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## Power player - Wishnu Wardhana

By ARUNA HARJANI in Jakarta

APEC CEO Summit chairman and leading entrepreneur says infrastructure improvement is key to Indonesia's growth



(Ma Xuejing / CHINA DAILY)

When Wishnu Wardhana received an invitation to head the APEC CEO 2013 meeting in Bali in October, he jumped at the chance.

For the president director and group CEO of Indonesian power company Indika Energy, the Asia-Pacific Economic Cooperation summit was an unrivalled opportunity to meet political and business leaders from the region, and to advocate for change.

The summit took place 19 years after the landmark Bogor Goals for promoting free trade in the region, setting APEC on its path. Today, APEC contributes 55 percent of global GDP and 44 percent of world trade.

According to Wishnu, who was also the 2013 chairman of the APEC Business Advisory Council, the chief concerns for Indonesia today are the pressing need for infrastructure improvements and an increased role for the private sector.

Wishnu hails from Samarinda in Kalimantan, but moved to Jakarta at the age of 5. After finishing high school he studied economics at Pepperdine University in California.

When he returned to Jakarta, the economy was in good shape and job opportunities plentiful, with banks and major companies crying out for young talent. But this conventional career path did not appeal, and neither was Wishnu keen to join his father's timber business.

He was a stubborn dreamer who knew what he wanted in life so he started his own business, with \$20,000 input from his father and a few friends' backing.

The Mahaka Group made its first transactions in mining and commodities, later diversifying into media by investing in a television station. Not enthusiastic about the media sector, Wishnu decided to become a silent partner, later selling his share.

When the Asian crisis of the late 1990s hit, Wishnu foresaw that the crash would usher in a different way of operating for local enterprises.

"I wanted to form a more sophisticated way of doing business," he says, "as I could sense that there would be a change in the business model that could work effectively in the country." Together with his family, he set up Teladan Resources in 2003, moving into the real estate sector. Later, the company expanded into agriculture by investing in large palm oil plantations in Kalimantan.

Then, in 2004, Wishnu met two old university friends, Agus Lasmono and Arsjad Rasjid, and formed a plan to create a joint force to expand Indika Energy. The company, established in 2000, is now the leading integrated energy firm in Indonesia.

"It was initially a \$150 million investment," Wishnu explains. "The company acquired divested assets of coal by purchasing 46 percent of Kideco Jaya Agung, the third largest coal producer in Indonesia. Then Tripatra, a major engineering, procurement and construction company, joined Indika's portfolio."

Indika Energy had its initial public offering (IPO) in 2008. With the IPO money, and as Indonesia emerged from the recent global crisis, the company expanded, with acquisitions including Petrosea, a construction and mining company; Mitrabahtera Segara Sejati, which handles coal transport and logistics; and a diversification into palm oil plantations.

Wishnu is also still president director of Teladan Resources. This diversified group has launched its own television station, Net TV. Wishnu retains his aversion to the media, but says that since it is his partner Agus handling this element, he has confidence.

"The key is that there should be somebody that we trust to run the business who can deliver good returns."

Over the years Wishnu has learned the skills needed to manage two different large companies. "We set up parameters based on their business plans to check whether we are on the right track. We have become sophisticated investors these days," he says. "We have shaped our companies toward focusing on strategies, executing with excellence, and acting on good practice."

In his APEC roles, Wishnu needed to be attuned to the interests of all Indonesian businesses, including those far outside his own spheres of interest. In a country with many very small companies, he hopes to see modern technology become an even more powerful tool for growth. He says 'branchless' banking is one way to help small and medium enterprises tap funds. Most farmers, even in remote areas, have cell phones. APEC is encouraging them to use technology to gain access to their bank accounts.

"Through the transactions over the phone by fishermen or farmers, the bank will have the ability to understand their income streams," Wishnu says.

He notes that doing business in Indonesia has changed significantly in recent years thanks to globalization. "A crisis used to happen only once every ten years, but now it can happen every two years," he says.

"Indonesia's growth in the past few years has been mainly driven by high commodity prices. The second driver was the US coming up with its unconventional monetary policy, providing much liquidity into the economy which has spilled into emerging countries like Indonesia."

But Wishnu notes that these two factors will soon be non-existent, as commodity prices have corrected and the US Federal Reserve intends to taper its quantitative easing policy.

"With both of these elements dried up, then you should expect the Indonesian rupiah to weaken and interest rates will have to increase," he says.

Indonesia expects a growth rate of 6 percent in 2014, but Wishnu believes this is not enough to provide employment for the huge influx of young people who will enter the workforce in the next few years.

As a solution to this, and other economic challenges, he returns to the importance of infrastructure improvement.

"Building infrastructure will lead to a more efficient economy that could grow beyond 6 percent," he argues.

It can take four or five hours for a truck to reach the Tanjung Priok port in northern Jakarta from a factory on the outskirts of the city, he notes. A toll road would reduce this journey to around an hour.

This theme of connectivity also came up at the Bali summit. APEC intends to provide a connection not only through people, but also through the movement of goods. Wishnu gives another example of Maluku province, which produces tuna. It does not have a port, so producers have to go via Jakarta.

"If a shipping port were built in Maluku, the fishermen could export their tuna straight to their buyers in Japan, Hong Kong, Singapore and beyond. They would save a lot and instead use the funds as their margin of investments."

Improving infrastructure will require considerable private involvement, Wishnu says, remarking that at the APEC summit, this was becoming more widely acknowledged.

"Today, governments realize that it is not productive for them to discuss trade and investments without involving the private sector," he says.

One way to encourage private sector activity in Indonesia would be to simplify the application process for licensing to invest or open a business, he suggests. A license for oil and gas, for example, requires some 200 documents.

“The government needs to open up the negative list for investment and provide good tax incentives for certain sectors,” he adds.

There is also the matter of funding, as the Indonesian government does not have the resources to deliver the comprehensive infrastructure reform that the country so badly needs.

“We in the private sector should improve our readiness for infrastructure projects and we can create a partnership with the government on this important issue.”

With its abundant natural resources and demographic advantages, a newly efficient Indonesia would have the tools to grow further and faster.

“We need to become a more productive society within the next two or three years,” Wishnu says. “If there isn’t growth of more than 6 percent, how will young people manage to find jobs?”

## **BIO**

### **Wishnu Wardhana**

#### **President Director of Indika Energy and Teladan Resources**

#### **Career Highlights:**

**2013:** Chairman of the 2013 APEC Business Advisory Council and the APEC CEO Summit

**2012:** President director and group CEO of Indika Energy

**2008:** Initial public offering of Indika Energy

**2004:** Joined Indika Energy

**2003:** Established Teladan Resources

#### **Quick takes:**

##### **What change would most benefit Indonesia?**

More infrastructure please.

##### **What advice would you give to the younger generation?**

It doesn’t matter what you major in at school, what’s important is that you become the best of the best.

##### **Hobbies outside of work:**

Running, biking and hanging out on the weekends with my family.

##### **Most memorable life event:**

When I asked for my wife’s hand in marriage from her father when I was 26 years old.

##### **What are your dreams for the future?**

Employing a lot of people and becoming a good entrepreneur.

##### **The defining moment in your life?**

When I decided to work independently and not join my father's business after graduation.

**Date of birth:**

18 Oct, 1970

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