (EFE 2018), there is a greater emphasis on product presentation rather than the product contents. Based on this, what are some of your recommendations in making a positive shift towards Original Design Manufacturing (ODM)?

Yu: All manufacturing countries typically go through similar paths in the manufacturing process, starting with Original Equipment Manufacturing. As time progresses, they progress to design and own packaging and branding. The players in the timber industry are at different levels of advancement and sophistication. As they progress, it is important for the industry to create a brand and/or packaging that is recognisably Malaysian. Korea, I believe has successfully created branding of their own via K-Pop, Samsung, Kimchi, etc. People always relate to Korea as being trendy and their products are of quality and I feel that is where our industry needs to be.

Asian Timber: Lately, there have been developments in the use of timber in construction. Are there any threats to the use of timber as a building material? If so, what are the measures taken by MTC in promoting timber in the construction industry?

Yu: The use of timber in construction is not entirely new. In fact, the traditional Kampung houses (traditional Malaysian houses) are largely made of wood. While not being new in the construction industry, we do need to rediscover it in terms of its aspects and beauty.

Threats to the use of timber in constructions are both internal and external. Internally, within a business enterprise a



businessman will inevitably be interested to know the costs and/or return on investment for usage of timber. Though, the qualitative aspects of timber usage in construction may be understood, we cannot deny that its quantitative aspects (e.g., return on investment, cost of maintenance, etc.) are equally important. We do need to have more empirical studies that can support the quantitative aspects of using timber in construction.

Asian Timber: What are MTC's major activities for 2019?

Yu: There are already a few activities that are in store for MTC for 2019. One of MTC's most important and major events in 2019 is the Malaysian Wood Expo in Kuala Lumpur. The Expo will be a one-stop selling, buying and networking platform for timber products from Malaysia and around the world, solely dedicated for timber products as well as

woodworking machineries.

At the same time, we will continue to organise targeted Business Matching Missions for Malaysian industry players to selected countries, participate in targeted trade fairs to promote Malaysian timber and timber products and Market Visits to explore new and emerging markets through information gathering and market intelligence. MTC will also be organising targeted technology acquisition and study missions for Malaysian timber industry players to renowned international machinery fairs and visits to machinery manufacturing factories. Similarly, we will be assisting the timber industry players in off-shore procurement of timber raw materials by organising targeted sourcing missions to timber raw material supplying countries.

Apart from the upcoming the activities, MTC is fine-tuning its approach in terms

of our format and framework for all our activities. We are constantly evaluating the effectiveness of these missions for our industry players.

Asian Timber: Last but not least, what are your expectations and aspirations for MTC in 2019?

Yu: MTC has done well for the past 26 years (since its establishment in 1992). I believe that we will continue to perform our pivotal role as the lead organisation in promoting Malaysian timber and timber products in the international market. Timber used to be the largest contributor to the Malaysian commodity export sector (within our Ministry) and I do hope we can reclaim that position one day.

As I said, teamwork is an important aspect and I look forward to working ever closely with all our stakeholders to bring the industry to the next level.