

# PublicAffairsAsia

Sample issue – June 2008

## PROFILE: ZAMAN TAMBU

PASSAGE TO INDIA:  
Cobra's Karan Bilimoria  
targets the 'licensed Raj'

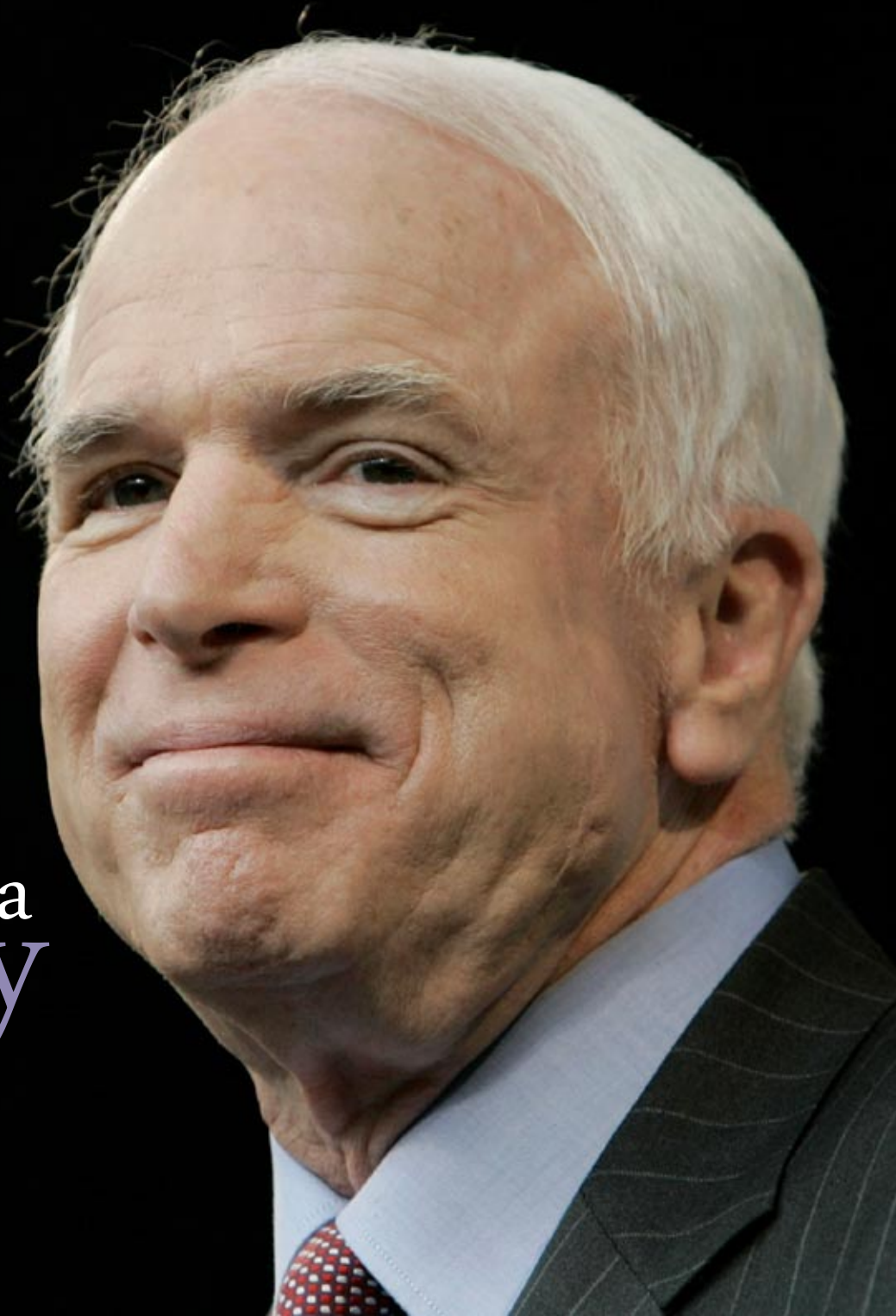
UNNATURAL DISASTER:  
How the Burmese aid  
effort became a PR offensive

PREPARE FOR TAKE-OFF:  
The PA challenges facing  
Asia's aviation professionals

GOOD MORNING FDI:  
An expert account of government  
relations in booming Vietnam

## The China strategy

How the East will lobby  
for market access under  
a McCain presidency



A man in a dark suit, blue and white striped shirt, and orange tie with a blue floral pattern is seated in a highly ornate, dark wood chair with intricate carvings. The background features a wall with a repeating pattern of floral and geometric motifs in gold and blue tones. The lighting is dramatic, highlighting the textures of the chair and the man's attire.

# The Cobra charm

the interview

As chairman of the UK India Business Council Lord Karan Bilimoria reveals he is a master of more than the beer trade — but maintains a polite sense of fair play as he targets the domestic Indian market

## The UK's Karan Bilimoria is an accomplished entrepreneur whose British-born Cobra Beer

brand is storming into India. A member of the House of Lords and now the chairman of the UK India Business Council, he offers a unique insight into Indo-UK trade and investment. "I was just as ecstatic when Tata Steel took over Corus and when Tata Motors took over Land Rover Jaguar as I was when Vodaphone took over Hutch in India," he says from his London office.

Whilst he concedes that regulation, tax and the state structure of Indian government often make the country look like complex terrain, Bilimoria is evangelical about the prospects for future economic growth.

"When you go to India as a UK business for the first time the thing that strikes you is the sheer vibrancy of the markets. There is a confidence, there is a buzz, it is a country that is going places. The opportunity is huge. The scale is huge. The Middle class of 300 million people is growing at 15 million people a year. It is just enormous.

"The Indian relationship is founded on fundamentals we take for granted. An enduring democracy. The rule of law, the same principles, based on British law. The language of business is English. The wavelength of business is very similar, we have similar corporate governance rules, and a free and vibrant press and media."

Yet Bilimoria, known for his smooth manners yet firm determination, is not giving India a totally clean bill of health. He slams the "completely unacceptable abject property that hits you in the face every time you go there". He suggests there is a need for "a trillion of dollars of investment in infrastructure" as the country moves to a free market.

Whilst Bilimoria has personal experience of the potential pitfalls of doing business in India, he is supremely confident that the world's biggest democracy is committed to market liberalisation as it surges ahead with growth rates of at least seven per cent in the coming years.

As a young entrepreneur, undeterred by £20,000 of student debt, the Indian-born Cambridge graduate spotted a gap in the market for a less gaseous Indian-tasting beer which complemented the British obsession with curry.

Despite his upbringing, Bilimoria, born in Hyderabad, admits to encountering a string of production "problems" when he initially sought to brew his beer in India. In the wake of setbacks he switched production to the UK, before expanding his brewing base to Eastern Europe. But after notable success in the UK markets – and armed with the belief that India will become the second biggest global beer market within two decades – he sought to take his "British-born" Indian product to the restaurants, pubs and clubs of the UK's former colony.

Mirroring the explosion in beer consumption in China in the years since post-1978 economic liberalisation, the Indian market has "genuinely turbocharged" he says. In the 18 months since launching Cobra into the domestic Indian market, production facilities have grown from one to nine (scheduled to grow to 12 through appointment and acquisition) and sales have leapt 20-fold.

"When I made the decision to start brewing in India it took me

about a year to find the brewery. It took me about a year to settle in and sort out the teething problems with production. But once you get going, you can move very, very quickly," he says.

Bilimoria admits that the brewing market is "highly regulated" and has cited the "hindrances" of red tape and contradictory taxation policies. He is also pressing for a rationalisation of the duties on beer and wine as he seeks to ramp up his wine sales in a country where the Middle class is set to double within two decades.

But despite the headlines, Bilimoria says business should also be aware of the challenges of dealing "in more than 30 different states, each one like a large country, with its own state legislature, often with powers to set excise duties".

Add into the mix "a very powerful central government", "the scale of the country", "the enormous diversity" in terms of "terrain, people, religion, languages" it is no surprise that doing business, and lobbying, in India are not for the faint-hearted.

**"OUR ROLE IS A LOBBYING ROLE. WE ARE THE VOICE OF BRITISH BUSINESS AND ITS INTERESTS IN INDIA. IT IS WORKING CLOSELY AND ALONGSIDE GOVERNMENT THAT GIVES US STRENGTH AND CREDIBILITY"**

Yet Bilimoria says he is confident that the UK India British Business Council – a UK-government funded body be helped bring into being less than two years ago – can assist British interests as they seek to enter, and make the case for change, in Indian markets.

"Our role is a lobbying role. We are the voice of British business and its interests in India. It is working closely and alongside government that gives us strength and credibility as an organisation," he says.

In comparison to chambers of commerce, he suggests there are dividends to be secured from the "private sector and government working together" through channels such as the Joint Economic and Trade Committee, which brings together business leaders,

politicians and civil servants for an annual summit which focuses on removing trade barriers.

UK headquartered, he says the BIBC's role is to "promote awareness of the opportunities for British companies in India". "We are working very closely with the RDAs and we are employing individuals in the regions, reaching out to companies and SMEs in raising awareness about doing business in India," he says.

On the ground he wants to ensure the organisation helps "British businesses doing business in India" – be it by offering office space as a "launch pad", making introductions and engaging with government, Indian companies and import/export groups. He also wants to provide support "at both ends", assisting Indian companies seeking acquisitions in the UK or listing on London's Alternative Investment Market (AIM).

Bilimoria cites huge potential in the areas of financial services, IT, infrastructure and health, but concedes there is more work to be done in removing the "the licensed Raj" which operates in key markets inside India.

“It is much better than it used to be but the licensed Raj still exists. There are still some areas where British companies cannot operate at all. Foreign lawyers are not allowed to practice, foreign insurance companies cannot hold more than 26 per cent, foreign banks are only allowed to open up a handful of branches. And, yet, there is enormous potential for areas such as micro-finance, where British banks have huge experience in other parts of the world.”

Bilimoria suggests that foreign businesses lobbying for change must be aware that the shading of the Indian political map means that the country will have to live under coalition government “at least for the foreseeable future”. And that, he admits, will slow the pace of reform – without diminishing the desire for the end product of a Western-style free market. Politicians including Indian PM Manmohan Singh, have said: “Karan, when you are asking us to liberalise and reform you are preaching to the converted.” Bilimoria stresses that the reform process is “now one way” and there will be “no going back” on market liberalisation.

However, he admits that businesses expanding into India “must take a long-term view” as a result of the sometimes slow pace of change in key sectors. The long view appears to be one of prosperity for Bilimoria and his Cobra brand. “I am in a very privileged position wearing all these hats. India comes up very often in parliament. I am also in a privileged position where my own business is concerned. I practice what I preach through the UKIBC. Cobra beer is a British brand, from a British company, a British start-up, headquartered in London.”



Indian prime minister Manmohan Singh (above), has assured Bilimoria (inset) that his government is committed to removing trade barriers

With recessionary winds blowing through the streets of the United Kingdom, it would appear that Bilimoria’s focus on the country of his birth will intensify dramatically over the coming decade.

The man who started a beer for consumption in the Indian restaurants in the towns and cities of England has bold plans further afield. And with his connections, drive and desire to deliver, Bilimoria appears set for success.

“Without any doubt the Indian part of Cobra Beer will be the biggest part of Cobra Beer worldwide. We have got huge growth potential in the UK. But the real, staggering growth will be in India. And the biggest challenge will be managing that growth,” he concludes. ■

## THE UK INDIA BUSINESS COUNCIL

Karan Bilimoria was instrumental in the creation of the council, and regularly travels to India on its work. It is headquartered in London, but is developing a strong presence in India.

### ROLE

The UK-India Business Council (UKIBC) is an evolution of the Indo-British Partnership Network (IBPN). It offers British firms investing in India with advice, connections and networking opportunities, along with up-to-date and information about doing business on the ground. It also acts as a conduit for Indian companies seeking to develop their UK links or list on the UK financial markets. In India it lobbies on behalf of British business interests in the on-going effort to remove barriers to entry.

### FUNDING

The Council is funded by direct grant from the UK government body UK Trade and Investment. It also aims to raise match funding through membership subscriptions from private companies. Its funding was increased to £1m a year from £75,000 a year by former UK chancellor Gordon Brown. It also takes a lead role in as part of JETCO, the Joint Economic and Trade Committee (JETCO) announced by the Tony Blair and Dr Manmohan Singh as part of the UK-India Joint Declaration .



### PEOPLE

The UK-India Business Council (UKIBC) is chaired by Karan Bilimoria. It is headed by chief executive Sharon Bamford (above) and overseen by a 24-strong board comprising representatives from British businesses. It is shortly to appoint a communications manager.

### PLACES

The council is based in London, but has a presence throughout the UK and in India - where it aims to provide short-term office support infrastructure to companies moving into the market. It operates roadshows throughout the UK, allowing British companies to secure information about the issues involved in Indian expansion. It operates a network called the Next Generation, aimed at young entrepreneurs and the UK India Business Angel Network which connects Angel networks and investor communities in the UK and India.

### FUTURE

The organisation already works closely with UK Trade and Investment and companies including ARUP and the Cairns Group. In the India UKIBC already works with Confederation of Indian Industries and the Federation of Indian Chambers of Industry. Future events will be aimed at increasing membership and funding and expanding the business angels group. The eight-strong staff is shortly to grow to 10, and funding via government and private sector is expected to increase.

# The art of influence

WHO? Kamar Al 'Zawan' Rawama Tambu  
WHAT? Managing Director, Alpha Platform  
WHERE? Kuala Lumpur, Malaysia  
WHY: Hotelier, publisher and lobbyist

the profile



## 'Zaman' Tambu is an articulate, approachable yet self confessed "crazy person" whose

approach to public affairs owes as much to personality as it does to professional prowess. As the MD of Alpha Platform, a 22-strong public relations and public affairs company based in Malaysia, he is clear in his objectives. "It is simple enough. It is all about getting the political masters and bureaucrats to see issues from our clients' point of view," he says.

Tambu offers straight advice about how to engage effectively in the art of lobbying and public relations in its broadest form. "Get to know the political and regulatory players early in the day, not just when you have a problem," says Tambu. "Malaysia is Asia and in Asia, relationships count a lot."

The Alpha Platform boss cut his teeth doing something "completely different" by studying hotel management at Bournemouth University after finishing public school at King's Taunton in England. Spells at the Dorchester hotel in London and the Hilton in Kuala Lumpur offered a baptism of fire in the service industry.

"The 15 or so years I worked in hotels laid a really good service and business foundation when I decided to switch to PR," he says. "In reality, I switched from one service job to another, though the underlying disciplines are oceans apart. Being a food and beverage manager "imparts good business discipline and the ability to manage hundreds of people at a young age" says Tambu, who went on to represent the government of Kuwait during the Iraqi invasion.

Whilst his background outside the communications arena would suggest an alternative hinterland, Tambu says his "idea of relaxing is reading the FT or watching CNBC".

### THE SERVICE SECTOR

Asked to make the pitch for his own company he falls back on his early days in the hotel trade. "Think for the client. Service is the real reason clients use us over and over again while paying us a premium for our services. Thinking has to be bundled in. You can't take the client's problem in isolation as he is part of an industry, a country – which implies other players have to be taken into account," says Tambu.

Prior to the first Gulf War Tambu worked for Standard Chartered bank in Kuala Lumpur. When the international troops rolled over the border, he was drafted in to fight on the all-important PR front. "My job was to bring the brutality rained on Kuwaitis to the attention of the misinformed public and swing their sympathy to the Kuwaitis. I can't tell you the channels used and how pictures and stories of brutality were smuggled out of Kuwait for our dissemination, but it set me on the road of using 'covert PR' as a regular communications tool," he tells [PublicAffairsAsia](#).

Whilst he concedes the second Iraqi invasion was more complex and controversial – "this time, I was not invited to the party" – he says the 1992 experience was one of "mission accomplished".

Tambu's experience is wide and at times somewhat bizarre. He was asked by a client to launch a newspaper in Cambodia. "In this case his client was the Cambodian government itself," he says. "At first it seemed like a crazy task, though after some digestion, I came to think it perhaps could be done by a crazy person. In June

1992, The Cambodia Times became the first newspaper to hit the streets of the country after the civil war interrupted the presence of newspapers for many years. It was positioned to become the country's "paper of record". After the English paper was running for a year, Tambu launched the Khmer, more "popular press" version, and both became the largest circulation newspapers in Cambodia.

"The story is easier to tell than the actual deed," he says. "We had to gather news in Cambodia, send it to KL, print in KL, put the papers into the cargo belly of a regular passenger plane and send it to Phnom Penh. This was a logistical nightmare and we only began to fulfil all the publishing steps in Phnom Penh after doing this mad dash KL/Phnom Penh for over a year."

### ART OF PERSUASION

The Cambodian prime minister later became one of Tambu's clients, although he sold his publishing interests several years ago. Now Tambu is more likely to be found advising others in the lucrative field of merger and acquisition communications. Time dotcom was advised by Alpha in its RM1.1 billion alliance with cellular provider DiGi, majority owned by Norway's Telenor SA.

"While M&A work is highly specialised requiring us to operate an in-house Capital Markets Unit, it goes well beyond numbers. There is a lot of persuasion and attacking for us to do, given that the toughest M&As are the hostile ones, with often, court injunctions flying back and forth," says Tambu.

"While we try to bring some calm to the picture, promoting our client's side of the story, we need to assure the investing public that ours is the 'rightful path' while signalling to the political masters that we are not fostering market chaos and they need not step into the fray – while at the same time lobbying for our deal to get the OK from market regulators."

And that brings Tambu to his beliefs about the ways of operating public affairs in Asia. "Remember," he opines, "in Asia, politics and big business are closely intertwined, especially given that many of the largest corporations in Malaysia are Government Linked Companies, spanning just about every key sector.

And in Malaysia where politics currently has the nation glued to its TV following the wrangling since the general election, Tambu says he is well placed to capitalise on the situation.

"A time of flux is a time of great opportunity – so goes an old saying I just made up," he says. "If you happen to have a communications practice the government relies on to reach the masses and help solve thorny public issues, the work simply intensifies."

For multinationals moving into Asia, Tambu warns that competition "is brutal". "It is especially so from those which have had a head start of many years in the country. It is a problem faced by all brands entering a market, though in the Malaysian context, classic brand building strategies work well," he says.

Given the political instability in Malaysia the future for Tambu's company appears relatively assured. But despite the prevailing conditions he is reticent about making any grand predictions. "We like where we're sitting and just getting here has been a long journey. Best we try to have our cake and eat it too," he signs off. ■