

## *President's Viewpoints*

26 September 2019

Hi..To all Malaysian, I wish Happy and Prosperous Independence Day and to our friends from the People Republic of China (PRC), we wish to congratulate all its citizens for achieving great stability and miracles in economic progress and prosperity. Your success has prevented continued hegemony and unilateralism in world trade to a certain extent. May your success continues to inspire others to lift their spirit to dream for a better life ahead.

Talking about dream, I came across Paul Allen's book (the co-founder of Microsoft), who once asked his partner, "How big will their company grow to be one day?" Bill Gate's answer was, "Perhaps up to 30 programmers"? Allen fantasized, it was a big dream. Simply put, one could conclude that as an entrepreneur, our future is full of challenges, opportunities, risks and the only thing certain is the uncertainties.

In the automotive manufacturing eco-system, our progress is dependant on a highly complex and multi layered interacting factors of the supply chains with the brand owner or the OEM playing the most important leadership role. The latter's dynamism, fairness and understanding will directly affect suppliers, and in our case, PVA members.

The recent progresses made by PROTON and its partner Geely have proved many sceptics including yours truly, wrong. We should not be embarrassed or guilty to admit of our past dispositions since many past promises had failed to meet their targets.

The market response to X70 has been extremely succesfull and captured many of the public and well-established OEMs by surprise. We, as part of the PROTON-Geely ecosystem are certainly beneficiaries of the success and we wish to congratulate PROTON management and all their staff and workers for these great achievements. In fact we were originally opposed to the Government move to allow PROTON-Geely to be given "special priviledge", to import large numbers of CBUs to satisfy the anticipated high demand. This was because the decision might lead to double whammy negative impacts on the already weak market demand for the automotive parts and components produced by our members. On the flip side, some of us were hoping that success would breed greater success.

The recent memo from PROTON-Geely confirming that the company is planning to produce a monthly total of 10,000 units of Saga MC, Iriz MC, Persona MC and Exora MC, has again surprised many. We are very pleased and grateful to PROTON for the renewed optimism. Towards this end, PVA wish to appeal to all members and non-members suppliers to give second to NONE focus in meeting the expected QUALITY and DELIVERY.

PVA also wish to state that since most of the suppliers have been operating on a very tight cash flow, an additional financial and banking facilities are slow to be approved and disbursed, we wish to respectfully propose the increase be planned with gradual progression of additional 1,000 units per month. For example, from the current monthly volume of 6,500 units to 7,500 to 8,500 and 9,500 by December. By next January, we should be able to meet the 10,000 to 10,500 units per month.

To all my fellow suppliers, the immediate needs are to ensure good quality parts are delivered on time and every time to PROTON. This is in tandem with the constant reminders by PROTON.

Next is of course, reducing cost. We must work towards being more competitive.

In this regard I believe we should be able to save a few percentages of our cost such as the Material cost by Commonising raw material specifications and processes among models. With larger volume and operating on better economies of scale, we would be able to reduce the cost of Manufacturing & Factory Overheads, General Admins as well as Interest, Depreciation and Amortisation.

Lastly may I also remind all of us that a key success factor is to be strategic and resourceful in the way we operate.

Generally there are five areas in which we have to devote our energies:

1. Assessing and developing our leadership roles.
2. Coaching and managing individual performances.
3. Building collaboration and teamwork.
4. Facilitating planning and problem solving; and
5. Leading effective and quick CHANGE to adapt to the continuous new demand of the business environment.

Let's put all our energies together and give undivided support to PROTON's Strategic Business Plans and Actions.

We hope the Chinese-Malaysian cooperation of PROTON-Geely and Suppliers would be successful and shall form the touchstone of multilateralism in global cooperation.

Yours truly,

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