

Bringing Integrity Back



Merrill J Fernando is a pioneer of the Ceylon Tea industry. Against all odds, in an industry dominated by multinationals, he has been able to establish a wholly Sri Lankan tea brand that is reputed for its integrity and quality. His journey was not easy but he persevered, so that the name of Ceylon Tea would not be tarnished in the eyes of the consumer. Merrill J Fernando is the only producer from any tea, coffee or cocoa growing country to provide his product directly to the customer under a producer owned brand. His philosophy is that success is not complete unless it is shared, expressed in a commitment to make business a matter of human service. Merrill J Fernando, despite his modesty and simplicity, projects greatness. Through a 66 year journey in the tea industry, he has continued to protect the image of Ceylon Tea whilst promoting it.

By Udeshi Amarasinghe
Photography Mahesh Bandara and Menaka Aravinda

You are one of the first Sri Lankans to be trained in tea. Can you tell us about your experience?
In the 1950s, just after the war, Ceylon had an agreement with the Government of UK to supply a certain quantity of tea per year. The Tea Commissioner controlled that business. After several years of resistance by British companies to train Sri Lankans in tea tasting and trading, on the grounds that Ceylonese cannot taste because of the “hot curries” they eat, they finally relented and agreed to recruit and train six school leavers. I had just finished my schooling and was fortunate to be selected. Our training was at Darley Butler and Company, with Mr O P Rust, then Managing Director, a seasoned, knowledgeable person in the tea industry. The Darley Butler building was partly owned by the Tea Commissioner.

There were about 30-40 cups of tea for tasting, rows and rows of them. We had to wash our own cups and brew the tea ourselves. We were trained in that manner. The six of us were taught the different characteristics of tea. Mr Rust, a wonderful man of about 60 years of age, taught us well, as a school teacher would, caring for

us as if we were his own children. He drove us to do the best and complimented us when we did a good job. That was my beginning and introduction to tea.

> **I Travelled To London To Study The Branding And Marketing Of Tea. There, I Observed What Was Happening To Our Tea, Which Was Being Mixed With Other Cheaper Varieties And Marketed As Ceylon Tea.**

At a time when multinationals were operating in the country, you decided to establish your own tea company. How did this come about?
During my school holidays I used to spend time at a friend's tea plantation. There, I watched the tea pickers at work and I was amazed by their dedication and cheerfulness. They would report to work in the morning after feeding their children and walking them to school; they would go home during the lunch hour to feed them again and return to the field and work very diligently. I liked the plantation life and was also fascinated by the beautiful aroma of tea coming from the factory. Very early in my life I developed a passion for tea.

My first employment in tea tasting and tea business was with A F Jones, which was also a business of a father and two sons. They treated me like their own family. During that time, at 24 years of age, I travelled to London to study the branding and marketing of tea. There, I observed what was happening to our tea, which was being mixed with other cheaper varieties and marketed as Ceylon Tea. Due to the quality image of Ceylon Tea there is great demand for it whilst the prices are also very high, though that does not deter the consumer from buying Ceylon Tea. As such, every kilo of tea that we produce in the country is sold at the highest prices in the industry. For example, our prices are about two dollars per kilo higher than most other origins. However, multinationals took advantage of the consumer perception of Ceylon Tea being of high quality, by mixing and blending it as well as pricing it high to increase their profits.

I feared two things at that stage. If the adulteration of Ceylon Tea continued, I realised that someday the demand for Ceylon Tea would diminish. Other cheaper teas would cash in on increased prices because of the high quality image of Ceylon Tea. I felt that the consumer was being wronged from one side and so were the

plantation workers and owners who were exporting the raw material to England at that time at reduced prices. In London it also became apparent that the prices with which they sold the finished product were 20 to 30 times more than what they paid the producer. Despite the costs of shipping and packaging they were still making unimaginable profit.

We were creating millionaires and billionaires outside our country through the sweat, toil and tears of our workers, while we remained poor. This was a great injustice and I was wondering why we could not do the same in Sri Lanka. While still in London, I thought that it would be a good thing if I had my own brand of tea someday. I would make it the best tea in the world and the consumers would be given the opportunity to select the best genuine Ceylon Tea from supermarket shelves instead of being deceived with fake Ceylon Teas. I also thought that if my brand succeeded I would share my profits with the plantation workers, their children and the poor. But I also realised that it was an impossible dream to realise then and tried to abandon it and forget about it.

One day in 1962, I walked out of a board meeting at AF Jones, following a disagreement with two other directors, and started my own business. I was very successful in the bulk tea business and eventually became the fourth largest bulk tea exporter in Sri Lanka. I made the highest profit from my sales whilst most of the other firms, particularly the British firms – except one which made a small profit – showed losses. That proved that all the foreign companies were transferring their profits outside of Sri Lanka.

> **All I Said In The Early Advertisements Was That “I Have Devoted My Life To Tea And I Have A Brand That Has Been Named After My Two Children. It Is The Finest Tea On Earth, Do Try It.” “Do Try It” Has A Huge Equity In Australia And New Zealand.**

I had the opportunity to demonstrate that if Sri Lankans traded in Ceylon Tea the profits would remain in the country. I travelled all over the world for my bulk tea business and though it was a small operation, it was highly successful. Most of the multinational companies in the world bought tea from me. For example, Brooke Bond Canada had their own company here, but my service was so good that they

switched 90 per cent of their purchases to me for a long period.

The biggest discretionary order that I once received was 6,000 cases of tea. I must say that I had very committed employees during my bulk tea business. I started developing my business and people used to wonder how I managed to get many orders from large companies. The working day ended at 4.30 in the evening, but I would go and play a game of tennis and return to work. That is how I developed my bulk tea business.

But the thought of starting my own brand, kept haunting me and continued to trouble me. Eventually, 34 years later I decided to launch my brand.

How did the name come about, at that time it was mainly Western names that were related with tea?

The launch concept baffled me. Though I had done well in the bulk tea business I did not have much surplus cash and now that I had decided to introduce my own brand I wanted it to be different from all other brands. It should stand out as something unique as I had Ceylon Tea, a unique product. As I could not afford specialist advice on brand building, I thought the best thing would be to name the brand ‘Dilmah’ after my two sons – Dilhan and Malik. Then I had to find a celebrity to promote my brand. There again I had little money to spend. However, I was persuaded by my friends in Australia with whom I had been discussing the launch, to come forward and be the face of the brand as I knew my tea and the business well. Though initially hesitant, I agreed and had the brand name displayed with my face at the back of the pack. To this date these have been the greatest assets of the business.

The consumers love the concept; all I said in the early advertisements was that “I have devoted my life to tea and I have a brand that has been named after my two children. It is the finest tea on earth, do try it.” “Do Try It” has a huge equity in Australia and New Zealand. When I walk on the roads, people say “Do try it” even today – 30 years later.

I had the name and the celebrity free of charge. I also had to be absolutely unique.

All the value addition processes carried out in England and other countries had to be introduced in a tangible form and with integrity. I decided that instead of contracting out and getting other people to do the work for me that I would set up a factory. When I bought two machines and started producing “shelf -ready” retail packs I realised that all the wealth generated, which would have enriched foreign traders in richer nations, at the expense of the workers and producers in Sri Lanka, would now remain in my country.

The process of value addition and packaging are all done by our factories here, which enables us to provide the freshest tea, packaging it right where it is grown and taking fresh tea to the world. The whole process of packaging, processing and tasting are carried out in-house. I was able to tell the consumers in all honesty that Dilmah is brought to them with love and care. After I launched the brand I went to Australia and met the press and whilst they were kind to me, they also ridiculed me a bit, though in good spirit. They could not imagine that a company from what they knew as ‘the third world’ could grow, pack and brand tea. In retrospect that is understandable – it was the first time that any producer had challenged the colonial economic structure.

You would have faced many challenges?
I told them in 1988 that up to ten years previously, tea was sold as a great product. If it was Ceylon Tea the consumer would have a choice between Nuwara Eliya, Dimbulla, Uva, Ruhuna or high-grown, mid-grown or low-grown. If the consumer wanted Darjeeling or Assam they could buy that as well. However, under the big traders, who are today’s multinationals, they destroyed the quality image and integrity of tea.

> **It Was The First Time That Any Producer Had Challenged The Colonial Economic Structure… Integrity Of Tea Is That You Must Take Ownership For The Packet Of Tea And Clearly State That It Contains Either Pure Ceylon Tea, Pure Indian Tea Or Pure African Tea. All The Big Labels Identified The Contents Only As ‘Tea’ – A Generic Reference.**

Integrity of tea is that you must take ownership for the packet of tea and clearly

state that it contains either Pure Ceylon Tea, Pure Indian Tea or Pure African Tea. All the other big labels identified the contents only as ‘tea’ – a generic reference, and added that it was ‘the finest blend’ and so on. To the consumer, they only promoted the brand name with various expensive celebrities and film stars endorsing the brand. But the contents of the pack had changed dramatically in the last decade. They made tea a cheap commodity, and took the choice out of the customers hands, compelling the customer to buy whatever was on the shelf, whilst ensuring a large margin for themselves. That is the multinational culture, they acquired so many small companies.

At the time I was doing bulk tea business I used to supply to small and large family companies in the UK, Australia and New Zealand. I would visit them, about once or twice a year and found the entire family at times packing loose tea into bags and then taking the product to the local grocers. It was a work of passion and they would generally invite us to have lunch with them, which would be in the backyards of their homes. All those companies, either in the UK, Australia or New Zealand were eventually acquired by the big traders. When I asked my friends why they were selling the businesses that their grandparents or parents had started, they would tell me that the multinationals offered them double the revenue they made in a year. So it made sense for them to sell their businesses. This made me very unhappy as each one of those families had their own brand, carrying on businesses with varying degrees of success. Having acquired these family businesses the multinationals replaced the individual brands with one single brand.

Australia, for example, imported one million pounds of tea per week, which is 52 million pounds of Ceylon Tea to Australia per year. Today, other than Dilmah, there must be about ½ a million pounds of tea going to Australia. In this manner the consumers lost the choice, on the supermarket shelves. When I met the press I told them I was going to bring integrity back to Ceylon Tea by providing the freshest and finest tea on earth. I promised that I will share my earnings with the poor and the underprivileged. The press was amused by this but they also respected me, because in Australia particularly they like the ‘underdog’. They asked me, “how are you going to do this and then what have the big boys done?” I explained to them that the big boys are all traders and that they squeeze the producer down to the ground because their goal is profit. The pain of the discounts in the supermarkets today are borne by the producer and the workers, not by the brand owners.

I always tell the brand owners or traders that they create poverty in countries by their exploitation, and retailers support them. Combined, they create poverty in countries. It is a never ending game. When I am invited to give talks I say if all the big companies decide that they want 50 per cent of the market, then everyone can be comfortable. But each multinational wants 100 per cent of the market, thereby eliminating any competition by discounting and dropping the quality sharply.

Dilmah is the only tea with a declared commitment to purity of origin. Each pack states “Single Origin Tea”. That is the integrity of my product and the 100 per cent Ceylon Tea in the pack guarantees the quality of my product. Grown, packaged and value added in Sri Lanka, we have a great story that nobody can match, then or now.

I explained to the press the difference between a trader and the farmer bringing his crop directly to the consumer. They understood this. I said that I am representing farmers and the poor workers and that I will share my earnings with them. They said, “you do not have hope, but we wish you well. Even if you succeed these boys will give you a hard time.” Even within Sri Lanka when I started thinking about having my own brand, everyone ridiculed me and even my friends in the Government opposed me. They were scared that the multinationals and big international traders would stop purchasing tea from us, as at that time they accounted for 60 per cent of the volume. All of them had their own offices or representatives here. The multi-national lobby turned against me and threatened the Government that if Dilmah started exporting value added packaged tea they would stop buying Ceylon Tea. Everyone warned me against pursuing my dream, but I was convinced that I could do it.

> **I Receive All The Credit For The Success Of Dilmah Tea. I May, In Fact, Deserve Only, A Little Bit Of Credit For My Vision And Perseverance…The Success Of Dilmah Brand Is Owed Entirely To Ceylon Tea.**

I could not fathom the opposition from home. The traders I could understand because of their operations, profits and principles, they had to oppose me. Understandably in Australia, all the multinationals at that time, did everything

possible to destroy me. The only thing they didn’t do is spit on my face. Some of them said, that I was bringing unhygienic third world tea into their country. They complained to the Prime Minister of the day, Bob Hawke. They also stated that Australian jobs would be lost if the Government allowed me to sell my tea. Fortunately, from somewhere friends and supporters appeared for me and they informed me about the complaint. I made my position clear and asked everyone to come and see my small factory, which maintains all standards of hygiene and cleanliness. I explained that all these big companies were importing tea from Ceylon, blending in Australia and selling as Ceylon Tea. I was presenting the genuine product; grown, packaged, fresh, with all the health benefits and antioxidants intact. The tea industry is fully automated in Australia and only a few people are employed. Therefore, Prime Minister Bob Hawke told them, that I should be encouraged as it would be a benefit for the consumer. That was the decision.

Then the multinationals formed an association called the Australian Tea Alliance. They invited me to join the association. I refused and asked them the reason for their invitation. The association said that we must not think about a single brand, but develop the industry as a whole. They said they can only make common claims whilst I could say garden fresh, unblended tea, shipped from Sri Lanka. Other companies could not claim this fact and they wanted to neutralise my advantage. My interviews got enormous publicity and 25 years later I still receive the same publicity everywhere.

In Australia, when I finally went into the market, I priced my tea about 20 cents per packet above the market leader’s price though the retailers said that I could not price my product above the market leader’s price. I explained to them that my tea was 200 times better than the other brand, yet I had to reduce the price. I just about broke even by selling tea at ten cents below the market leader. Thereafter the market leader brought the price down from 1.99 dollar to 1.49 dollar. They reduced the price to such an extent to destroy me, because the consumer will not buy a brand that is 1.89 dollar.

After two weeks I met the buyer at Coles and I told him that my dream was shattered. But he supported me and said that he had good news for me. He said that they had received large number of letters and phone calls from the customers saying “thank you Coles for bringing Ceylon Tea back”. All my success was based

on Ceylon Tea. I was only the messenger. Ceylon Tea has such a fantastic reputation. Dilmah delivered the quality that people had enjoyed in the past. That was the success of the brand.

I receive all the credit for the success of Dilmah Tea. I may, in fact, deserve only, a little bit of credit for my vision and perseverance, in the face of unexpected ridicule, opposition and insults in my own country and the expected insults, humiliations and ruthless opposition from my big multinational competitors in Australia. It was the image and consumer perception of Ceylon Tea, as the world's finest, that won consumers' hearts. Single Origin 100 per cent Pure Ceylon Tea is behind the achievements of Dilmah. I took that message of fine quality to the world. I was merely, the messenger; many others too, could have done so. The success of Dilmah brand is owed entirely to Ceylon Tea.

During trying times there were many instances where I went to All Saints Church and prayed. I realised eventually, that the power that was inspiring me to go into this business was the Good Lord Jesus Christ

> **Tea, Coffee And Cocoa Are Produced Mainly In Developing Countries. We Have To Watch In Pain, While Our Work Creates Billionaires Outside Our Countries.**

How do you survive against the multinationals?

Whilst we have our 12 attributes and six pillars, we also have a simple core principle and that is integrity. We have integrity in our story. There is not one word that we speak that is false. We were in China recently and we trained 600 Chinese hospitality professionals in tea. We can put any of our products out there and say try it, and the taste is genuinely different. Even in our demonstrations we use products from the market. Other don't do that, they bring special tea from the head office. But our products stand up to our claims of freshness. We brew the tea that is shipped to a particular country and we taste it, do a sensory, mixology and gastronomy analysis in depth. We are telling a genuine story.

None of our competitors can stand up to that kind of scrutiny. Your product must

have integrity and quality, and you must love what you do and be able to make sure that the customer also knows how to brew it right and enjoy the cup of tea. We have an R&D unit that is constantly testing and making sure that the brewing time is accurate to get the optimum flavour. We make sure that every aspect of our delivery is right.

You were the first producer from any tea, coffee or cocoa growing country to go directly to the customer, can you tell us about this?

Tea, coffee and cocoa are produced mainly in developing countries. We have to watch in pain, while our work creates billionaires outside our countries. Why can't we have a vision and say that we also want to do this? I always say, God took me on this mission, because I had the love and passion for tea. This is my 66th year in the tea industry. I always say that at this stage of my life I should be on a private yacht, enjoying the fruits of my labour, instead I am here working. But I am happy to do that.

Although we secured Independence in 1948, it did not come with economic independence. If you look at the economic system that prevails even today most of our crops benefit the advanced and first world economies much more than they do Sri Lanka. The value of what Dilmah did was to say that if we are the producer we should benefit as well though it should not be disproportionately. I always tell my fellow Sri Lankans that they must add value and market their own products, then there may be poverty in the West but less developed economies like ours will have a chance to overcome the terrible inequality that persists in the world today. They are growing on our sweat and toil.

Unfortunately, this servile mindset persists even today, though we have been strenuously voicing our concerns over the import of tea. It is a ludicrous proposition, to take a quality product and enter a price market. The trader has different priorities; they do not care how they make their money, they have no loyalty, either to the country of origin or to the crop and their sole aim is to make money. As the price drops the quality of tea diminishes proportionately. If the price comes down even by 50 rupees it will affect our cost of production.

The Government has understood the repercussions of the importation of tea. There

are two things that you can do, you can either sell or you can market. We innovate and market. We spend for a kilo of tea, 517 rupees, the export price is 1,700 rupees. Out of that 1,700 rupees, apart from the cost of tea, 90 per cent of the balance is spent on promoting Dilmah as a 100 per cent Pure Ceylon Tea. All the other people are free riding on our promotions.

The Tea Board has not spent a cent on sustained brand promotion during last 20 years but we keep the flag flying, and the customers happily pay that extra amount for Dilmah, because it is a reliable brand of high quality. It is a reliable brand that is 100 percent Ceylon Tea and identical to what it was 32 years ago. With all the multinationals selling tea as a commodity, there are those who would like to emulate that operation from here as well. We are farmers and the crop is important to us. If you take the world of multinationals, they are destroying our industry.

> **In A Similar Manner We Have Setup A Few Companies From Zero. Most Of The Profits I Made Have Been Spread To Industries Supporting Tea.**

Currently, the quantities of tea purchased by the UK, Australia and many other Western countries have dropped significantly. Ceylon Tea is surviving and holding on to our prices because of the Middle East and Russian markets. The Western world cannot meet those prices.

Dilmah has become a worldwide brand, you are also in China. Did you expect this to happen?

I never did. The same way, when I decided to support the children of my first 18 employees, I thought the maximum staff I would have is 30 so that I could sustain this. I must say I chose the happier course, to share. Today, I have on both sides, although I did not seek the other course. Once a person read a Proverb of the Bible to me; “Whoever is kind to the poor is lending to the Lord – the benefit of his gift will return to him in abundance”. I have quoted this when giving speeches on family businesses and the impact on society in the Middle East. Many people have come to me and said that the Quran also says the same thing.

We have had success in Tehran, Abu Dhabi and many other places in the Middle East. They are the wealthiest people in the world. I spoke on business success and how it should flow to all these aspects. Everyone, present there, came to me and asked me to explain and they offered to provide funding. I said giving money is the worst thing to do, because you don't know where it will end. There will be a delegation visiting in 2018 to see the work that we have done.

You have always done your own marketing and promotions, what can you tell us about this?

Yes, we do this entirely on our own without any outside input. At the time I started, I walked up and down the streets of Australia wearing out so many pairs of shoes and that is how I gathered my knowledge. I have not studied or read any books on marketing. What I do is practical marketing. I learn from the consumers.

Even today, I get 30 to 40 letters from consumers from around the world saying "Thank you, what a great product this is". Such gestures are enormous encouragement, because that means the consumer appreciates the small man doing an honest job. I had no one to teach me when I started. I had to import tea tags and tea envelopes from Japan. It took a long time with shipping delays as well. Therefore, we decided to establish our own printing press. This was formed as Printcare and I bought the machine and we started making tags and packaging for our products. Today Printcare is the biggest printing and packaging facility in Sri Lanka.

In a similar manner we have setup a few companies from zero. Most of the profits I made have been spread to industries supporting tea. I start the business with some people and I give them the shares, they service the tea industry. Not only for my tea, but Ceylon Tea as a whole. Initially, Printcare serviced all the tea exporters but now there is competition. Still, we maintain high standards and no one can match us. We supplied to Lipton, Twinings, Harrods and many others. When there is more competition there is job creation and improvement of service.

Today, we are the only company in the tea industry that is vertically integrated, in which we grow our own tea, with all the facilities and resources provided, in-house, and a global brand to take its cup to the market, to the consumer. It is a very

unique situation. For a developing country, for tea, coffee or cocoa producers, that is a great achievement, but why don’t other follow?

Dilmah is also exporting to tea producing countries such as India, Indonesia, Argentina, Vietnam and China so they too appreciate Ceylon Tea. It is on the strength of Ceylon Tea that we have achieved so much.

You have always ensured that you support others through your success. What can you tell us about this?

My charitable instinct was ingrained when I was a small boy of about eight years, because my mother showed me that we should care for our neighbours. During my childhood there was no poverty in the country. Our village was full of people, all leading comfortable lives. We always shared with the poor. Even when I received sweets or chocolates, she would take half of them, make into little parcels and give the neighbouring children. I could not understand this at that young age.

At the time I started making profits in the bulk tea business in 1962, every entrepreneur had two choices, either to fail or succeed. If you succeed you come to a crossing, where you make money. You have to decide whether you want to be a millionaire and make a lot of wealth or share the success with the poor, disabled and underprivileged. I had no difficulty making that choice because I came from humble beginnings. My choice was obvious, I started by giving my 18 employees at the time. I used to work till about ten in the night and I would tell them to go home at six but they would refuse and stay and work with me. When we started making profits, I shared with them though they did not want to accept saying that I was already treating them well.

You Have To Decide Whether You Want To Be A Millionaire And Make A Lot Of Wealth Or Share The Success With The Poor, Disabled And Underprivileged. I Had No Difficulty Making That Choice Because I Came From Humble Beginnings.

I said I will give your children all the materials books, pens and pencils, uniforms and everything that is required for their schooling. I also promised to give

scholarships to the brightest of the lot. At that time, with the profits I was making, I was able to cover all 25 to 30 staff with these benefits. Today I have about 1,200 workers and we have many more in the plantations. I give all the children these benefits and more.

I am humbled to say that through the scholarship programme of the MJF Charitable Foundation we have been able to produce professionals, among tea pickers children who were destined to pick tea leaves for the next so many years as their predecessors did for so many generations. We have doctors, lawyers, engineers, architects and other professionals. The two doctors, a boy and a girl, came here in September 2014. They both cried and fell at my feet and I picked them up. They promised that they would assist others in a similar way and I was happy to hear that.

We have dedicated our land in Katubedde to the MJF Foundation where we have an annual event called Celebrating Differences. When you visit you will feel inspired and undoubtedly put both hands in the pocket and give to the poor. We have facilities for children with Cerebral Palsy, Autism, Down Syndrome and other illnesses. We look at everyone positively. After about four years they become independent and we find them employment. This gives me great satisfaction and comfort. I always wonder why they have been born like that. Until we discover why, let us help them in every possible way to improve their lives.

We have culinary schools for young people where training is provided free of charge. About six months ago, we trained the unemployed son of a tea picker in Ratnapura. We use a boot camp method where the programme is short and very disciplined. He completed the four-month training at the culinary school and then did his apprenticeship for another four months. He was selected for the most prestigious live cooking competition in the world and won the gold medal at the national selection.

The method that we used is completely different. We first teach them English and then train them in sustainable agriculture; we tell them to dig the ground and learn how to plant potatoes, how to keep bees and how to plant herbs because cooking is not about looking like a superstar. Cooking is about nutrition and we teach them

that. All students have to be disciplined and they have to be in class five minutes before starting time, if they are more than 60 seconds late we close the door. It is a free programme, so we instill discipline. We spend more than 250,000 rupees on each student. But the benefit for them is invaluable because we get foreign lecturers from around the world through our network, and our sponsorship of world chefs. We are the only world chef certified culinary school in Sri Lanka.

Apart from that we also have a facility for mothers and there is also a programme particularly targeting war widows. We do not look at training people in the conventional way, we look at sustainability.

We built a hospital in Kayts, Jaffna and donated it to the Government in December 2016. They have good doctors. When we opened the hospital many people came up to me and said that God had sent me to them and I asked them why? They explained that in addition to the usual illnesses, there were frequent casualties from various venomous snakes and poisonous spiders. Previously they had to travel all the way to Jaffna for treatment but many would not have the bus fare. My heart sank, when I heard that they had watched their kith and kin die because they did not have enough money. But now, since they had their own hospital everyone would be treated. Those are the great and satisfying words that I heard. We have had so many requests and appeals and we are currently building a hospital in Point Pedro, which will be opened in April 2018.

> **In Our Programme We Never Give Them Money, But We Train Them, Provide Tools, Mentoring As Well As A Business Plan… When You Give Money, You Create Dependence. But When You Give A Skill And Give A Business Plan, You Make The Business Sustainable.**

The Batticaloa project is a one-billion-rupee facility that functionally mirrors our Moratuwa project. We have also supported Tsunami survivors; we did not give them money but gave them all the tools that were necessary to re-build their businesses, thereby protecting and preserving their dignity.

The Small Entrepreneur Programme (SEP) is based on the same empowerment principle and was initiated by Dilhan after the tsunami. At the request of the Government, through this progamme we are also assisting inmates who have served their time and are now out on parole. At the beginning when Dilhan came and told me about this initiative, I was reluctant and did not give my support. However, he defied my instructions and provided them training. One day he came and told me that the launch of the SEP had been organised. I was angry and did not want to participate. I was also adamant that there should be no tamashas. When we went there I saw ministers and the media and I said I will sit in the jeep and when all that is done I will come. At that time Sam Wijesinha was the President of the Prisoner's Welfare Committee, and he came and spoke to me. In my speech I told them that they are criminals and we cannot get involved with them, but for one year we will conduct the programme and if they succeed then we will extend it further.

I was amazed when we went for the second event a year later. Many of them had expanded with the initial support we had given them. Some said they had received a sewing machine and that they had purchased three more with plans to increase to ten by the following year. They were also employing others in their business. Some brought me shoes, box shelves and other items that they were producing. One particular person who had started a papadam business expanded from six to about forty employees.

In our programme we never give them money, but we train them, provide tools, mentoring as well as a business plan. There are instances where we have constructed buildings for their businesses. When you give money, you create dependence. But when you give a skill and give a business plan, you make the business sustainable. As such they know that they have to make the effort and work. We sign a contract for each of them, which is not enforceable by law. But it is a contract stating that "we do this for you and you have to do the same for someone else", so that there is a multiplying effect. In many cases, they do.

Previously, the re-offending rate was very high. We currently have about 500 of these small businesses and none of those who we have supported has re-offended. Presently, including the 500 small entrepreneurs in the reform & integrate programme of the MJF Foundation, we have a total of 2,000 SEPs – small

entrepreneurs. This shows that it is not a big cost to change someone's life. We do not talk about the success of these programmes, because then the value of it is lost.

Dilmah has also introduced tea into food, what was the thinking behind this?

Gastronomy is based on tea from different estates, that produce different flavours and aromas. Dilmah is honestly changing the world of tea. When I used to visit buyers myself they would tell me that they did not want another brand. We always tell them that we are not another brand, we are a new category in the tea group. They would ask what does this mean and we would explain saying that our tea is single origin, garden fresh and we bring the fresh taste of tea to the consumers. As such we are different from all the others in that we bring quality.

About eight years ago, Dilhan asked me whether he could start a Dilmah School of Tea, to teach customers about tea. I was not sure whether people would be interested. But I encouraged him and we started the Dilmah School of Tea in 2008 and 35 people came for the session. Today, we have two big sessions with the participation of almost 5,000 professionals. We have more than 15 sessions around the world annually, and we tell them about Ceylon Tea. The Sri Lankan sessions last one week where participants visit tea plantations and learn the entire story of tea. Others are following us now, and there are schools of tea in New York and London.

> **In Terms Of Business We Have Always Ensured That We Are 100 Per Cent Sri Lankan. With Hospitality And Leisure, We Have Done The Same.**

We have introduced other innovations such as tea gastronomy; when we launched the "Real High Tea Challenge" with the participation of about 15 hotels, my son told me that we were going to make food out of tea. I said you are talking nonsense, and then without warning me in time for the big dinner, he told me that I had to give a speech. I did not like the idea in the first place, so all I said was "Ceylon made tea famous in a cup, now we are going to make it famous on a platter". That is exactly what we are doing and I am amazed at what can be done. We are now having seven-course tea based dinners in other countries as well. We recently had one in

Dubai.

We use different teas for different occasions; we evaluate the structure of the tea and balance it with the components of the food, in a harmonious pairing. We developed the theory and we work with various chefs. All the others are now emulating us but we cannot stop that; yet we still keep moving forward.

You have also ventured in the leisure and hospitality sector. What was the thinking behind this?

In terms of business we have always ensured that we are 100 per cent Sri Lankan. With hospitality and leisure, we have done the same. I travelled all around the world and I have envied sometimes the great opportunities people have in those countries. How they have seized their natural beauty to attract and earn foreign exchange. Knowing how much we have, a country that is blessed.

In business, tourism is as important to my family as tea. Except for enjoying a nice holiday in a great place, I do not know tourism in depth. But Malik, my elder son has carved out a very important segment in the tourism industry: the top end of which we have hardly any other hotels or resorts to match in the country. Not surprisingly, properties we presently have are generally full, which shows that not only backpackers come to Sri Lanka. It has become a favourite of wealthy people who want an opportunity to enjoy true Sri Lankan hospitality. We are the only Sri Lankan hotels that enjoy the prestigious Relais Chateaux membership.

We had invested in tourism through other listed companies and Malik spoke to me about setting up our own resorts during the ceasefire around 2002 and Ceylon Tea Trails was launched in 2005 as a boutique product.

Our next project was Cape Weligama. It is on a 12-acre property on which conventionally someone may have built 300 rooms, but we built 39. They are all villas or suites and opened in 2014, in a stunning location on a ocean headland 30 minutes from Galle.

In November 2017, we opened Wild Coast Lodge, Yala, which is the most spectacular, beachside safari lodge with 28 tents called Cocoons. The feedback we have had from early guests has been wonderful. It is very sustainable with a bamboo and canvas structure, water from the ocean, all water is recycled for the gardens and waterholes for thirsty animals. What we did was not only build a unique resort, but also a community service project by employing 100 fishermen who did the intricate bamboo work, trained by overseas instructors.

We set up Resplendent Ceylon to manage the resorts without overly branding them – Resplendent Ceylon now has three unique resorts and is looking at further expansion. Sigiriya is next with a small 35 room property. Our vision is to create a very desirable Sri Lanka circuit with each resort providing a totally different experience to the other, but with a common high level of service.

> **We Want A Vision. Many People Are Becoming National Minded; If You Love Our Country, You Will Love Everything In It… If They Follow The Example Of Dilmah We Will Retain In Our Country, All The Wealth. Here Is An Example Make Use Of It.**

All our resorts are small scale. The term “boutique” connotes a small intimate resort, beautifully designed and located, with a very high level of service, great food and drink. The hotel division is a mirror-image of Dilmah in that it is not mass market. It is building direct loyalty with consumers and creating demand externally without being reliant on the general Sri Lankan tourism demand and supply. The resorts are managed with a great deal of passion, attention to detail and maximising the guest experience. As a result, we are able to command commensurate rates and enjoy good occupancy.

Our unique resorts help make Sri Lanka a ‘hot’ destination. Just like Dilmah caters to the upper echelon of tea consumers, someone who wants a cheaper tea will buy from another brand. We do the same with resorts, by being fairly narrow in our focus and on who we want to appeal to.

Sri Lanka has not really done any long-term tourism promotion campaigns to tell

the world that the war is over. So all these exciting new hotel openings by Resplendent Ceylon and others raise awareness and create a buzz. Wild Coast Tented Lodge has featured among the “hot hotel openings” in top global luxury media in 2017 and should win many design awards in 2018.

People are paying more for experiences now, instead of cars and clothes they spend on travel. They seek to discover something genuinely local. We do that by developing individual, unbranded, authentically Sri Lankan resorts. We have a strong focus on tea through Dilmah and it is the same with the resorts.

In Sri Lanka you are very low profile?
Always. In this country, if you do something good, there are always many to complain or find fault. It is good to be humble and maintain a simple life.

I have now delegated much of my work to my sons; Dilhan has been appointed as the CEO of Dilmah Ceylon Tea Company and Malik as the CEO of MJF Leisure.

What is your advice for the future?
We have enormous strengths in our individuals. Sri Lanka has the largest number of entrepreneurs from ground level, which is apparent when you walk on the roads. If the Government recognises that and persuades the banks or compels the banks to give entrepreneurs the start-up capital, they can develop businesses for the benefit of the country. Our development banks are only by name. They do not help people to develop, they will help the ‘developed’ people in anyway. I always tell them help someone to start their life, take a bit of risk. If you help a small person by providing a funding facility they will do wonders.

We want a vision. Many people are becoming national minded; if you love our country, you will love everything in it. The rich people are critics of the country and people. When I go to India I feel so angry because those people are so loyal to the country, whereas we are running down our country; unfortunately, that is our culture. Hopefully someday it will change and I feel that it is gradually happening. If they follow the example of Dilmah we will retain in our country, all the wealth. Here is an example make use of it.



