

## INTERVIEW WITH - PROFESSOR MOHAMMAD ABDUL MOMEN

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***BSCR Correspondent: We know you have been involved in Business for more than 30 years. How was the beginning?***

**Professor M. Abdul Momen:** I come from a business background family or an entrepreneurial family. I am the son of an industrialist. There was not much of a choice left for me and for my brothers. So when we started off career long before we finished our studies. Like myself, my elder brother was an engineer, all of us we were involved in business and also we were studying that is how we start off. When we were doing initiatives in a textile company primarily at one point in 90's we finished our all kinds of education here and foreign degrees we came back and continue to do whatever we are doing.

We realized that the export market is gradually going and nobody is making any fabric in this country and all fabrics are coming from overseas. Then we thought that our textile mill whatever we had at that time was equipped to do some products that could be sellable to the garments manufacturers. With that kind of understanding, we participated in first ever textile exposition in the early 90s. So, we realized that our product is not up to the mark to do that export market. We started doing meeting different kind of people and one of our ex-colleagues from the govt who was at that time retired official of the ministry of textile. While visiting the fair he had influenced us to start manufacturing knit fabric. Traditionally there were fabric industries in the Narayanganj area, but no export oriented knit fabric manufacturer.

With that kind of initial thoughts, we went to Korea and we bought resource of factories. Few machines to produce the fabrics from grey yarn to finished fabrics. The first LC was around USD 7,000 worth.

So, that was the initial days at the early 90s since then to till now there has been a tremendous amount of changes. Initially, when we started off the fabric manufacturing used to be called the tubular manufacturer. Now the fabric that we made this is all open width.

At the middle of the 90s, we started making our own garments as selling fabrics was not favorable for many reasons. So, we started to produce the end product. So now we are composite knitwear manufacturer – from yarn to fabrics to Garment.

Then in the middle of 2000 a lot of people moving out to the city making big industrial sights. Then the industry gets some technicians, the buyers are coming, suppliers already have offices here.

In the next 5 to 10 years' time, all the equipment and machines manufacturer stated to opening offices and agencies in Bangladesh. Within 10-15 years of time, it became a huge industry.

Within another 15 years, the machine manufacturers started machine fair here. In the meantime, more and more people trained and gathered experience to contribute to the growth. Now half of our garment exports is knit and the value addition starts from cotton to garment. All these happened in the last 25 years.

So, we were the very first factory with the sophisticated equipment in Narayanganj

***BSCR Correspondent: We know all your brothers are well educated unlike other entrepreneurs. So, did you get any advantages of your education in your business?***

**Professor M. Abdul Momen:** In this sector all the entrepreneurs are well educated, they have traveled a lot, they have seen a lot. We will hardly find uneducated people in this sector. The second generation is even more educated from top-class universities. This is not like that the entrepreneurs are not educated enough. I would rather than say the middle management are not equipped enough. There is a huge scope to enhance the skill of middle management.

They need training and not only training they need some cultural change. The difference between us a Japanese, us and Chinese a lot. The way we want vs. their work culture. I think here we need to emphasize more and bring significant changes the way we work. When we buy equipment and we learn it now in Bangladesh. We see people all around in the factory. When we see the same equipment in turkey and China you hardly see anybody – as the machines are automated. For the same machines, our middle management would hire people to run the machines.

So that's why I think the middle management should re-train themselves, many organizations bring foreign trainer. The foreign trainer will train about new tools and techniques etc. but the mentality change will not happen unless you put them in an environment and see. How things are going.

I think more and more people should be sent abroad for training and brought back to make these changes. There

are so many ways to do the same work with different tools and techniques and it will be more rewarding for companies and will reduce wastage

***BSCR Correspondent: We have observed in the recent past, the concern for safe working environment, and then now the minimum wages have been raised. How do you assess the overall situation and what should we do to remain competitive in the global market?***

**Prof. Mohammad Abdul Momen:** This is very unfortunate that we had to bring foreign people to tell us that our buildings are not compliant. If you observe carefully, you will notice that some buildings have not built following the building codes and have other lacking. This is something that we should address in general – not only for the export-oriented garment industry, but for the entire country. The standard should be maintained. I will sight two recent incidents one is the Banani fire incident at FR Tower and Chawkbazaar fire issues.

First, let's look at the Banani fire. If you take the road from Dhaka Airport to Gulshan circle-2, in the left side we will see buildings - all newly built, fancy, spacious buildings. On the right-hand side, there are a few buildings are properly made and the rests are not. Going to the historical analysis of this picture, there are some law enforcement issues or policy issues that allowed them to build this time of buildings. Without changes in the policies, we can't look into the long term implication. If you go to European cities you will see wide roads all over the cities and all these roads were constructed 300-400 years ago and they are still functional.

That is something I would say the regulations, policy etc. should have been taken carefully. People need to enforced to follow the building codes. Quality assurance is required. Now if you want to avoid this kind of incidents in future, you have to go through the monitoring and rectification process.

Now going back to the Chawkbazaar fire issue. The Government need to facilitate and create a warehousing facility near Dhaka. For example, there can be industrial sites built with special purpose facilities that may be rented to the traders. There may be standard storage for perishables, proper storage facilities for explosives etc. The traders may still use Chawkbazaar as a trading hub, however, the storage and logistics handling from then special purpose logistics and warehousing facility. If we can build such facilities, we can avoid this kind of incident and loss of human lives.

On the competitiveness at the global market, if you see all the YouTube videos and media reports about the buyers who said that they will take care of the prices, increase the wages, etc. if we comply on the workplace safety. We can find so many statements online. But if you do a basic research you will know that the product categories, we produce the price is going down. So, we have got the committed support from the buyers for the additional investments in the workplace safety.

As a manufacturer what are we doing here - importing either cotton or fabric dyes chemical etc. We are not importing accessories, we are importing ingredient of accessories. We don't manufacture cotton we don't have dyes chemicals. Conversion is done by equipment and machinery with that financing cost which is very high in this country. Then we have electricity, gas and another energy cost which is set by the govt. Wages rates are dictated by them and we are abiding them. Our labor hour rate has increased. As a result per unit labor cost gone high. Total costing gone up

Before we had inefficient workforce. However, as we had lower wages rate per hour we survived. We still have an inefficient workforce but our labor hour rate has increased. So, it has become more expensive when they buy in dollars then they are saying that our market is high etc. We have increased our capacity in order to gain economy of scale. We are hungry for orders as we don't want our factories to be idle, so we take orders even at a lower rate.

This is making the industry not viable. Whatever efficiency we gain in material conversion in terms of labor consumption everything has been eaten up the way we reduce the price. So this is the current scenario of the industry if you ask any manufacturers they will say the same.

**BSCR Correspondent: From a management view what strategy you want to apply to overcome this.**

**Prof. Mohammad Abdul Momen:** There are many things that need to happen to enhance our bargaining strengths. We need to make ourselves more demanded. How we can make more items within the lesser capacity. Gov. should understand there has to be some policy support. I think right now we focus on a few products and we need to diversify in terms of product.

We don't have any branding advantages; we don't have licensing advantage. All the year we portrait ourselves as a cheap labor country. This is not a good branding for us. So, if I ask you to buy an electronic product which is made of China, Japan, India – which one you would prefer? That's how the country branding is important. We happily underestimate ourselves. As in general the social media, when Rana plaza issue happened nobody stopped criticizing. It is very difficult to undo a negative image to a positive image.

Rather we have to present ourselves as the finest garments manufacturer who can do high-value products. We need to talk more about the lean certified factories we have. That is something all of us need to change. This is the responsibility of every citizen. Branding impacts our image and thus our bargaining power.

**BSCMS Correspondent: What would you like to suggest as an entrepreneur to improve industry efficiency?**

**Prof. Mohammad Abdul Momen:** There are so many things to improve. We are trying to provide training. We are continuously investing in equipment to reduce process steps. Trying to go to new markets. These are multiple activities we are doing. There is no short answer. There has been a lot of improvements. So we have to look up the policies and prices. We are optimistic people and there have to be some long term policies. Since we are the growth actors.

If you look at the airport cargo terminal, lot of things lying at the open sky. This does not look good. This is not the message you want to give to the buyers and visitors coming to this country. So, we need to improve the infrastructure and the logistics system to import raw materials through Dhaka airport or Chittagong port.

There must be some way to improve the infrastructure. We are talking about the supply chain but this is not supply chain. If Toyota can have JIT for their auto manufacturing – with so many different models and styles, they can do it at the right time and quality. That's world class supply chain. How can we survive with world-class retailers with 60-70 days lead time?

Then, we would need to see how we can compete with the developed world where automation rate is much higher. They have the merchandise in 3-5 working days at the warehouse. When there is demand they dispatch. How do we compete with automation the other country?