

PACKAGES  
LIMITED

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## PACKAGES LIMITED

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August 17, 1954

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GRAND HÔTEL  
STOCKHOLM  
TELEFON 22 10 20  
TELEGR. GRAND

23 AUG 1954

M/s A.B. Åkerlund & Rausing  
Stockholm

Dear Sirs:

I shall be grateful if you will kindly arrange for your representative to meet me at this hotel at 9 am on Monday August 23 to discuss the question of supply of packing material for the Trust Safety Razor Corp and Suid Oil Mills, Pakistan, whose Director I am.

I am going to Helsinki tomorrow and return on Sunday.

Yours faithfully  
S. Babar Ali  
(BABAR ALI)

*The first letter written to Åkerlund & Rausing*

Before my 1954 European tour, I asked the people in my Karachi Office if there were any letters from Scandinavian countries that could lead to business contacts, because I was planning to visit Finland anyway to find light fittings for my house. I was informed that a Swedish packaging company, Åkerlund & Rausing, had repeatedly offered us packaging material for our razor blade plant but we 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 I arrived in Stockholm, I tried to find the telephone number of the company, Åkerlund & Rausing (Å&R). I 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 I could not find the company among the 'A's. I took their address and wrote a letter to them saying that I was going to Finland and I would be back on August 22 and staying at the Grand Hotel. I asked them to send their representative to meet me on August 23.

In the course of our talk, I asked them if they would consider a joint venture in packaging in Pakistan. The person I was talking to was the Export Manager and he said that he was in no position to give a positive answer. He invited me 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, I visited the factory in Lund and during our discussions that morning in August 1954, the foundation was laid for our collaboration and for establishing our 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. The first priority for Å&R was to replace

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the old equipment. Sweden was doing well because, as a neutral country during the War, it was rich, having sold their goods to the Allies as well as to the Germans. Holger said, 'We will replace our existing equipment with new equipment from Germany and England and we will sell our existing equipment to you.' The Germans were, of course, far ahead of the English in printing technology. I said, 'We are not interested in second-hand equipment.' He said, 'Why are you worried? You will get it at a fraction of the price. We will be your partners and we will send people to run the equipment.'

In the autumn of that year, they sent over to Pakistan their Export Manager, Mr. Warfvinge, whom I had originally met in Stockholm, to help prepare a feasibility study. Within a year thereafter, we signed our agreement, got Government permission, and arranged for finance and an import licence. The reason we 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. Prior to this, since Partition, the consumer industry had been importing all its packaging material.

So far, all our industrial interests were in Karachi and Hyderabad and we were not looking beyond that area. We came from Lahore but we had little business there other than the Ford marketing operation. We decided that Lahore would be the appropriate place to put up the factory. Since 1947, no new industry had been located in Lahore as it was considered too close to the Indian border. When we approached the Government of Punjab for permission to set up the plant, we were asked to locate it at Jhelum. We persisted with our request and finally we were able to get land on lease from the Government at village Amer Sidhu near Kot Lakhpat. We had no knowledge or experience in the printing or packaging industry and we relied 100% on guidance from Å&R. They gave us 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.

We named the company, 'Packages Limited' because I wanted a generic name, having nothing to do with the family. We have done the same with all our other companies, like Milkpak Limited and Tri-Pack Films.

### RUBEN RAUSING

With the start up of Packages and its early success, there was an increasing interest in its affairs by the majority owner of Å&R, Ruben Rausing. About a year after signing the contract, in June 1955, I stopped over in Sweden on my way to America and met him. Mr. Rausing was then in his early sixties and I was 28 years old. It was a very brief meeting but he took a liking to me. His acceptance of me put my relationship with Å&R at another level and I got very willing and warm support from his colleagues in the Swedish Company. Throughout my association with him, I saw that he was always driven by the ambition to achieve more. His ambition was not only to get richer – he had plenty of money already – but to build an industry based on the uniqueness of his ideas and inventions. He was forever seeking information and learning about new things, be they in engineering or in more complicated subjects such as medicine.

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*Ruben Rausing 1895 - 1983*

He was an economist by background. He graduated from the Stockholm School of Economics, and among his classmates were the Wallenberg brothers, Jakob and Marcus<sup>26</sup>, Professor Bertil Ohlin, and Mr. Henning Throne Holst, who founded the Marebou Chocolate Company. Mr. Rausing went on to Columbia University in New York to gain his masters' degree, from where he returned before 1920, and went to work for Mr. Åkerlund, a prominent publisher in Sweden. Ruben's family name was Anderson but to be different he had changed it to Rausing because he came from a place called 'Raus'.

While in the USA, Mr. Rausing had seen the start of the American distribution system for consumer goods and he felt that it would soon be coming to Sweden. He tried to divert Mr. Åkerlund's attention from publishing newspapers and magazines to starting a packaging company. By 1930, he had served Mr. Åkerlund so well that Åkerlund agreed to finance the start-up of a packaging company. Åkerlund said, 'I will provide you the finance on the basis that you pay back what I lend to you. I will also give you my name' – at that time Åkerlund's name was well known, Rausing's was not. So the packaging company was jointly owned by Åkerlund and Rausing and was named after them.

Åkerlund was very keen to acquire another publishing house in Sweden and he put Ruben Rausing on that trail. He said to Ruben, 'You get me that company and I will walk out of the joint venture, Å&R, and you can be its sole owner.' Rausing was successful; Åkerlund was delighted to be the largest publisher in Sweden and happily made Rausing the sole owner of Å&R.

<sup>26</sup> The Wallenbergs owned almost all the top companies of Sweden including banks, i.e., Ericsson, ASEA and Stora Kopparbergs. My Swedish class fellow at Ann Arbor, Hampus Grunditz, once told me that 'there is only one power in Sweden and that is the Wallenbergs.' Everybody, even the government, looks up to them because they have brought much credit to Sweden. The Wallenberg brothers were second cousins of Raoul Wallenberg, famous for saving many Jewish lives in Nazi-occupied Hungary.

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*1969: Dr. Ruben Rausing (extreme right) during his visit to Packages Limited*

Ruben hired three very bright young men coming out of the Stockholm School of Economics, which was like the LUMS of Sweden in those days. He told them, 'I will make you my partner and lend you the money. Once the company has earned a profit and paid a dividend, you can pay me back.' By the time I got to know him, Ruben Rausing was the majority owner of Å&R with 75% of shares. The remaining 25% ownership he had given to his colleague, one of his three original young hires, Mr. Holger Crafoord.

Both Ruben and Holger were very interested in interacting with academia. Ruben told me that one reason why they put up the plant in Lund rather than Malmo, only 25 miles away, was that Lund had a university. He said, 'All the brains are there.' That indirectly was the reason why we put up Packages Limited in Lahore, because of the proximity of Punjab University and the University of Engineering & Technology - a lot of talent was available here.

On Mr. Rausing's first visit to Pakistan, during the winter of 1958, he spent about a week with us and was happy to see the early start up of Packages. He encouraged us to persist in our technical developments on the lines and philosophy that his Swedish Company had been developing, and he was happy to see that this was being ably implemented by the team that had been sent out from Sweden.

He was at that time in his late sixties and in winter he travelled to countries with a warm climate. He was in Lahore for about two weeks and stayed at our home. He had three sons – Gad, Hans and Sven. Gad and Hans were in business with him while the third son, Sven, had meningitis at an early age, impairing his ability to learn. Ruben brought him along with his governess, who took care of him. Ruben wanted to see Pakistan and I drove him all

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the way up to the Khyber Pass. With all that interaction, he started taking an interest in me. After this, I used to visit Sweden regularly and by 1960 I had got to know him fairly well. He used to write regularly to me on various issues. He would sit with me for hours talking about his ideas. He was always looking into the future and he was very concerned about the future of Pakistan. He used to say that unless we controlled the population, we would not have any development. Towards the end, he treated me like a son.

Ruben could think big but was never extravagant. He had a multi-dimensional personality and his ability to think big also opened up my own thinking. He would seldom talk about business; instead he would talk about ideas and new things.

I learnt from him how to build a team. The first thing he told me was 'You are as strong as your team'. The second thing that he told me was to trust people. He said, 'If you cannot trust people, give up business!' I also remember him saying '50% of the number one's time should be spent on training his number two'. He was extremely generous to his employees and many of his managers became millionaires during his lifetime as he helped them set up their own businesses.

He was always concerned about the future of the people who worked with him. For example, Ruben told me that when Hans Hallen, the head of the Swedish group in Lahore, went back to Sweden, he planned to buy a house for him. This is what he did with many who worked for him. One of his managers, who was in charge of his factory in Germany outside Frankfurt, and later became a very important industrialist in Sweden, told me that one day during the winter Ruben invited him and his wife for dinner. His wife was wearing a coat that was not very warm. The next day Ruben called her and said, 'Go and purchase a fur coat and send me the bill.'

Ruben was a man who was always interested in new technology and new ideas. Tetra Pak was a major development by Åkerlund & Rausing and he got so much involved with it that he sold off the mother company Å&R in 1965 to put all his resources into Tetra Pak, after which the Rausing's were able to devote their human and financial resources exclusively to building up that company, making it the envy of the packaging world. I remember when Å&R was sold, I happened to be in Sweden, his partner, Holger Crafoord said, 'For the first time, we will be able to pay our bills on time!'

The sale, for 95 million Swedish Kroners, was to the Wallenbergs, who had been Ruben's contemporaries at the Stockholm School of Economics. Their Bank, Svenska Enskilda, financed the growing needs of Ruben Rausing's enterprise, first Å&R then Tetra Pak, and they had a representative on the Board of Directors. Ruben's fortunes kept on going up and one day I said to him, 'The Wallenbergs must be very pleased because they have been supporting you and you have made such a success.' He said, 'Babar, so long as they could look down upon me, they were very happy. When they see me coming up to a level from where I can look them in the eye, they don't like it.'

Ruben saw his family's future in Tetra Pak. Within thirty years of that decision, his family became one of the richest in the world! He told me, 'I started the original Å&R company with a capital of 30,000 Swedish Kroners.' In 1965, he sold this company for 95 million Swedish Kroners and put all that money into Tetra Pak. During his

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life, Tetra Pak was 100% owned by him, and his sons Gad and Hans inherited the company.

Ruben was totally involved with the technical development of his packaging company Å&R and then Tetra Pak. Most of the patents of the company were taken out in his name, not only just for proprietorship but also because of the contribution that he had made towards the development of these patents. The Universities of Stockholm and Lund awarded him Honorary Doctorates in Engineering and Economics.

### RUBEN RAUSING'S PERSONAL RELATIONSHIP WITH ME

Swedes appear reserved by nature, but after my early few meetings with him, I found Dr. Ruben Rausing extremely warm and open. He visited Pakistan four times in the 25 years I knew him and each time he stayed for about ten days, and I was with him all the time. From 1955 to 1983, until his death, I visited him in Europe at least once a year and spent half a day with him when there were just the two of us. I benefited from his advice, guidance, and experience.

Ruben Rausing had a profound impact on me. He took me under his wings and encouraged me to go into the milk industry, providing all his contacts to me. He knew many important people in Sweden: the top doctors, financiers, industrialists, technicians and inventors. He was happy to see Packages making progress. I think what broke his reserve with me was my openness, truthfulness, and my anxiety and eagerness to learn. I kept on asking him questions. This is what he himself did: he always asked people questions. He not only became my friend but also my mentor.

He was always sending me ideas in his letters. I remember in one of his letters he wrote, 'I have seen the statistics; Pakistan has a large number of cattle, most of which are scrap. The world is short of meat.



*Mr. Ruben Rausing and his sons, Dr. Gad Rausing (1922-2000) and Dr. Hans Rausing looking at the first Tetra Pak proto-type machine*

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There is gold lying on the ground of Pakistan. Why don't you pick it up?' He suggested that we should package milk here. I said, 'No industrialist in Pakistan is going to put up a milk processing plant because they say that milk is the business of the milkman! Anybody who has any money, like the Adamjees, Dawoods or Saigols, would want to set up textile units and cement factories.' He asked what could be done and I said, 'We have to put up the first plant ourselves.'

Ruben Rausing once said that companies that are run cash short are more efficient than companies that are cash rich. It is not by choice that you become cash short. You never try and budget for a deficit. It only comes when factors influence the business beyond your control that you are in that situation. This is the time when you start thinking about how to generate more money or to save money. There are two ways of winning a cricket match. One is to score runs when you are batting, and the other way is to save runs when you are fielding. This happens in business also. Ruben Rausing made this statement to me when I was just starting my career. While I did not face such issues at that time, it is very valid today because of my various involvements in both for-profits and not-for-profits, which expose us to issues of not having enough resources when we have to keep body and soul together.

One day, Ruben said to me, 'I hate to pay taxes.' He left Sweden in his lifetime to go and live in Switzerland to avoid taxes, especially estate duties. Ruben was very obsessed with legally saving taxes. Carl Borgstrom was his tax consultant and he accompanied Ruben to Lahore. Borgstrom was offered a judgeship in Sweden but Ruben said, 'No, I will pay you more than you would get as a judge. You protect me from doing anything that is illegal but help me save taxes.'

### RUBEN AND MY FAMILY

My family was in France and I had come back to Pakistan when the war with India was declared in 1965. Ruben wanted to know where my family was. He found out that they were in Paris and he immediately called up Perwin. He said, 'You come over to Sweden and stay with us till things have settled down in Pakistan.' He enrolled both Henna and Hyder in a Swedish school. He asked his son, Hans, to provide accommodation for them so that Perwin could stay in the city with her children. Earlier, when we had Ayub Khan's Martial Law in 1958, he sent me a message saying that if we were in any danger, he would send a chartered plane to fly us out. He gave me that kind of reassurance and standing!

Ruben Rausing was many years older than me. He died at the age of 88 and when he was around 75 I remember asking him how old he was. I told him 'I will never get to your age.' He said, 'Why not?' To which I replied, 'Because I work harder than you did.' He said, 'Hard work has never killed anyone. Drink, weight, and women kill one much faster.' He was very health conscious and used to walk regularly. He only drank wine. He was looked after by the best health specialists in Scandinavia. One of his friends was Dr. Askupmark, who certified the purity of Ramlosa, a famous brand of bottled water in Sweden. Ruben only ate white meat (fish and chicken) and he was a great advocate of fish oil. He was averse to red meat and would not let me eat it. I used to play polo in those days. On one of his visits, he said to me, 'Hans used to fly planes and I told him to give up flying because it's too dangerous. Must you continue to play polo?'



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I once told him I wanted to have my medical check-up. He picked up the telephone and called up the head physician at the Lund University and said, 'My friend, you have to be the personal doctor of Babar Ali'. This was Prof. Malmros and till his death he gave me a medical check-up every year. Another time, I told him that I was very keen to become the Consul of Finland but he said to me, 'Finland is a small country. I will get you the Consulship of Sweden.' I served as the Consul General of Sweden for 37 years from 1961 to 1998.

### RUBEN'S FARM

Ruben was from a modest family and wanted to become an aristocrat like the Wallenbergs. One of the signs or labels of aristocracy in Sweden was to own land. Right at the very beginning, even before I met him, he had acquired 2,000 acres of property in the South of Sweden, Simontorp – torp means village, so Simon's village. Ruben converted the house there into a comfortable home for himself with a library and everything else. Whenever I went to meet him in Simontorp, we would ride in his SAAB car, which was like a jeep and could go anywhere.

Ruben said, 'I had this property surveyed and asked them to drill to take samples of soil in various places up to ten meters deep and analyse it.' He asked a forester to recommend the kind of trees to be planted to suit the soil. Oak was the recommended tree. Ruben surveyed his entire property and found that there was not a single oak tree growing there. He was surprised that through the ages for hundreds of years people had not planted oak even though it was the most suitable tree for the area. He took this problem to a historian and asked him to discover why there were no oak trees on his land. The historian reported that in earlier times all oak trees, irrespective of where they grew, were the property of the king of Sweden because the wood from the oak would be used for warships for the Swedish Navy. If you had oak trees growing on your property, the king's men would come to make sure that the tree was still there and well looked after. The king's men had to be fed when they visited, so as soon as a farmer found an oak tree growing on his land, he would pull it out.

Ruben said, 'I have decided to plant oak trees on my farm. It takes seventy years for oak trees to mature. I know I and my children will not benefit from this plantation, but my grand-children will one day thank me for it.' This is the kind of vision Ruben had.

### HIS DEATH

Because of the cold Swedish weather and high taxes, Ruben decided to move, first to Italy in the late 1960s and in the early 1970s to Switzerland. Ever since his first visit to Pakistan, when he visited my younger sister Sitwat and her husband Mohsin at their Farm in Renala, he appreciated Pakistani wild honey and we made sure that he received enough honey every year that he could eat it every day, so in May 1983, I took a parcel of honey for him to Lausanne and was sad to learn from his secretary that he had had a stroke a few days earlier. That evening at dinner with Hans and Marit Rausing, I was informed that Ruben was very keen to meet me. I went to pay my respects to him the next day. He was sitting in his living room with his legs on a chair. When he saw me, he tried to get up to greet me. His mind and memory were still very clear though he looked very frail. After ten minutes of my stay with him I did not want to burden him with my presence, so I asked to be excused. He insisted that

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I should stay on, which I did for another fifteen minutes. He was as always very gracious, kind, affectionate, and inquisitive - what I was thinking and what I was going to do next. He and I both knew that this was our last meeting but he never showed any sign of weakness! He died in Sweden three months later. I attended his funeral, which was organised by his sons in a manner fit for royalty, such was its magnitude and splendour. He well deserved such a final send off!

With the demise of Ruben Rausing, my contact with the Rausing family did not come to an end. Hans Rausing, President of Tetra Pak at the time, took an active interest in the introduction of Tetra Pak in Pakistan.

### RUBEN RAUSING'S FAMILY

Ruben's sons Gad and Hans were both very well educated. Hans was made the Managing Director of Tetra Pak while Gad was made the Vice Chairman. Ruben thought that Hans was more focussed on the business but Gad was very wise; he was a philosopher, a writer, an archaeologist, and also had business acumen. I was very friendly with both of them. Gad was keen on hunting wildlife and visited Pakistan regularly; he died in 2001. Sven, the third son who was not well, also died. The only surviving son now is Hans.

Ruben was very devoted to his wife, Lisbet. She died of cancer in the early 1940s. He started researching about cancer and wrote a thesis on it for which the Lund University gave him a Ph.D.



*1995: Hans Rausing at Packages with Syed Wajid Ali*

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### HANS RAUSING

Hans took a keen interest in the development of Packages and, later on, in the establishment of Tetra Pak Pakistan. At his suggestion and with his support, Packages was able to develop a new process, producing semi-chemical pulp from straw, which was done for the first time anywhere in the world. In 1984, he took the bold decision to set up Tetra Pak Pakistan, to introduce liquid food packaging in Pakistan. This was done in partnership with Packages, giving us the majority shareholding in the Company. To the best of my knowledge, to date, this is the only joint venture that Tetra Pak has had anywhere.

Throughout his stewardship of Tetra Pak, I found Hans a very supportive collaborator, quick in taking decision and trusting me in everything, for which I will always remain grateful.

After he sold his interest in Tetra Pak, I invited him to participate with me in taking a minority shareholding in Coca-Cola Beverages Pakistan Limited (CCBPL), which was to be the sole bottler of Coca-Cola in Pakistan. He readily accepted my invitation. Some years later, he decided to retire from this investment, which Coca-Cola Atlanta was happy to take over.

Perwin and I have enjoyed the friendship of Hans and his devoted wife, Marit, and we have had the most pleasant relationship with the family including their daughters, Lisbet and Sigrid, and their son, Hans-Kristian.

### GAD RAUSING

Ruben Rausing's elder son, Gad Rausing, was also in regular correspondence with me. Gad earned his doctorate in Archaeology and was a very keen student of both history and archaeology, hence his interest in Pakistan. He visited some of the archaeological sites in Taxila and in the Northern Areas. Gad was passionate about hunting and collecting weapons; he made several visits to Pakistan including two trips to the Northern Areas where we went out looking for wild sheep and goats in the Karakoram region.

We have greatly enjoyed our closeness with Gad and his family. After Gad's death in 2000, our friendship with his wife Birgit Rausing (Bibs) continues and we have visited her several times in her beautiful home overlooking Lake Geneva in Territet. Bibs is an academic and in her own right she has earned a doctorate for her books connected with art and history. Bibs and Gad's eldest daughter, Kirsten, is the closest to us. She runs a very successful horse-breeding establishment, Lanwades, near New Market. In the last twenty-five years, she has established her competence as a horse-breeder and is the only lady member of the Jockey Club of England. Her brothers, Finn and Jorn, have ably steered the Tetra Pak Group of Companies ever since their father's demise and I am very happy to see that Tetra Pak today is many times larger than when they inherited it.

We are very proud of our friendship with the Rausing family.

### HOLGER CRAFOORD

Ruben's second in command at Å&R was Holger Crafoord whom I knew from my first contact with the Company. He was then the Managing Director of Å&R and had joined Mr. Ruben Rausing as an economist fresh from the

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*1986: Visit with Gad Rausing to Pakistan's Northern areas*



*1994: Gad Rausing at Packages with Syed Hyder Ali*

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University when he started the company in the early 1930s. Mr. Rausing guided his career and, when he saw the organising capabilities and hard-working ability of Holger, he offered him a share in the company. When I came into contact with Å&R, Holger Crafoord owned 25% of the partnership and was the main driving force in day-to-day operations while Dr. Ruben Rausing was the inspirational guide.

Holger was different in outlook from Ruben, a pragmatic and well-focused business leader with whom I had a very close relationship throughout his life. Ruben Rausing was a dreamer and was always thinking many years ahead while Holger was the one who tackled the nuts and bolts, and converted the dream into reality. Ruben used him well. While Ruben's sons were growing up, Holger was the person on whom Ruben relied.

Twenty-five percent of Å&R belonged to Holger. When Å&R was sold to the Wallenbergs, they made it a pre-condition of their purchase that Holger would stay on as the Managing Director. Holger ran the company but got the cash for his 25% ownership. After the sale, Holger developed his individual personality. Holger had a 25% share in Tetra Pak and said, 'Now that I am leaving Å&R, let me also leave Tetra Pak because I will not be able to serve on Tetra Pak's Board.' Ruben was keen to buy Holger out, so financially they parted ways.

Holger started a company that pioneered the throw-away-kidney under the name of Gambro. He gave me the background of his venture into this business: one day, at a lunch in Lund University, he was sitting next to a nephrologist. The nephrologist said, 'I am a sad person today. I have condemned two young people to death. They were on dialysis and they are failing in health. I have taken them off dialysis and I know that they cannot live for long.' Holger asked, 'Whether



*Holger Crafoord 1908-1982*

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*2013: Perwin and Syed Babar Ali with Holger Crafoord's grandchildren in Lund, Sweden*

he had any remedy or solution?' The nephrologist said, 'Yes, I am working on the idea of an improved dialysis machine into which the arteries and veins are plugged in, and the heart pumps the blood through a disposable filter for cleansing without the need for an extra pump.' Holger said, 'I will financially support your idea.' This came from a part of the money he received from the sale of his 25% share in Å&R. Gambro, the first artificial kidney, then became a new discovery and a blockbuster! Holger did not become as rich as Ruben Rausing but he did make many hundreds of millions of kroners. Holger gave generously to charity and he instituted the second largest prize in Sweden, after the Nobel Prize, called the Holger Anna Greta Medal for Economics, named after his wife, with whom he had three daughters. He also put up a new Economics building at Lund University. A part of Å&R's shares in Packages Limited were given to Holger, which he gave to his daughters and grandchildren, who are still shareholders in Packages.

I mentioned to Holger that the Rausings had left Sweden and he said, 'Yes, because of taxes. I will only leave Sweden when the taxes go up to 98% because this country has given me everything.' In those days, the tax rate was 80-85%. Holger suffered from arthritis but was amazingly active despite his severe physical discomfort. On my visits to Lund, I always called on him and he was always very warm and affectionate.

### RUNNING PACKAGES

The first important question was who was to manage and run the company. I was very lucky to be able to

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*1964: With Irsbad Hussain and Hans Hallen at Packages*

persuade a friend, Syed Irshad Hussain, to join me. I had met him in Boston in 1947 when I was at the University of Michigan and he was at that time at Harvard. I had gone there to meet Lever Brothers, our partners in the factory in Rahim Yar Khan, and I stayed with him and got to know him well. When the idea of Packages developed, I asked Irshad to join us. He had returned from Harvard and was posted as Executive Engineer in the Public Works Department in Lahore. He was not willing to resign his official position but I managed to get him leave to work with us for two years. Meanwhile, Irshad married an American. I offered to send him with his family to the US every three years while serving us. His wife then persuaded him to resign from the Government and work with us permanently. He stayed at Packages for about eighteen years as the first General Manager and Chief Executive Officer.

Our Swedish partners sent technicians to ensure the proper installation of the machinery and its operation. We were very fortunate that the head of this group of twenty-two technicians was Hans Hallen. Irshad, Hans, and I were all around thirty years of age in 1956. We soon became close friends. My father and brothers left the management of Packages entirely to me and my colleagues. We had excellent support but no interference from Sweden. On our part, we tried to make things as easy as possible for the Swedish families: they lived in our housing so they were near each other and they used a big tank at Packages as a swimming pool. We also arranged a school for them in my brother Syed Amjad Ali's house on Wazir Ali Road (named after my grandfather), part of which Hans Hallen occupied.

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In the beginning, I was living in Karachi and commuting to Lahore regularly. Around 1958, I realised, and Hans Hallen was the first to point this out, that my living in Lahore was important for the smooth running of Packages. Another important consideration for me was that both my parents lived in Lahore and were getting on in years and it was essential that one of their sons should be close at hand. Fortunately, my wife was equally happy to move to Lahore, where her mother and her only brother lived.

My main effort was to ensure that Hans Hallen and 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, we had to establish contact and build up links with the main consumers of packaging material, almost all of which were multi-nationals based in Karachi. Pakistan Tobacco Company, Lever Brothers, and Liptons were importing their packaging from abroad and they became our main customers. They gave us excellent support, enabling us to manufacture the kind of packaging they needed. We 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 we 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. Our 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 we 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 organised 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. We had our own water supply from tube-wells and constructed our own sewerage system. When we started production, we had a total of 300 people.

Our first endeavour was to fully utilise the equipment that we had initially received from Sweden and this was achieved within the first two years of our operation. We realised that in order to maintain the momentum and to meet the growing requirements of our customers, we needed to add new processes and equipment. The sales of the company in the first 12 months of our operation were 6.3 million rupees and we made a profit in the first year. There was no problem in financing capital equipment as both partners, A&R and my family, were keen to build the company rather than take dividends.

Ruben Rausing took a great interest in Packages and its development owes a great deal to his vision and guidance. We started as a converting plant, buying our paper from Karnaphuli Paper Mills in East Pakistan (owned by the Dawoods), our board from Adamjee Board Mill in Nowshera, and straw board from Sethi Mills, Rawwali. 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



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

Ruben said if we wanted to do well in the packaging business, we had to have our own source of paper. I approached the Pakistan Industrial Credit & Investment Corporation (PICIC), the main source of financing. The PICIC man said, 'Mr. Adamjee is my Chairman. I want to help you and I will give you money for a paper mill, but it will only be for your own needs, not to compete with Mr. Adamjee. Go to Japan and find a small sized factory.' I went to Japan with Hans Hallen and we brought back an offer to PICIC, which was financially and technically feasible, with a production size of 25 tons a day. I told Mr. Rausing what we had done and he said, 'Don't do anything, I am coming to Lahore.' He flew here and said, 'You don't put up a paper mill for five years; you put it up for fifty years. You must have a plant five times this size.' I said, 'PICIC is not giving us the money for that.' He said, 'I will go to the World Bank and help you get financing.' At that time, the head of the IMF was a Swede. Mr. Rausing went to Washington and met him. He told Mr. Rausing that IMF did not give money to the private sector and introduced him to the World Bank. The World Bank's private sector arm, the International Finance Corporation (IFC), sent a representative to Lahore to carry out a feasibility study. PICIC was then the local agent for the IFC and I warned them that PICIC would never agree because of their Chairman. The IFC said they would overcome this hurdle! They said, 'We will give money to PICIC and they will give the money to you.' This is how the paper mill was set up in 1965. Mr. Rausing advised and helped me to set up a paper mill for fifty years, not five, and it has now been going for fifty years! The man had vision.

Our relationship with A&R altered slightly in 1965. The Tetra Pak Company had been founded in Sweden by the Rausing about the same time as Packages started



*1960: Sports Day at Packages, Syed Maratib Ali, Syed Babar Ali, Syeda Henna Babar Ali*

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operations in Pakistan in 1956. By 1965, Tetra Pak's activities had grown to a point where the Rausing family felt that they could no longer sustain the development of both the parent company (Å&R), which provided packaging material for general purposes, and the daughter company, Tetra Pak, which was devoted to liquid food packaging. Ruben Rausing and his sons, therefore, decided to sell the parent company to the Swedish Match Company and concentrate their resources, both men and materials, on enhancing the development of Tetra Pak. The investment in Packages had come partly from Å&R and partly from the personal fortunes of Mr. Ruben Rausing and Mr. Holger Crafoord. In 1965, the shares in Packages owned by Å&R were thus transferred to the Swedish Match Company.

Being the first prominent and modern industry in Lahore after Partition, we very soon came to the notice of the Government in Lahore and we took the initiative of inviting important decision-makers to visit Packages, not in groups but in smaller numbers so that we could give them personal attention and they would be able to learn more about our 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 we invited these groups regularly. This practice we have adhered to during the last five decades and it has been of immense benefit to the company, giving Packages exposure to Government officers.

Packages was the first important Swedish investment in Pakistan and till today it is probably the most prominent one. The only visit that a Swedish Prime Minister has made to Pakistan thus far was that of Mr. Tage Erlander and we were very fortunate to welcome him to Packages when he visited early in 1960. This visit brought Packages to the attention of the Swedish Government in Stockholm and subsequently we were able to get continued support and recognition from them.

### MANAGEMENT PHILOSOPHY

Whatever work I have been involved in, especially after 1955, my commitment to it has been total and Packages is where I have spent most of my working life. Whatever new things I noticed, saw, or learnt, either by reading, or through word of mouth, I was not afraid to try them out if I thought they would improve Packages. Throughout my time as the Managing Director, I spent many hours on the factory floor. I 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 I learnt that, by visual inspection, my knowledge of what was going on was much more than through reports. By walking around, I cannot recall a day when I did not learn something new. Additionally, by virtue of my 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 my office. Similarly, no employee needed a prior appointment for a meeting with me on any day; whenever I was in the office, provided there was nobody else with me, they could walk in and discuss any problem, either in relation to Packages or themselves. I found that making myself accessible to my colleagues added a new dimension to our relationship.

From the very beginning, we have tried to inculcate a spirit of egalitarianism among our people. At the start, we had a staff of only 300. When we set up a lunch-room for senior officers, we discussed who would be eligible to use it. We started with the management personnel first, and very quickly we broadened it to include the office staff. The

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*1960: The Swedish Prime Minister Tage Erlander and his wife at Packages Limited*

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.

At every level we have tried to help our workforce. Ninety percent of our workers at Packages who didn't do their matriculation have had kids go through college. We have had talks on family planning at Packages since the early 1960s and we also gave out condoms to our workers. I even told our people not to keep a record of how many were issued to whom. Even so there would be 100 workers in Packages with ten or more children! We tried to do much for them but you can only do so much and no more. It is a sad commentary; this country will explode through population growth.

In Packages a very genuine effort was made, not only to develop professional management, but to improve their skills and give them responsibility. When the Company went public in 1965, Irshad Hussain was made a Director, and subsequently Tariq Hamid was invited to join the Board in 1970. It was very pleasing to see Tariq become

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a Director of Packages because he was the first product of the Company who rose from the rank of a trainee engineer to that of a Director and that too in only 14 years. He fully justified the confidence reposed in him by developing the Company during his stewardship as General Manager from 1973 to 1994. After retirement Tariq Hamid served with acknowledged integrity and success as Minister of Finance in the Punjab Government, for four years as Chairman of Water and Power Development Authority (WAPDA) and Pakistan's Minister for Water & Power in the interim government in 2007-8, all very prestigious appointments.

While I was away from Packages, serving as Chairman of the National Fertilizer Corporation between 1974 and 1977, my brother, Syed Wajid Ali, took over as Managing Director and when I returned, he offered to vacate the position for me. I requested him to stay on as I felt that I could serve the Company better in an advisory capacity, to concentrate on the development aspect of the Company rather than to monitor its day to day running.

The way Packages was born and has developed has given me a lot of satisfaction. From the very beginning, after the Swedish technicians arrived, we decided on the policy of taking in only fresh young people from schools, technical institutions and universities with no prior work experience and chosen entirely on the basis of merit. This practice has been strictly adhered to till today, barring a few exceptions. It would be safe to say that out of the 3,000 employees in Packages, less than 100 have worked anywhere else before and these were people such as typists, secretaries, a few specialist accountants and, of course, men working for Security who were formerly serving in the Pakistan Army.

From the very beginning, we sent our young managers and promising young technicians to Sweden, not only to give them exposure to the way Å&R was operating, but also to broaden their horizons by seeing a more industrially developed environment. Every year, at least five people were sent abroad for such training and development and today we have in excess of 100 employees at Packages with such experience. In addition, some of the selected engineers and managers have been sent to the Harvard Business School in their Programme for Management Development (PMD) and Advanced Management Programme (AMP).

### ABOUT PACKAGES LABOUR ISSUES

The first labour agitation at Packages erupted when I was in New York as a delegate to the United Nations in 1969. General Yahya Khan had come in as the new President and there was much turmoil. The labour force wanted to assert its role. That was the first time we had a fifteen days strike at Packages. Later, during Bhutto's time, there was agitation and, while there was no stoppage of work, there was a slow down. Bhutto wanted to create labour as a constituency for himself and the labour leaders felt that now they owned the Government! One day I was in the old city near *Bibi Pakdaman* and there were two or three young girls walking in front of me who told a shopkeeper, 'Now you will not have to pay the rent of the shop, it belongs to you!' That was the kind of message that was being disseminated - that there was licence and no law. I was surprised. Bhutto brought the djinn out of the bottle without realizing that it would also consume him.

When I returned to Packages in October 1977, after a stint as Chairman of the National Fertilizer Corporation, I found that the management had done an admirable job despite the turbulence generated among the labour

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*2015: A view of the Packages Rose Garden; Packages main building is seen in the background*

force during the Bhutto regime. Fifty of the former employees, who had been dismissed from Packages for various misdemeanours prior to December 1971, had to be taken back as a result of official pressure. Rehman and Baloch, the leaders of two rival factions in our former labour union were also re-employed and, as expected, they did not lose any time in starting agitational activities among the labour force. Rehman came out the winner and within two years of his re-joining Packages, he emerged as a strong political force in the working community of the Kot Lakhpat area where Packages and a number of other industries are located. There was no curbing the power he had gained, with the result that he used high-handed methods to cow any opposition or threat he might visualise, not only among the factory labour but also in the local community. He humiliated some villagers of Kot Lakhpat who also happened to be ex-employees of Packages, and this resulted in his murder in 1975, committed in broad daylight while he was riding on his motorcycle back from the city on Ferozepur Road. He would have gone far as a labour leader had he not impatiently tried to over-extend his power. I spent many hours talking to him on labour issues and I found him very intelligent and devoted to the cause. Baloch, his rival leader, was arrested as a possible accomplice in the murder, tried and sentenced. He served about seven years in jail. After he came out, he often visited me at Packages.

## THE PACKAGES ROSES

In 1958, I was in Sweden during the summer and Å&R arranged for me to meet some of their customers, to get an idea of what new kinds of packaging we might be looking at. Among these was the frozen food industry and their most important customer was FINDUS. While driving to the FINDUS factory in South Sweden, we passed

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large fields of roses in full bloom. I was struck by the intense colour and large quantity of flowers covering many acres and I requested my guide to stop the car. He told me that the area belonged to a rose nursery. I went and saw the Manager of the nursery and requested her to help us develop a rose garden at the factory in Lahore. To start with, I asked her to suggest twenty varieties. This was the beginning of roses at Packages. In the next few years, we found that on account of the short summers in Sweden, roses from that country were not suitable for Lahore and we were introduced by the Swedes to a rose nursery in Hamburg called Kordes, one of the leading rose growers of Northern Europe, and over the last five decades we have regularly added to our collection of roses at Lahore, which now exceeds 300 different varieties. We started propagating roses and established a fair-sized nursery. Visitors to Packages not only come to look at our factory but also to admire our roses. We have distributed rose plants to institutions and individuals and currently we give away almost 5,000 rose cuttings every year to people who are interested in horticulture. Today, Packages is perhaps better known for its roses than for the work we do in industry! In the annual calendar that we publish, the rose has featured more than three times and this too has reinforced people's knowledge of Packages' interest in roses. Apart from growing roses, Packages has taken an active interest in the activities of the Horticultural Society of Pakistan and has been responsible for financing the annual chrysanthemum and spring flower shows in Lahore for many years.

### SOME IMPORTANT EMPLOYEES

In 1962, one of my former teachers at Aitchison College, Syed Zulfiqar Ali Shah, lost his position as the Principal<sup>27</sup> so when I found him out of a job after having served Aitchison so selflessly, I felt it was my duty to ask him to join Packages. Till he died in December 1979, he brought a new dimension to Packages as he got us interested in sponsoring publications of out-of-print Urdu and Persian literature of old masters and making collections of works that had not been put together before. He oversaw the publication of the works of Amir Khusru and Saadi. Shah Sahib was looked up to with reverence by members of the Packages organization as his door was always open for guidance to any worker, supervisor, manager or director.

Around 1960, Hakim Ahmed Shuja, who was a very prominent author and a literary critic, in addition to being a very close friend of the family, for whom my parents had a great regard, sent to me Mohammad Iqbal, who came from a family of calligraphists. Iqbal was in his mid-thirties. His father, Abdul Majeed Parveenraqam, had done the calligraphy for the books published by Allama Iqbal. We installed Iqbal in our Art department and his ability to write well was soon acknowledged by our customers, who required Urdu writing on their cartons. Taking advantage of Iqbal's presence at Packages, we organised a competition among the school students of Lahore Division to give them a cash award for good handwriting in Urdu and in English, to encourage young boys and girls to write beautifully. These competitions were held regularly and continued for almost twenty years till Syed Zulfiqar Ali Shah Sahib died. Babar Ali Foundation now holds these competitions annually. I was very keen to promote good handwriting, both in Urdu and in English, as there is no equipment required to achieve this other than paper, pen, and hard work.

One of my favourite teachers at Aitchison was Mr. Victor Kiernan, who translated Faiz and Iqbal into English. We

<sup>27</sup> See pages 51, 52

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did not see this side of him at all at that time as he used to teach us English and History. He married an Indian lady from Bombay, who was a very good dancer, by the name of Shanta. She had a strong character and they fell out quite quickly. Unlike Mr. Kiernan, she was quite effervescent and while he was at Aitchison, she went away and never came back. After I joined Government College, I still used to go and see Mr. Kiernan because he had an open house. One day when I visited him, Dr. Nazir Ahmad was also there. Dr. Nazir was an entomologist and Mr. Kiernan introduced him to me as his friend who was an expert on the intestines of insects!

Dr. Sahib was a true scholar and knowledge seeker. When he came back from the U.K. after doing his Ph.D., he could not get a job. He started to work as a reporter in one of the Urdu papers called *Zamindar*. He had done his Ph.D. in Entomology but was writing in a local Urdu paper at a salary of Rs. 32 per month! He eventually joined the teaching staff at a College in Jhang in the 1930s.

Dr. Nazir Ahmad had a very colourful background and having grown up in *Barood Khana*, with *Heera Mandi* close by, he had acquired a good ear for music. He had a close circle of literary friends – Taseer, Sufi Ghulam Mustafa Tabassum, Faiz, and Kiernan. When you have that kind of a group around you, it generates a lot of thought and discussion and new ideas emerge.

In 1959, Dr. Sahib became the Principal of Government College. When he retired, I asked him about his plans. He told me that he was looking for employment and he had an offer from the Saigols. I said, 'Before you say 'yes' to them, I would like to have a chat with you.' Syed Zulfiqar Ali Shah had just passed away and I told Dr Sahib that an office was available next to mine. He came to meet me and said, 'What will I do?' I said, 'Whatever you like.' He said, 'I have been thinking for a long time about putting together the works of Sufi poets.' He spent about ten years with us and produced four classic compilations of the works of Bulleh Shah, Sultan Bahu, Shah Hussain and Baba Farid. He sat at the tombs of these Sufi poets to listen to the qawwals and he used to compare the written poetry with what the qawwals sang. A great deal of Baba Farid's material was in Garanth Sahib, the Sikh holy book. Dr. Nazir went to Amritsar, he learnt gurmukhi, and worked with scholars at Guru Nanak University over a period of time to complete the book on Baba Farid. Dr. Nazir Ahmad was a wonderful addition to the Packages family. Students of Punjabi literature can never repay their debt to Dr. Nazir Ahmad for these publications. We were fortunate that Dr. Nazir Ahmad was with us right till the end of his life, in 1985.

Through Dr. Sahib, I had the opportunity to meet Sufi Ghulam Mustafa Tabassum and spent much time with him. Sufi Sahib died very suddenly and Dr. Sahib was very upset. He was always sad that people never recognized the genius of Sufi Sahib.

Hans Hallen headed the team of Swedish technicians who came out to Lahore to set up the plant and teach technical know-how and skills to the Pakistani staff. A year prior to his arrival in Pakistan, he was chosen by Å&R to oversee the entire Pakistani project. He selected the equipment and supervised its dismantling and packing in Sweden while at the same time building a team of competent engineers and technicians, mostly drawn from Å&R's young staff. The layout of the Lahore factory was drawn by Hans Hallen in Sweden and very soon after

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his arrival in Lahore, I found that we had a very fine partner and collaborator in him. In no time, we became good friends and I am proud to say that we remained friends and our regard for each other only grew warmer till his demise in 2013. Hans was not only a meticulous and competent engineer, he was also hard-working and generated a great deal of affection among his colleagues. He was in charge of technical matters at Packages from the day he arrived till he left us to return to Sweden seventeen years later. His wife Britt was an immense source of support to him and she became a very important member of the Packages family.

### MILK INDUSTRY, TETRA PAK PAKISTAN

I was glad to be back at Packages in 1977 and to be among the people with whom I had spent my time since 1956, although I 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 my first tasks was to encourage the management to embark on a programme to update the equipment and increase the production capacity, as I expected a resurgence of economic activity after Mr. Bhutto's exit.

Since 1965, Tetra Pak was very keen that we should develop a market for liquid food packaging in Pakistan and we 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, Milko Limited, which was set up by a friend of my family for his son who was still serving in the Army as a Major; this equipment was never used. My advice to Tetra Pak was that the only way they could become established in Pakistan was if we set up a modern milk processing plant ourselves 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.

In 1976, the Industrial Development Bank, which had financed Milko, approached Packages, saying that their loan to Milko was outstanding, the plant had never worked even for a single day, and could we, in any way, assist the Bank to resurrect the plant and help them recover their loan. Javed Aslam, who was Sales Manager at Packages at that time and a colleague for almost twenty years, knew that we wanted to launch Tetra Pak in Pakistan and suggested that we should take Milko on lease for three years, to learn about the industry and to see if we could introduce Tetra Pak successfully in Pakistan. We got encouraging support from Tetra Pak in Sweden, who helped us locate Danish Turnkey Dairies as our technical partners for the processing of milk. At the same time, Tetra Pak provided full support to Packages and helped us manufacture the right quality of paper for the cartons. Within a year of our taking over Milko, we were able to see a marked success in the introduction of a new kind of packaging, along with the building up of experience in the procurement of milk, and our ability to market this new product. Packages had invested almost ten million rupees in learning about this new industry before any financial benefit accrued to us but we saw the potential for what could come in the future. Based on the experience that we were getting at Milko, and knowing that the unit would be with us for less than two years, we decided that we should plan to set up a large milk processing plant on our own.



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I, therefore, took upon myself the task of starting a new investment in Packages, both in the Paper Board Division as well as in the Packaging Division, and to develop our own milk processing plant. We decided to set up a separate company called, "Milkpak Limited" and I went to Europe to persuade Danish Turnkey Dairies as well as Tetra Pak to be our partners in the new venture. Both agreed. I then visited Washington to seek the main financing for both Packages and Milkpak from the International Finance Corporation. My frequent visits to the USA, which I combined with visiting my children at Ann Arbor, helped to speed up the financing arrangements. The enlargement of the facilities at Packages went very smoothly and between the years 1978 and 1987, Rs. 685 million were invested in fixed assets. As a result of this investment, the sales of Packages grew from Rs.213 million in 1977 to Rs. 720 million in 1987.

In view of the major investment programme at Packages, I felt that the management had to concentrate on implementing our own expansion programme and we could not release senior management for Milkpak. Aftab Ahmed, who had worked as General Manager (Technical) in the corporate headquarters of the NFC and who subsequently became the Managing Director of Pak Arab Fertilizer Company in Multan, was keen to live in Lahore and I had developed a good working relationship with him while I was at the NFC. I asked him if he would like to join me in setting up Milkpak as its chief executive officer. He readily resigned his job in the Government and brought with him Mr. Ziauddin Qureshi who was a senior fertilizer plant engineer who had worked in Saudi Arabia and Multan. I accepted the recommendation and encouraged Aftab to learn about the milk industry. I then left it to him to procure the plant and set it up on a site near Sheikhpura. The plant came into operation with a slight slippage of three months in the timetable and a minor cost over-run.

After almost a year's operation, I felt that Milkpak was not being managed effectively and this was repeatedly confirmed to me by the senior staff of Danish Turnkey Dairies and Tetra Pak, who were coming out regularly from Scandinavia to monitor and advise on the operation of Milkpak. Our foreign partners confirmed to me that Ziauddin Qureshi, who was the plant manager selected by Aftab, was not the right person; his attitude was bureaucratic and his competence questionable. For three months, I repeatedly brought my concern to the notice of Aftab and I found that, regrettably, he did not take any steps to rectify the situation. Finally, in October 1982, I had to take the unpleasant decision of asking Aftab, Qureshi, and four of their senior colleagues to leave the company. I myself took over the responsibility of managing Milkpak and was readily supported by the senior management at Packages, who provided such assistance as I needed to set the Company right. Within three months, we made a major overhaul of the administration, both at the factory and in the head office. I could then see a marked improvement in its operations, which was reflected in the financial results of the company. After three years of managing Milkpak, I handed over the responsibility of Managing Directorship to Yawar Ali, son of my eldest brother, Syed Amjad Ali, who had been working in Milkpak at a fairly senior position, under the control of Aftab, ever since the company was started.

As soon as we felt that the establishment of Milkpak was generating enough interest among new investors to come into the milk processing industry, I persuaded Dr. Hans Rausing, Ruben's son, to set up a joint venture between Tetra Pak Pakistan and Packages for the exclusive manufacture of Tetra Pak paper and for the marketing of their

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machines. Packages Limited provided the building and some equipment. The rest of the equipment was imported from Tetra Pak companies around the world. As the Production Manager of the factory, I was happy to see my friend, Hans Hallen, coming back to Pakistan and in a very short time he was able to develop facilities in which an acceptable quality of liquid packaging paper could be manufactured in Lahore. In 1983, Hans Rausing suggested that he would send out a Swede from his organisation to be the Managing Director of the Company in Pakistan, to which I readily agreed. The objective was that Tetra Pak Pakistan Limited should develop its own identity and it should not be overshadowed or influenced by Packages, so that customers other than Milkpak could feel comfortable in dealing with Tetra Pak Pakistan. I could see their viewpoint and I encouraged them to develop Tetra Pak Pakistan on lines that were acceptable to the Tetra Pak family of companies.

By 1987, Tetra Pak had progressed remarkably; they had placed more than sixty machines in twenty different factories, and they annually sold more than 350 million packages. Tetra Pak Pakistan sold 1 billion packs in 2002. The company now had its own identity, a first class independent office, and its own management. The company has been a financial success.

### 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, I progressively realised that a successful business venture in Pakistan could be assured if we had a partner who was a world player in the particular field in which we were interested.

We started Milkpak as a joint venture between Tetra Pak, Danish Turnkey Dairies and ourselves, on the basis that the processing technology came from Danish Turnkey Dairies, the packaging of liquid food was from Tetra Pak, and that we would be able to manage the venture successfully with the help of these two partners and then learning on our own. Within the first two years of the operation, we realised that neither Tetra Pak nor Danish Turnkey Dairies could offer the kind of support that would help us develop new products, especially the more value-added products we needed, as long life milk did not in itself offer the kind of margins that could sustain a large operation. We then looked into powdered milk, baby foods, and other such products. There again, the technology was not enough – brand and marketing were equally important. We were looking for a foreign partner through Powder Machinery Manufacturers, and the Stork Company of Holland identified Friesland Dairies as a possible collaborator. We were in serious discussions with them till one day we heard that the Executive Vice President of Nestlé managing the Asian region wanted to visit us 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 we came to the conclusion that there was a lot of sense in joining hands. We controlled almost 80% of the Milkpak shares. I offered Nestlé half of these at its price quoted on the Stock Exchange. I also expressed our desire for this Company to be run as a Nestlé Company; we would follow their advice and guidance. I was then the Chairman of the Company and Syed Yawar Ali, my nephew, was the Managing Director. Within two years, Nestlé embarked on an expansion of the Company. They appointed expatriates and whatever else was required. We readily agreed to their taking over the

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full management and control of the Company. They appointed a Nestlé executive as the Managing Director while Syed Yawar Ali became the Chairman and I 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.

### PACKAGES LIMITED AND AFRICA

In 1970, we received a telex from National Development Corporation (NDC) Tanzania announcing the arrival of Mr. Maramba to meet with us in Lahore. He had come to recruit a manager for a corrugating plant, which NDC had inherited as a result of Tanzania's nationalisation programme. The plant had been set up by an Asian who had left the country after nationalisation. I asked him what had happened to the previous manager and he told me that he had been killed in a car accident. There and then I suggested that he should hire a company instead of an individual. The Company would not be killed in a car crash! He was surprised by my suggestion and said he would convey this to his Chairman in Dar es Salaam. The next day, he informed me that they were willing to discuss our offer and I told him that before we could undertake the assignment, we would like to go out to Dar es Salaam and see the plant, to decide whether we could assist them in improving its operation if we took over its management. All we asked for was a ticket for Irshad Hussain to visit them, to which they readily agreed. Irshad gave us a positive report after his visit to Dar es Salaam and we then signed a contract with NDC to provide them with the management for Kibo Paper Industries.

We sent an initial team of four under the leadership of Tanwir Ahmed, Manager in our Sales Department, who would be the General Manager at Kibo. Our team made an immediate beneficial impact on its operation. Within the first year, the loss-making company was converted into a profit-earning business and during the next ten years its operation enlarged manyfolds. We rotated our people in Tanzania every two to three years so that a new crew could go out to gain experience and benefit from expatriate salaries. This regular movement of our personnel spread the benefit among our employees. Dar es Salaam was a very agreeable place to work and NDC was a good employer. In all, around two hundred Packages personnel had the benefit of living in Tanzania from 1970 to 1983. With this effort in Tanzania, we were able to generate considerable goodwill for Pakistan and for Packages. Packages received some compensation in management fees but the main benefit was the development of our people, who gained a great deal of confidence working in a foreign environment. The result was that all the 200 people who went to Africa were able to build their own homes in Pakistan on their return. An even bigger benefit to them was the education of their children in international schools. Many of those young children who benefited from that exposure are now working as professionals in foreign countries. Most of our people were thus well trained; it was as if they went there as Captains and came back as Colonels within three years because they had been on their own!

After we had successfully managed Kibo Paper Industries for about four years in 1974, National Development Corporation (NDC) asked us to take over the management of Printpak Limited, another company in the para-statal organisations, which specialised in producing textbooks as well as the daily English newspaper. We managed this company for six years and it provided another excellent opportunity for some of our middle management people from Lahore to get hands-on experience at senior management level. Kibo Paper Industries was a converting

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plant, similar to what we had begun with at Packages in Lahore. There was no paper industry in Tanzania, and we suggested to NDC that they should consider putting up a paperboard plant based on the recycling of waste paper, which was abundantly available in Tanzania. At NDC's request we drew up a feasibility study and we were then asked to implement it. Within two years, we built a plant based on equipment imported from Germany, according to our specifications. We undertook the entire planning of this paper mill, and by the Grace of God, without a hitch, it came into full production and we did not even have any teething problems! Thus Tanzania was able to get a paper industry at a minimal cost, with the entire technology made available to them from Lahore. We sent only ten key specialists from our plant who were responsible for the erection, start up, and running of the factory for the first four years, during which time we trained the Tanzanians to take over the operations and management of the factory. The paperboard produced at the paper mill was converted in the Kibo Paper Industries, a parallel operation to that in Lahore since the start of our paper mill.

The growth and development of Packages in Lahore was successfully carried out by many of the people who had got such good experience in Africa. After almost 13 years of involvement in Dar es Salaam, we were able to train not only the local operators and supervisors but also Tanzanian managers and we were in a position to hand back the management of the Tanzanian companies to their nationals.

In Zambia, the International Finance Corporation, Washington, asked us to help a Zambian entrepreneur, Mr. E. Kasonde, to set up a packaging plant in Ndola. We sent a team from Lahore to prepare the feasibility study, which was accepted by IFC and Mr. Kasonde, and for the first ten years of its operation, the management and technical operation of Century Packages Limited was handled by our people, sent from Lahore. Here too, the personnel from Lahore gained invaluable experience in addition to great financial benefit. Our experience in Zambia ended on a sour note as Mr. Kasonde decided to entice one of our employees to manage the plant permanently and the relationship between Century Packages and ourselves came to an end.

By the mid-1970s, our ability to assist in management and technology was known in other African countries. We had a ten-year support programme for a packaging company in Somalia, for two years in Aden, and for three in Kuwait. In Nigeria, we were asked by the Nasreddin Group, who had a large industrial complex in Jos, in the north of the country, to set up a packaging plant primarily to supply the needs of packaging for their soap and detergent company as well as for their biscuit plant. We designed and built an elaborate packaging plant, which not only met the needs of the Nasreddin Group but also became one of the main packaging companies in Northern Nigeria. The unit has been a great financial success.

NDC asked us to introduce them to other industrialists from Pakistan who could manage other nationalized industries in Tanzania. So we introduced them to Saigols and to Service Industries. However, the contracts with these industries didn't last long.

Harvard Business School heard about our effort in Tanzania and they sent Professor Lou Wells to Lahore to write a case study. I asked the Professor what his findings were, since he had interviewed many of the people who

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## P A C K A G E S   L I M I T E D

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had gone to Tanzania. He said, 'The leadership, hands-on experience, and exposure you have given your people could not have been possible even if you had sent them to Harvard Business School'.

### OTHER JOINT VENTURES AND ASSISTANCE

In 1971, soon after our foray into Africa, we were asked to turn around a printing and packaging company in Indonesia, in which we were again successful. In 1992 we did the same thing in Russia. Our 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 our core business, was in 1994 with Coates Lorilleux to produce printing ink. In 1998, we 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 our team.

