

Dare to be Different

Norailis Ab. Wahab¹, Syarizal Abdul Rahim², Razli Che Razak³ and Mohammad Ismail⁴

1 Faculty Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia, 71800 Nilai, Negeri Sembilan, Malaysia, Ph.D. Email: norailis@usim.edu.my

2, 3, 4 Faculty of Entrepreneurship and Business and Management, Universiti Malaysia Kelantan, City Campus, Pengkalan Chepa, 16100 Kota Bharu Kelantan, Malaysia, and email: syarizal.ar@umk.edu.my

3 Faculty of Entrepreneurship and Business and Management, Universiti Malaysia Kelantan, City Campus, Pengkalan Chepa, 16100 Kota Bharu Kelantan, Malaysia, Ph.D. Email: razlicr@umk.edu.my

4 Faculty of Entrepreneurship and Business and Management, Universiti Malaysia Kelantan, City Campus, Pengkalan Chepa, 16100 Kota Bharu Kelantan, Malaysia, Ph.D. Email: mohammad.i@umk.edu.my

Abstract

"Move along with MOFAZ" is the company's philosophy since its inception 43 years ago. The business began as a distributor of NESTLE products. Now, it has thrived with various business ventures under its wing. MOFAZ and its many business partners and vendors grow together under a firm belief in self-discipline, competence, hard work, and respect for others. Having established its standing in the industry, MOFAZ's focus in its second decade is 'Dedication towards Excellence', aiming to produce superior products and services in the automotive, agricultural, and food industries. MOFAZ has maintained its competitiveness throughout its journey, starting from the NESTLE Distributor Coalition to MOFAZ Air, which became the foundation for the world-renowned Air Asia. The study has identified several critical criteria of how MOFAZ remains competitive in the market. They are People, Culture, Process, Knowledge, Technology, and Capital, which are described by the authors through the experiences of the President of MOFAZ Group, Fauzy. The company, likewise, has faced several obstacles. They come in at least two forms: external (e.g., inter-organizational politics) and internal (e.g., the fear of investing). Business changes are always unpredictable. Even so, Fauzy tried to keep a positive mindset and sustained during the economic downturn. However, once in a while, a big trend may come along and break all conventions. Fauzy upheld MOFAZ's competitive advantage through its history and networking. After getting great opportunities, he continued to publicize MOFAZ's gains by announcing its recent performance on various media platforms. Sustainability is one such trend.

ARTICLE INFORMATION

Received: 19 Aug 2020

Revised: 25 Aug 2020

Accepted: 11 Oct 2020

Keywords: *Competitive advantage, Strategic entrepreneurship, Retailing, Automotive*

PRELUDE

"Fauzy, my son already has some experience working as an accountant in Kuala Lumpur. He advised me not to continue with this coalition. He will be my advisor in the company's next investment projects that begin next month," Saad spoke slowly, facing Fauzy, who looked at him, frowning. Fauzy, the President of NESTLE Distributors Coalition (GAPENEST), was worried about the scenario unfolding before him. Saad was one of the GAPENEST members who were quite close to him: they worked hard, poured sweat, and generated ideas to strengthen GAPENEST's name in

Malaysia. Saad was now the third member to respectfully resign from this group of distributors. "We've managed to prepare a deposit of RM22.5 million to purchase NESTLE shares. For many years until now (2004), we've made a profit from that stock. Is this not enough to defend this coalition?" Fauzy's voice was becoming louder. "There are opportunities for us, Saad. In my head now, I keep thinking of ways on how to keep us strong in this business. We could invest those profits to buy land and build manufacturing premises for the NESTLE brands," Fauzy

continued to convince his friend. In his heart, however, he doubted the success of his repeated efforts. His constant reiteration of future opportunities to them had not appeared to perturb their decisions.

2.0 MOFAZ GROUP OF COMPANIES

Fauzy and his management have collectively shaped the MOFAZ Group for the past 43 years. He desires to continue this legacy and foster quality work-life balance for the staff, thereby improving the quality of life of the employees and their families. MOFAZ Group also places much significance on the community to accomplish their long-term goals. It accomplishes this by implementing best management practices and prudent expansion planning, on top of continual learning of best practices from benchmarking and standards. The Group is involved in various activities, including advertising, automotive, aviation, international and domestic trading, green technology, marine, motorsports, services, hospitality, and real estate development. It has also excelled at the international stage, expanding to, among others, Japan and the United Kingdom. MOFAZ has won the Strategic Business Advisory–Financial category in the Platinum Entrepreneurs Awards. The company that he was managing, MOFAZ Marine Sdn. Bhd., won Excellence in Business Diversity in the Premier Top 10 Awards category in the SME and Entrepreneurship Business Awards 2018 (SEBA 2018).

Fauzy inculcates the virtues of passion, perseverance, persistence, and spirit of entrepreneurship in all of the employees of MOFAZ. Employees are committed to developing their respective businesses independently. They are also encouraged to take ownership of management, operations, and decision making to achieve exponential business growth and success.

3.0 STRATEGIC ENTREPRENEURSHIP

Fauzy began his business journey as a salesman for NESTLE. For 13 years, he carried out his tasks earnestly, successfully achieving his sales targets. However, in the 1970s, he noticed that it was difficult for Malays to engage in commerce. He saw that the number of Malay dealers relative to other ethnicities was low, mostly due to the former's lack of capital to buy many inventories. To survive as an entrepreneur, he must utilize the skills that he had acquired during his career in NESTLE. These skills included product knowledge, technology usage, building rapport, communication, and buyer-seller agreement. He was, therefore, determined to increase the number of Malay traders by distributing NESTLE products to other businesses, such as grocery stores and restaurants.

With high commitment, Fauzy tried to supply NESTLE products in larger quantities for those retailers,

transforming his business premises into a warehouse. He was well acquainted with the person in charge of NESTLE's distribution department, so he could access a wider area to sell those products to facilitate the affairs of retailers in his territory. He made use of the benefits of direct relationships with local retailers, though this approach carried the high risk of unpredictability and uncertainty, considering the dynamic nature of the business world. He ensured that the product knowledge of each retailer was at a satisfactory level to enable strategic prospecting. Retailers in his territory needed to find their markets and customers by building good rapport and trust. Fostering healthy and positive relationships with customers made them more comfortable to share their expectations and experiences, two essential things to know to be successful in sales.

Despite the early success of the NESTLE distribution business, the trade soon changed due to the emergence of hypermarkets in Malaysia in the 1990s. The Group was unable to cope with these changes properly, as NESTLE's policies had also changed. Therefore, it used this opportunity to re-evaluate its business strategies so that they were in line with the needs and tastes of consumers at that time. The proceeds from the sale of NESTLE shares for an unexpected period brought considerable profits to Fauzy and fellow retailers. Fauzy used these as capital to explore other business opportunities that promise a better future.

"The profit I received, I re-invested; that's why you see me here today." - Fauzy

MOFAZ established MOFAZ Air because of its impressive performance during the Langkawi International Maritime and Aerospace Exhibition (LIMA) in 1991. His remarkable performance in selling luxury ships and boats to event visitors had attracted the attention of the country's leaders. Accordingly, Mofaz was given the trust and opportunity by the authority to set up a flying academy in Langkawi Island, which then became Mofaz Air and Mofaz Air Flight Academy. It trained 109 pilots in its first batch.

Fauzy took this opportunity to continue his studies at a famous aviation school in the United States of America (USA). He bore the cost of his studies himself to properly deepen his knowledge on the subject. As he studied there, he gained the luxury of handling and operating the latest aviation technology. He thus dreamed of becoming the first to offer this skill in Malaysia. He realized that this dream required high start-up costs to bring the knowledge and experience from the USA to Malaysia. Consultations and collaborations with relevant institutional stakeholders resolved issues regarding land affairs and construction. Fauzy perceived this venture as an excellent opportunity to supply professional human resources for the aviation industry. He went to build and consolidate the aviation institute for many years.

MOFAZ's journey can be seen through strategic entrepreneurship (SE), which is the process that facilitates organizations to identify opportunities with the highest potential for value creation. In this case, it was the field of aviation. Then, MOFAZ exploited them through strategic actions based on its resource base. According to Kyrgidou and Mathew Hughes (2009), an organization's dynamic capability and resources management depend on six components of SE, namely opportunity identification, innovation, acceptance of risk, flexibility, vision, and growth (Figure 1).



Figure 1: MOFAZ's strategic entrepreneurship
Source: Kyrgidou and Mathew Hughes (2009)

Opportunity identification is an essential source of competitive advantage, which leads to the creation of entrepreneurial opportunities. One example is when MOFAZ shifted its business direction from retailing to aviation, which promised a better business opportunity. Innovation or the ability to innovate is also one of the distinctive competencies of MOFAZ. MOFAZ Air is a testament to the innovation made by its owner, Fauzy. It was the only formal academy for Malaysian airmen at the time. Together with intuition and strategic actions, risk acceptance was a potential source of competitive advantage for MOFAZ. MOFAZ's strategies were flexible, allowing them to respond to change in demand quickly. In this case, this change was reflected by the desire of the Malaysian government to independently regulate the aviation industry in line with international standards so that it could be recognized globally. Fauzy established a clear vision by developing a strategy that focused on opportunity identification in two different areas. MOFAZ, therefore, was able to turn such ideas into profitable resources and dynamic capabilities. The ability to switch from retail to aviation—two areas whose features, structure, and operations greatly differ—certainly challenged Fauzy's ability as an entrepreneur.

4.0 CHALLENGES

Fauzy and friends followed NESTLE's Channel 1 policy, which ensured that retailers could only purchase its products through registered distributors. However, NESTLE changed the policy in 2004 due to pressures

from local hypermarkets. The arrival of hypermarkets like Giant and JUSCO in the mid-1990s further enlivened the business world. At the same time, Fauzy, along with 28 other distributors, consolidated their businesses and inventories to sustain and grow. The hypermarkets' policy was also to purchase their inventories directly from NESTLE. This situation was quite worrying for Fauzy and his partners.

At that point, it was difficult for their business to continue to rely on restaurants and grocery stores in the long run. The quantity requested by those customers was small compared to the inventory at hand. Moreover, the distributors must also account for mileage and toll costs when distributing the products. Although their turnover was previously RM1 million per day, this may soon decline, as Fauzy and his partners' client could buy the products from hypermarkets. Since they worked together as a group, they were NESTLE's largest distributor. They also had considerable cash savings at the local bank. While once successful entrepreneurs, they had lost many opportunities due to the changing business landscape.

Most distributor partners faced capital constraints. Fauzy did not sit still; he endeavored to solve the problem. Whatever the decision that Fauzy made, he had to make the first step. If there was a new investment opportunity, he had to start it first. He also faced the challenge of maintaining the collective fund for the Group, as each of his 28 distributor partners had more urgent needs. In 2005, Fauzy was determined to make a big decision regarding the NESTLE distributor group. The size and shape of the business he pioneered formed the basis of his future business legacy.

"I am willing to walk alone. Many who started with me won't finish with me." - Fauzy

MOFAZ Air, on the other hand, faced many challenges that were unlike Fauzy's previous businesses. Of course, his previous experience was mainly in tangible products. Now, he was venturing into services, whose performance cannot be easily measured. The founding of MOFAZ Air was considered a national pilot project, placing high expectations on Fauzy's shoulders. However, his knowledge and experience were far from sufficient. This situation forced him to first gain as much knowledge and experience as possible abroad for several years to prepare himself for the opening, expansion, and consolidation of MOFAZ Air. Fauzy, as the leader, should have more knowledge and experience than any of his employees or competitors.

The required capital was high. The company must employ the teaching staff and procure fixtures and equipment, such as simulation suites and sophisticated learning-teaching equipment. Still, these must be acquired to satisfy the needs of teachers and learners of the institution. Compared to the USA, he observed that Malaysia was 10 to 15 years behind in terms of technology

and skilled human resources. To bring a flight simulator, the infrastructure in Malaysia was not yet ready. Therefore, he also included equipment maintenance into the operational considerations of the institution. The organization also had to build its brand, as its competitors were mostly multinationals. After the institution began its operation, it also had to find smart and moneyed candidates to become students. These were needed to ensure the continuity of the business and to meet current market demand.

5.0 CONCLUSION

Scholars often highlight capital, knowledge, and support deficiencies as the main reasons for business failure. As an entrepreneur, Fauzy had learned everything he needed to learn about the business he ventured into so that he was able to achieve his goals. By acquiring the necessary knowledge, Fauzy sought the needed support and financial resources for his business. Useful knowledge and understanding of customer demands are also crucial for entrepreneurs like him. Other essential factors include planning for future activities, such as forming ideas to develop new products and services or improve existing ones. The main question faced by all entrepreneurs is almost identical: to find a suitable business opportunity. Sometimes it takes a long time to do that. Fauzy was able to look at new opportunities and inefficiencies in the market. It is clear from the two different types of businesses that he had the resources and capabilities needed to handle new ideas.

Entrepreneurs usually foster their efforts with other like-minded individuals, despite being in different industries. Fauzy was no exception. He has the characteristics of entrepreneurs that motivate other entrepreneurs to remain competitive in the future.

References:

- Hitt, M.A., Ireland, R. D., Camp, S. M. and Sexton, D.L. (2017). *Strategic Entrepreneurship: Creating a New Mindset*. Blackwell Publishing Ltd.
- Kyrgidou, L. P., & Hughes, M. (2010). Strategic entrepreneurship: Origins, core elements and research directions. *European Business Review*, 22(1), 43–63.
- MOFAZ (2020). <https://mofazproperties.com/corp/announcement/1991-2/> [Accessed on: 27/07/2020]
- Nestle (2020). <https://www.Nestle.com/> [Accessed on: 25/07/2020]

Acknowledgment:

The research is funded by the Global Entrepreneurship, Research, and Innovation Center (GERIC), Universiti Malaysia Kelantan, Malaysia.