

**Assignment (Spring 2020)**

**Program: MBA-90**

**Semester: 4th**

**Course: Entrepreneurship**

**Topic: Autobiography of Entrepreneur**

**Lecturer Name: Zaighum Abbas**

**Assignment Submitted By: Ali Latif Awan, Roll No: 15319**

**& Muhammad Nabi, Roll No: 15219**



# LEARNING FROM OTHERS

The autobiography of

Syed Babar Ali

# **EDUCATION HISTORY OF SYED BABAR ALI**

---

## ***School Life of Syed Babar Ali***

### **AITCHISON COLLEGE**

In 1934, when Syed Babar Ali was eight years of age, which was as far as possible up to which young men could learn at Sacred Heart School, In October 1934, he joined Aitchison Chiefs College, as it was then known, in Form 1, the lesser most class.

Joining Aitchison truly opened another world for him. He was the 84th understudy on the moves of the College in October 1934. The School had a detailed program, beginning with physical preparing in the first part of the day, an entire day of studies, and obligatory games toward the evening. Indeed, even Sundays were not free. In the primary year, he had the option to settle down in his investigations and his class position was second after the first annual examination. He spent the next nine years at the School and he was always able to maintain a position as one of the top two students in the class. Almost every year, he got an academic prize on Founders Day and in the School Certificate Examination of Cambridge University he won two Gold Medals for standing first in History and Geography just as in Science and Mathematics. This was exceptionally encouraging as he won two of the three Medals granted to his class. In the Higher School Certificate, he stood first among the science understudies and was second in the entire class.

## ***Collage Life of Syed Babar Ali***

### **GOVERNMENT COLLEGE**

Syed Babar Ali took the Higher School Certificate Examination of Cambridge University in December 1943, so Syed Babar Ali and most of his classmates joined Government College, Lahore, in January 1944, in the Third Year, and studied Physics and Chemistry Government College, Lahore.

Going to Government College Lahore from Aitchison was like going from a 5-star to a 2-star hotel but Babar did fairly well in the B.Sc. Final University exams; he came second in my College and stood 14th in the University among 664 candidates

## ***University Life of Syed Babar Ali***

### **UNIVERSITY OF MICHIGAN, ANN ARBOR**

The big question for Syed Babar Ali was after he had passed his B.Sc. exams was what to do next. he was very keen to go to America for higher studies and, with his science background, he wanted to gain admission to the Massachusetts Institute of Technology (MIT) for a Program called Business &

Engineering. In May 1945, when the Punjab University results came out, World War II was still on and even during the rest of that year the War atmosphere prevailed.

His family was in business, but business administration as a subject was not known outside the USA. The subject started at Harvard and was taught at other universities but in those days very few universities offered it. America was the country to go to for studies in the years 1945-1947 but at the time it was very difficult to get university admission.

After three months and some thirty applications sent to different universities in America by Syed Babar Ali, and then received a letter of admission to the University of Michigan at Ann Arbor. He enrolled in BBA classes and spent almost three years to get a Bachelor's Degree in Business Administration.

---

---

# **FAMILY BUSINESS OF SYED BABAR ALI**

---

Syed Babar Ali elder brother Syed Amjad Ali was a member of the Punjab Assembly and in politics, he developed an interest in industrial production and his desire was to have the family move from military contracting towards industry. He made friends with Sir William Roberts, a colleague in the Punjab Assembly who was the first Principal of the Lyallpur Agriculture College, and a very successful cotton grower from Khanewal, with business contacts in Lancashire. His brother Amjad entered into a partnership with Sir William to set up our first large industrial venture, a textile mill in Rahim Yar Khan, Bahawalpur State. This was the start of the Abbasi Textile Mills. He and Sir William also persuaded Lever Brothers in Bombay to establish a joint venture for a vegetable ghee factory as well as a soap factory in Bahawalpur State, in which the Government of Bahawalpur was also a shareholder. In 1945, at the end of World War II, the Government of India wanted to reward those Indian States that had helped them in the War effort. One of these was Bahawalpur, the State forces of which were amalgamated into the regular Indian Army. By way of thanks, the Government of India offered permission to Nawab Sadiq Mohammad Khan to set up industries and the Nawab sent an emissary to Syed Babar Ali father to tell him of this offer. His elder brother, Syed Amjad Ali, who was the most knowledgeable in his family about industry, had suggested that they approach Lever Brothers, with whom we already had a business relationship because of our Army contracting operations. Levers had no operation in Northern India (later to become Pakistan) and here they saw an opportunity. They had already acquired sufficient land, 150 acres near the Railway Station in Rahim Yar Khan, to set up the textile mill so part of that land was offered to Lever Brothers for the ghee and soap factories.

Syed Amjad Ali the elder brother of Syed Babar Ali was the Founding Director in the two Lever companies called Sadiq Soap Limited and Sadiq Vegetable Oil Company Limited. The marketing of both oil and soap was assigned to a third company called Lever Brothers Pakistan Limited which was 100% owned by Levers. In subsequent years, Levers felt that it would be more sensible to amalgamate the three companies and these then came under the umbrella of Lever Brothers Pakistan Limited. In 2002, the Company adopted the name of Unilever Pakistan Limited, to be in line with Lever companies elsewhere. Syed Babar Ali connection with them lasted a very long time: in 1952, Syed Amjad Ali was posted as Economic Minister at the Pakistan Embassy in Washington, D.C. He suggested to Levers that Syed Babar Ali be made a Director in his place and he remained a member of the Board of Lever Brothers till 2006. Babar had the opportunity of visiting the senior management of Levers in England from time to time and witnessed the transformation of a colonial imperial company to a modern enlightened corporation. Attending their Board meetings over the years added a great deal to his knowledge of the working of a large corporation.

Within a week of his return to Lahore from the US in 1947, the welcome from the family men, i.e., His father and His brothers wore off quickly and they were anxious to put me into harness. His family's business had changed dramatically: prior to Partition, it was entirely connected with the British Army in India, and when the British decided to leave, the business came down to "zero", apart from our new joint ventures with Lever Brothers and Sir William Roberts. With the mass exodus of Hindu merchants from Pakistan, there was a big vacuum in providing for the needs of the people of Pakistan. The new country had almost no industry except for three modest sized textile mills, one in Lahore, and another in Lyallpur, and the third in Okara, all belonging to Hindus who had left for India. The production from these mills was totally inadequate for the needs of the country. The Governments of Punjab and NWFP invited his father to help them with the import of cotton textiles. They were asked to work immediately with the Pakistan Liaison Office that had been set up in Bombay to purchase them. Their responsibility was to transport imported cloth for the Governments of Punjab and NWFP. So the first business their Karachi Office was involved in was the import of textiles from India.

Pakistan grew over a million bales of cotton, with a large number of ginning factories spread over the provinces of Punjab and Sindh. The Government of Punjab was very anxious to have these factories up and running again. His father was asked by the Government of Punjab to organise the management of

two ginning factories at Khanewal and Pir Mahal in Multan District. This was the second business we were inducted into.

On his return, Babar eldest brother, Syed Amjad Ali, pointed to the box of papers that he was carrying, pertaining to the textile mill at Rahim Yar Khan. He wanted him to get involved with it.

Syed Babar Ali went to Karachi, where he had made a very modest beginning in a two-room office. No sooner had he settled down in Karachi than he was thrown in at the deep end with the handling of the machinery for the textile mill.

## **FORD AND ALI AUTOMOBILES**

During 1948, they had a visit to their office in Karachi from a Ford Motor Company team from Bombay who were looking for a Muslim businessman who could be appointed as their main dealer for Pakistan. They had been recommended to them by the British banks that Ford was dealing with. In a very short time, his brothers were able to negotiate and finalize our appointment as the Direct Ford Dealer for Pakistan and set up a separate company under the name of Ali Automobiles Limited.

## **IGI INSURANCE**

Syed Babar Ali has been associated with IGI Insurance from its very beginning. When they started our trading business in Karachi, all goods that we were importing had to be insured. The insurance business was conducted solely by agencies of foreign insurance companies. He doesn't remember any local insurance company in the early fifties. His eldest brother, Syed Amjad Ali, wrote to Alliance Assurance in Calcutta and asked if they could represent them in Pakistan. They thus became chief agents for Alliance Assurance, a U.K. based Company.

## **PACKAGES LIMITED BABAR'S BUSSNIESS**

---

In 1954 during European tour Syed Babar Ali was planning to visit Finland anyway to find light fittings for his house. He was informed that a Swedish packaging company, Åkerlund & Rausing, had repeatedly offered them packaging material for their razor blade plant but they had not bought from them because of their high prices. In those days, if you wanted to go to Finland you had to go through Sweden, so when he arrived in Stockholm, he tried to find the telephone number of the company, Åkerlund & Rausing (Å&R). He did not know that the Swedish alphabet places the 'A' with a 'zero' on top, pronounced 'O', which comes after "Z" in the alphabet which meant that he could not find the company among the 'A's. He took their address and wrote a letter to them saying that he was going to Finland and he would be back on August 22 and staying at the Grand Hotel. He asked them to send their representative to meet him on August 23.

In the course of their talk, Syed Babar Ali asked them if they would consider a joint venture in packaging in Pakistan. He invited him to visit their head office and meet their Managing Director, Mr. Holger Crafoord, in Lund, which is a University town located near the city of Malmo in southern Sweden. Two days later, Syed Babar Ali visited the factory in Lund and during their discussions the foundation was laid for their collaboration and for establishing their joint venture in Pakistan, which blossomed into Packages Limited.

Holger Crafoord immediately saw an opportunity. The manufacturing of new packaging equipment in Europe after World War II had just begun. During the War, factories in Europe were producing goods only for War, and they were trying to switch over to products for other uses.

Within a year thereafter, they signed their agreement, got Government permission, and arranged for finance and an import license. The reason they got such positive support and speedy sanction from Government was their anxiety to have facilities established in Pakistan for converting paper and board into packaging.

So far, all their industrial interests were in Karachi and Hyderabad and he were not looking beyond that area. He came from Lahore but they had little business there other than the Ford marketing operation. He decided that Lahore would be the appropriate place to put up the factory. Since 1947, no new industry had been located in Lahore. When he approached the Government of Punjab for permission to set up the plant, he was asked to locate it at Jhelum. He persisted with their request and finally he was able to get land on lease from the Government at village Amer Sidhu near Kot Lakhpat. He had no knowledge or experience in the printing or packaging industry and he relied 100% on guidance from Å&R. They gave him the layout of the building and they were totally responsible for the selection of plant and equipment, all of which came from their own factory in Sweden and other sources. The ground was broken in March 1956 and twelve months later, the factory was in production.

Syed Babar Ali named the company, 'Packages Limited' because he wanted a generic name, having nothing to do with the family. He has done the same with all their other companies, like Milkpak Limited and Tri-Pack Films.

## **RUNNING PACKAGES**

The first important question was who was to manage and run the company. Syed Babar Ali was very lucky to be able to persuade a friend, Syed Irshad Hussain, to join him. He had gone there to meet Lever Brothers, his partners in the factory in Rahim Yar Khan, and he stayed with him and got to know him well. When the idea of Packages developed, he asked Irshad to join him. He had returned from Harvard and was posted as Executive Engineer in the Public Works Department in Lahore. Irshad was not willing to resign his official position but he managed to get him leave to work with him for two years. Syed Irshad Hussain stayed at Packages for about eighteen years as the first General Manager and Chief Executive Officer.

Syed Babar Ali Swedish partners sent technicians to ensure the proper installation of the machinery and its operation. He was very fortunate that the head of this group of twenty-two technicians. Syed Babar Ali father and brothers left the management of Packages entirely to him and his colleagues. He had excellent support but no interference from Sweden. On his part, he tried to make things as easy as possible for the Swedish families:

Syed Babar Ali main effort was to ensure that his Swedish team got all the backing they required by way of material and equipment, both from within Pakistan and from abroad. To obtain an import license was a very cumbersome and time-consuming effort in those days. Once the factory was nearing completion, he had to establish contact and build up links with the main consumers of packaging material, almost all of which multi-nationals were based in Karachi. Pakistan Tobacco Company, Lever Brothers, and Liptons were importing their packaging from abroad and they became his main customers. They gave him excellent support, enabling him to manufacture the kind of packaging they needed. He followed the policy of hiring young men - engineers, polytechnic graduates, and ordinary workers - with no prior work experience but always on the basis of pure merit. There was tremendous enthusiasm among members of the staff and he started with one shift operation, with the main technical work being done by the Swedish experts. Within a year, we went over to a three-shift operation. His people learnt the trade and skills very quickly and there was no lack of market demand.

There was no hierarchy as such in Packages and Babar had an egalitarian management team. Irshad had a solid civil engineering background and, having worked in Government for almost eight years, had an insight into how the bureaucracy functioned. Being in the first group of Government servants who had received an American education, Irshad knew many of the decision-makers in Government in Lahore and because of his active social life he was a popular member of Lahore society. He took care of the administration of the company in a methodical manner. He organized the civil works, the construction of the buildings at Packages, and found speedy solutions to issues which came up from day to day, in respect of areas where Government permission was necessary, such as plan approval and getting electricity and telephone connections. Babar had his own water supply from tube-wells and constructed his own sewerage system. When he started production, he had a total of 300 people.

Babar's first endeavor was to fully utilize the equipment that he had initially received from Sweden and this was achieved within the first two years of his operation. He realized that in order to maintain the momentum and to meet the growing requirements of our customers, he needed to add new processes and equipment. The sales of the company in the first 12 months of his operation were 6.3 million rupees and he made a profit in the first year.

Babar's Swedish partner Ruben Rausing took a great interest in Packages and its development owes a great deal to his vision and guidance. They started as a converting plant, buying their paper from Karnaphuli Paper Mills in East Pakistan (owned by the Dawoods), their board from Adamjee Board Mill in Nowshera, and straw board from Sethi Mills, Rahwali. All these mills had originally been set up by Pakistan Industrial Development Corporation (PIDC) and then sold to the private sector, which at that time did not have the financial or technical ability to establish industry. These were monopolies at that



time, under the regime of import licensing; local mills were not interested in meeting standards or delivery deadlines.

Ruben the Swedish friend of Babar's said if they wanted to do well in the packaging business, he had to have their own source of paper. Syed Babar Ali approached the Pakistan Industrial Credit & Investment Corporation (PICIC), the main source of financing.

Being the first prominent and modern industry in Lahore after Partition, Packages limited very soon came to the notice of the Government in Lahore and Syed Babar Ali took the initiative of inviting important decision-makers to visit Packages, not in groups but in smaller numbers so that he could give them personal attention and they would be able to learn more about his efforts. By the early sixties, Pakistan Administrative Staff College, along with other Government training institutions, such as the NIPA (National Institute of Public Administration), had been set up. These institutions were attended by senior Government functionaries for short- and long-term courses, and Packages invited these groups regularly. This practice packages have adhered to during the last five decades and it has been of immense benefit to the company, giving Packages exposure to Government officers.

## **MANAGEMENT PHILOSOPHY**

Whatever work Syed Babar Ali have been involved in, especially after 1955, His commitment to it has been total and Packages is where he have spent most of his working life. Whatever new things he noticed, saw, or learnt, either by reading, or through word of mouth, he was not afraid to try them out if he thought they would improve Packages. Throughout his time as the Managing Director, he spent many hours on the factory floor. He made it a point from the very beginning to walk through the factory from one end to the other, even when the factory was under construction, as he learnt that, by visual inspection, his knowledge of what was going on was much more than through reports. By walking around, Mr. Babar cannot recall a day when he did not learn something new. Additionally, by virtue of his normal routine of visiting each area every working day when in Lahore, the workers and the departmental managers could discuss their problems and ideas in their own environment; it saved everybody's time and they did not need to come to his office. Similarly, no employee needed a prior appointment for a meeting with Syed Babar Ali on any day; whenever he was in the office, provided there was nobody else with him, they could walk in and discuss any problem, either in relation to Packages or themselves. Syed Babar Ali found that making himself accessible to his colleagues added a new dimension to his relationship.

From the very beginning, Syed Babar Ali has tried to inculcate a spirit of egalitarianism among his people. At the start, he had a staff of only 300. When he set up a lunch-room for senior officers, he discussed who would be eligible to use it. Mr. Babar started with the management personnel first, and very quickly he broadened it to include the office staff. The purpose was to groom people who came from humbler backgrounds, enabling them to rub shoulders with those who had better fortune, so that they could feel at ease socially. Thus, when they advanced in the company, they would be comfortable not only with their superiors but with people who came from other walks of life, in and out of business.

In Packages a very genuine effort was made, not only to develop professional management, but to improve their skills and give them responsibility.

# **SYED BABAR ALI VENTURES IN INDUSTRY**

---

## **MILK INDUSTRY, TETRA PAK PAKISTAN**

Syed Babar Ali was glad to be back at Packages in 1977 and to be among the people, with whom he had spent his time since 1956, although he found that during the years from 1973 to 1977, the plant and equipment at Packages had remained static with very little new investment. One of his first tasks was to encourage the management to embark on a programme to update the equipment and increase the production capacity.

Since 1965, Tetra Pak was very keen that he should develop a market for liquid food packaging in Pakistan and Syed Babar Ali received regular visits from their regional sales representatives from Sweden. In 1968, Tetra Pak stationed a Swede as sales manager in Pakistan for two years to stimulate the local market but all he could do was sell two machines – one to a fruit juice processor and the second to a newly established dairy plant.

Syed Babar Ali advice to Tetra Pak was that the only way they could become established in Pakistan was if he set up a modern milk processing plant himself in collaboration with Tetra Pak. The kind of people who had set up milk processing plants earlier were new businessmen with little management skills and the milk industry was not challenging or interesting enough for an established industrialist to get involved in - their preference was to set up a textile mill, a cement factory, or a sugar mill, and not a mundane milk processing plant.

## **NESTLÉ**

Having worked on Packages Limited with Å&R as a joint venture and seen its development over the years, and then by serving on the Board of Directors of Lever Brothers Pakistan Limited and Hoechst Pakistan Limited, Syed Babar Ali progressively realized that a successful business venture in Pakistan could be assured if he had a partner who was a world player in the particular field in which he was interested.

Syed Babar Ali started Milkpak as a joint venture between Tetra Pak, Danish Turnkey Dairies, on the basis that the processing technology came from Danish Turnkey Dairies, the packaging of liquid food was from Tetra Pak, and that he would be able to manage the venture successfully with the help of these two partners and then learning on his own. Within the first two years of the operation, he realized that neither Tetra Pak nor Danish Turnkey Dairies could offer the kind of support that would help him develop new products, especially the more value added products he needed, as long life milk did not in itself offer the kind of margins that could sustain a large operation. Syed Babar Ali then looked into powdered milk, baby foods, and other such products. There again, the technology was not enough – brand and marketing were equally important. He was looking for a foreign partner through Powder Machinery Manufacturers, and the Stork Company of Holland identified Friesland Dairies as a possible collaborator. He was in serious discussions with them till one day Syed Babar Ali heard that the Executive Vice President of Nestlé managing the Asian region wanted to visit him in Lahore.

The negotiations for this joint venture are described in greater detail elsewhere, but it is enough to say here that the meeting was very positive and within the first half hour, both Nestlé and Packages came to the conclusion that there was a lot of sense in joining hands. Packages controlled almost 80% of the Milkpak shares. Syed Babar Ali offered Nestlé half of these at its price quoted on the Stock Exchange. Syed Babar Ali also expressed his desire for this Company to be run as a Nestlé Company; he would follow their advice and guidance. Syed Babar Ali was then the Chairman of the Company and Syed Yawar Ali, his nephew, was the Managing Director. Within two years, Nestlé embarked on an expansion of the Company. They appointed expatriates and whatever else was required. Syed Babar Ali readily agreed to

their taking over the full management and control of the Company. They appointed a Nestlé executive as the Managing Director while Syed Yawar Ali became the Chairman and he stepped down to become a member of the Board. The company has made remarkable progress. Within the first five years, the sales increased over six-folds and it is today the largest food company in Pakistan.

## **OTHER JOINT VENTURES AND ASSISTANCE**

In 1971, soon after Babar's foray into Africa, He was asked to turn around a printing and packaging company in Indonesia, in which he was again successful. In 1992, Syed Babar Ali did the same thing in Russia. His last contract of this nature began in 2003, to help in the management of a Syrian plant, which continued until the troubles began.

Another joint venture, related to his core business, was in 1994 with Coates Lorilleux to produce printing ink. In 1998, Syed Babar Ali entered into a joint venture with local Sri Lankan companies to set up a plant producing flexible packaging in Colombo. It is called Packages Lanka (Pvt) Ltd and is run by his team.

## **AMERICAN EXPRESS**

In the establishment of Packages Limited, the Chartered Bank of India, Australia & China, as it was called in 1956, played an important role in terms of providing finance to Syed Babar Ali family as shareholders in Packages Limited. Once Packages was operating successfully in 1965, he decided to go public to raise funds for the paper and board mill. Chartered Bank not only provided him resources but also took equity shares by underwriting the public offering.

During our relationship with Chartered Bank, Syed Babar Ali was approached repeatedly by American Express Bank. he explained our loyalty to Chartered. When Chartered exited, he offered his business to American Express, which they happily took over. In the following years, as their business developed successfully, American Express profited from and enjoyed this relationship.

American Express's Chairman, Howard Clarke, and his deputy, Jim Robinson, visited Pakistan and they were very pleased with their relationship with Syed Babar Ali. This relationship continued very cordially. American Express Company went through major changes. The interest of American Express Company in investment banking as well as their Bank declined drastically. In 1998, Babar decided that he should retire from his advisor ship as American Express's commitment to Pakistan was waning. He worked very closely with the senior management of American Express Bank throughout his advisor ship and even today, although there is no official connection, his contact with the Bank and the Company is close and warm.

## **HOECHST PAKISTAN LIMITED**

When Pakistan had just been created a very dear friend of Syed Babar Ali, Sonny Habib Ullah was working at the Pakistan High Commission in London suggest him, 'In Pakistan there will be a great need for industrial chemicals. Why don't you go to Germany and visit some of the chemical companies which are re-starting'.

At that time, Syed Babar Ali visited the Hoechst factory near Frankfurt, which was partly destroyed but slowly coming back to life. Syed Babar Ali was too young to talk about business but he mentioned to people that he was from Pakistan and needed some contacts and very shortly in 1947, Hoechst and Syed Babar Ali got partners in their chemical plant in Karachi under the aegis of Hoechst Pakistan Limited, with him as its Chairman. The company was set up and the main plant was built in the then new industrial estate in Korangi.

The very rewarding experience that Syed Babar Ali had with his joint venture with Å&R encouraged him to seek out foreign partners who had already established themselves in the competitive world outside Pakistan. Hoechst was one of the larger chemical giants that emerged from the breaking up of the German chemical conglomerate.

## **NATIONAL FERTILIZER CORPORATION**

In early January 1973, Syed Babar Ali met his friend Mr. A.R. Faridi in Lahore. Faridi was retired from Burmah Shell after serving as its chief executive officer and had joined the public sector as Chairman of Pakistan Industrial Development Corporation (PIDC). Faridi asked Syed Babar Ali for advice about possible directors of the Multan fertilizer company. Syed Babar Ali suggested names of prominent persons from the Multan Division, who primarily came from the landed gentry.

After few days later, Syed Babar Ali had received a telephone call from Additional Secretary, Ministry of Production, Government of Pakistan, Islamabad, asking him if he was agreeable to becoming the Chairman of the National Fertilizer Corporation (NFC). On enquiring whether he could take this office in addition to his responsibilities as Managing Director of Packages Limited.

Syed Babar Ali accepts the offer and was ready to take on the responsibility. Syed Babar Ali started his work as Chairman of the National Fertilizer Corporation on February 1, 1974, and spent three and a half years in the post.

As a Chairman of the National Fertilizer Corporation, Syed Babar Ali were given \$500 million by Mr. Bhutto's Government to put up new manufacturing facilities and he had to take major decisions about spending that money and the appointment of suppliers and contractors. There was never any interference. He instituted a procedure for competitive bidding and evaluation. He also followed the protocol of the Government when appointing contractors and in every case the Government accepted his recommendations.

Syed Babar Ali inherited a fertilizer industry that was already in the public sector as a part of PIDC (Pakistan Industrial Development Corporation). It was taken out and transferred to the NFC, a new Corporation.

## **TRI-PACK FILMS LIMITED**

In 1991, Syed Babar Ali visited Japan after an interval of many years and sought a meeting with the senior management of Mitsubishi with the purpose of exploring the possibility of setting up a joint venture for the manufacture of Hydrogen Peroxide. The Japanese met Syed Babar Ali with their usual courtesy but he soon found that there was no possibility of building a Peroxide plant with their help because Mitsubishi belonged to a cartel that restricted Peroxide plants around the world. As Mitsubishi had participated in two Hydrogen Peroxide plants that were under construction or in early start-up in New Zealand and Indonesia, it was not possible for them to participate in another plant in Pakistan. In their discussions, however, they seemed keen to have a joint venture with Packages and after going through a list of possibilities, Packages arrived at a project whereby Mitsubishi provided the expertise and Pakistan had the need; this was for a Biaxially Oriented Polypropylene Film plant.

By temperament and nature, the Japanese work very slowly but within two or three meetings Packages were able to tie up the loose ends and come to an agreement to start the joint venture, which went into production in the middle of 1995 at Hattar in NWFP. The project is doing well. Packages have added a second production line and a new plant have been set up in Port Qasim, Karachi. Tri-Pack is a public limited company listed on the Karachi Stock Exchange.

# **BUSINESS LEARNINGS OF SYED BABAR ALI**

---

## **COCA-COLA BEVERAGES PAKISTAN LIMITED**

In 1995, Syed Babar Ali got a telephone call from somebody who said he was ringing on behalf of McKinsey, the international consulting company, and told him that one of their Partners based in Delhi wanted to come and see me. On meeting Syed Babar Ali, the McKinsey representative said, 'I have been commissioned by an American company to find a partner. I have done my homework. I have gone around Pakistan and I have spoken to people who have been associated with you; your name is at the top of our list.' Syed Babar Ali said, 'Before I can say yes or no, I need to know which multinational it is.' He said, 'Coca-Cola.' Mr. Babar said, 'Why us?' He said, 'I have done a survey of all the people who have joint ventures in Pakistan and we checked with your partners and your name keeps coming up.' Mr. Babar said, 'Coca-Cola has eight bottlers in Pakistan.' He said that their idea was to buy out all those eight bottlers and have one anchor bottler, with you as their partner. Mr. Babar said, 'I would like to meet Coca-Cola to see what their game plan is.' The Coca-Cola people visited us in Lahore with a very ambitious plan.

Syed Babar Ali told them that we knew nothing about the business but they offered us a 40% share in the new Company. Syed Babar Ali looked at the amount that Packages had to invest and declared their inability to partner them.

Syed Babar Ali suggested a couple of large Groups they could approach including Engro who had deep pockets, also Fauji Foundation, a large conglomerate. A month later they came back and said, 'We want you. We will accept whatever you wish to invest. We can give you the option and you can put in the money later.' Being part of Coca-Cola has not been a financial success in these first twenty years because, without consulting Packages, they paid too much to acquire the original bottling companies. They had an American formula for calculating the worth of the bottler and they worked accordingly. Today Packages own less than 2% of shares in Coca-Cola Beverages Pakistan Limited but now they listen to Packages as if Packages are a large shareholder.

## **NESTLÉ**

The agreement with Nestlé went very smoothly and swiftly. Syed Babar Ali had been running Milkpak for about ten years as the Chairman. Packages were buying milk, processing it, and selling it, but the margins were very low. Syed Babar Ali knew that he needed to have brands.

The demand for milk is greater in the summer. On the other hand, the availability of milk is the lowest in summer because the buffalo milking cycle is such that summer is the lean period. Syed Babar Ali thought that they should convert the extra milk produced in winter into powder and during the summer season they could reconstitute the milk and make that into liquid to even out the supply. For this, again, he needed technology. Syed Babar Ali has a great believer in the futility of reinventing the wheel so he invited offers for a powder plant with the condition that the powder plant manufacturer was to find him a partner who had good technology and a good brand.

In the 1970s, Mujeeb Rashid was Marketing Manager of the packaging company which was managing by Syed Babar in Tanzania. Mujeeb's apartment neighbour was Wermilinger, Nestlé's representative in Dar es Salaam. When Syed Babar Ali set up Milkpak, Mujeeb was appointed as its Marketing Manager. Mujeeb told Syed Babar Ali that Wermilinger was now posted to Karachi and he was asking for information about Milkpak Limited. After some months, Mujeeb told Syed Babar Ali that the Zonal Director of Nestlé, was coming from Switzerland and wanted to meet him that the Zonal Director of Nestlé came and said, 'Nestlé want to be in Pakistan. Our first choice is to have Milkpak Limited as a partner. Our second choice would be to go for a Greenfield plant ourselves because we see much potential here.' Syed Babar Ali said,

Milkpak Limited control 80% of the shares; 40% of the shares are with their friends who had invested from abroad: Tetra Pak, IFC from Washington, and Danish Turnkey Dairies who supplied the processing equipment, but Syed Babar Ali persuade them to sell their shares to Nestlé. Nestlé take 40%, Milkpak keep 40%, 20% is with the public.

Zonal Director of Nestlé went back and sent me a long telex saying that their Board had approved the joint venture. Packages had a certain track record and when people here saw them going into milk, many new milk-processing plants came up based on UHT milk, which Milkpak had introduced. Meanwhile, Milkpak had gone public and their Rs. 10 share was trading at Rs. 27.

Nestlé is the largest food Company in the world and they have many brands. Today, Packages have less than a 30% Shareholding in Nestlé Pakistan. Nestlé increased their shareholding by subscribing to the Rights shares while Packages did not. When Nestlé came into Milkpak, the sales that year were Rs. 380 million. In 2011, they had sales of Rs. 63 billion, an almost 160-fold increase in twenty-three years! They brought in new technology, new brands, money, and management. The Nestlé Company worldwide spends 10 billion Swiss Francs on R&D every year. Incidentally, Packages benefits by selling them packaging; they are important customers, although all dealings are at arm's length.

# PROMOTION OF EDUCATION

---

## ESTABLISHMENT OF LUMS

### THE FIRST YEARS

Syed Babar Ali was exposed to the study of business administration at the University of Michigan in 1947. At that time, business administration education consisted of subjects that one now studies in one's B.Com. or M.Com.

Syed Babar Ali second contact with the study of business education was in 1973 when he attended the Advanced Management Program (AMP) at the Harvard Business School. That was when the impact of management development really influenced him.

Syed Babar Ali came back from the Program with two very distinct impressions:

1. That most of the things one learnt during the Program one had already been exposed to in one's working life;  
and
2. There was a great deal of diversity of approach to solving a particular problem.

Having worked in business and industry since 1948, Syed Babar Ali realized the importance of management for the success of any operation, be it in the private sector or in Government. Syed Babar Ali also realized how great the dearth of good managers was in Pakistan and felt that this could be the single most important cause of the country's inefficiency in many walks of life. In Packages, from the very beginning in 1957, He has had a rigorous training programme for people who were taken in on the management side. Syed Babar Ali was able to develop these people by sending them to factories of his foreign partners in Europe. This kind of opportunity was not available to many Pakistani businessmen and he started toying with the idea of setting up a Business School in Lahore with name of LUMS.

LUMS took their first batch of 36 students in September 1986 for a two-year MBA Program patterned after the Harvard Business School. The students they took were often not outstanding but they had good work experience prior to their joining LUMS, which was invaluable as LUMS were teaching by the case method.

The main idea of Syed Babar Ali was not to make managers for Packages Limited; Packages had its own management programme and they had no shortage of people with excellent qualifications whom they could recruit and train. Syed Babar Ali wanted to improve the general quality of business in the country for which he needed to have good managers both in the public as well as the private sectors of Pakistan. The idea was to produce a large pool of young men and women who could manage business, industry and banking in Pakistan.